

# Lodge<sup>®</sup>



# Buying your first home —



# Why do you need a Real Estate Agent?

Lodge Real Estate's Sales Consultants have completed an NZQA approved course specialising in real estate and are licensed by the 2008 Real Estate Agents Act - the industry's watch dog. They are trained in marketing, negotiation, real estate law, and all aspects of listing, marketing and selling real estate.

Our consultants are a third party to the transaction which allows the buyers and sellers to be more comfortable when it comes to negotiating a price for your first home.

It is the sales consultant's job to show you through a home, allowing you to feel at ease while taking a good look at the home for sale. By law they are also required to point out any known defects in the property allowing you to purchase with confidence.

## What makes a good sales consultant?

A good sales consultant has a great deal of knowledge and expertise, and resources available to assist them in helping you.

- They will listen to your requirements and try to fulfil as many as possible.
- They will keep you well informed, provide you with information and find appropriate properties for you to view.
- They will treat you professionally and deal with the purchase of your first home with the utmost integrity.

## What makes a good First Home?

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**Firstly, a good first home is one that you can afford.**

To find out how much you can afford, contact your bank or a mortgage broker. They will be able to tell you how much you can afford to borrow, based upon how much you earn and what your expenses are. They can often pre-approve your mortgage before you go looking for your first home.

It is a good time to set a budget for the future to keep you on track with your mortgage commitments and living expenses.

Buy on need rather than want. Make a list that contains the features and aspects that you feel are necessary. Remember your first home will be more affordable if you do not want every luxury. The shorter your list, the greater the choice you will have for your available funds.

# How can you find the perfect First Home?

There are several places your salesperson will help you look for your first home.

Our website: [www.lodge.co.nz](http://www.lodge.co.nz)

Get online and search for properties matching your criteria in the area you wish to live. Properties listed on the website will have a range of features available, photos and descriptions and often video tours and floor plans – it's like attending an open home 24 hours a day, 7 days a week.

## Other websites to explore:

- [www.realestate.co.nz](http://www.realestate.co.nz)
- [www.trademe.co.nz](http://www.trademe.co.nz)
- [www.oneroof.co.nz](http://www.oneroof.co.nz)
- [www.homes.co.nz](http://www.homes.co.nz)
- [www.nzrealtors.co.nz](http://www.nzrealtors.co.nz)



The New Zealand Realtors Network is a group of independent real estate companies with over 1800 salespeople throughout New Zealand. Lodge Real Estate are proud members of this network.



## Open Homes

Each week's open homes are displayed on our website.

Try not to arrive to view an open home right on closing time because the sales consultant will likely have another open home to move on to straight after. When you arrive at the open home the sales consultant will ask you for your name, address, telephone number and email address. This information is for the sales consultant and also for security purposes. The sales consultant will provide you with an information sheet which includes some features of the home, photos, legal details and their contact details.

View the home at your leisure and ask the consultant any questions you have about the house. If you have a preferred salesperson please advise the consultant before entering the property that you are working with them. If it is not a Lodge listing your salesperson will need to arrange access so that you can continue to deal with them for this home.



# What is a Suitable First Home?

We all have different wants and needs for our first home...

Complete the checklist, and then give it to your salesperson, who can match your needs with properties available on Lodge's property database as well as other properties on the market or just about to hit the market.

If your ideal first home is not available right now, your salesperson will endeavour to find the right home for you as quickly as possible.

Preferred location - \_\_\_\_\_

Budget - \_\_\_\_\_

How many bedrooms? - \_\_\_\_\_

How many bathrooms? - \_\_\_\_\_



Your Priority List	High	Medium	Low
Separate Lounge			
Separate Dining Room			
Separate Family Room			
Separate Toilet			
Separate Bathroom			
Gas hot water			
Gas cooking			
Gas heating			
Log burner			
Garage - how many cars?			
Extra Parking			
Spacious backyard			
Fully fenced			



# Does the Sales Consultant work for the buyer or the seller?

A salesperson is contractually engaged by the vendor and must act in the vendor's best interests, whilst also dealing fairly with a purchaser.

Our vendors provide us with fabulous homes to sell and our commission is paid by them when we have completed the sale of their property.

However, without buyers we cannot complete the job for our sellers.

It is our job to negotiate the best possible price for a home and to provide both buyers and sellers with good quality information so they can both make informed decisions.

It is the salesperson's job to at all times be a steward of the sales process.

## Marketing

### There are several ways a property may be marketed

There are many methods which sellers may use to market and sell their home. Once you find a property that you like you should consult your Lodge Real Estate agent about the details of sale and plan how you want to go about purchasing it.

- Priced
- Auction
- Tender
- Price by negotiation (By neg)

# What are the Real Estate company's obligations? —

All licensed real estate companies and salespeople are bound by the Real Estate Agents Act 2008. It has been written to ensure transparency and consumer protection in real estate transactions so you can purchase in confidence.

Your real estate salesperson is required to give you a copy of the New Zealand Residential Property Sale and Purchase Agreements Guide.

You will be required to acknowledge receipt of this guide when you sign a Sale & Purchase Agreement.

Please ask your sales consultant if you wish to view a copy of the Act.



# You've Found Your Ideal Home

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## Make an offer.

You can put in an offer less than the asking price, however, this may or may not be accepted by the person selling. You will need to sign the offer which will be on a Sale & Purchase Agreement.

When you make an offer, the sales consultant is obliged to present your offer to the seller.

When you are negotiating, you will need to ensure you allow enough time to confirm your mortgage finance, and any other conditions that may be required. Make sure that these provisions are included in the Sale & Purchase Agreement.

# Arrange Your Finance

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**There are a large number of mortgage providers in New Zealand offering a huge variety of mortgages, with varying features and cost structures.**

Your mortgage adviser can help match these to your needs and circumstances, including how long you are likely to stay in the property, and match these to trends in mortgage interest rates. They can also assist with complications or other problems in the sales process, so you can move into your first home as quickly and smoothly as possible.

Ask your mortgage adviser to structure your mortgage in a way that minimises the duration of your loan without destroying your lifestyle. Balance is the keyword. You must be able to have an acceptable standard of living while paying off the mortgage.



# What are the three main types of Mortgages? —

## Floating interest rate

Your interest rate will rise and fall as national money rates change. You are given notice of any changes. If rates go up, your repayments will probably go up, however, your repayments could reduce if rates fall. Within reason, you can make early repayments, and change your level of regular payments.

## Fixed interest rate

The same interest rate for a set term. At the end of the set term, you can choose another fixed rate loan or switch to a floating rate mortgage. There is usually an extra cost if you pay back some, or all of your loan early.

## Combination loan

The loan is split between fixed and floating. This offers the best of both options.

## How much will you pay?

As a guide lodge.co.nz provides a link to Total's mortgage calculator on each property listing to assist in determining repayments.

Total

Simple mortgage advice.



MORTGAGE ADVISERS

**Alex O'Rourke  
& Jordan Cameron**

Need some expert advice? Book a call with one of the home finance experts at Total Mortgages.

Book a call →





# What are the costs?

	AMOUNT	NOTES
<b>SET UP COSTS</b>		
Bank Fees Up to 1% of the loan amount	\$	
Valuer's Fees	\$	
Solicitor's Fees	\$	
Builder's Report (WRITTEN)	\$	
Builder's Report (verbal)	\$	
Council Report (LIM)	\$	
<b>Lender Mortgage Insurance</b> - This is a fee that is a percentage of the loan and can be added to the loan in most cases	\$	
<b>Rates</b> - You may be required to pay a portion of the rates if they were pre-paid by the previous owner	\$	
<b>TOTAL</b>	\$	
<b>MOVING COSTS</b>		
Removal Costs	\$	
Telephone Connection	\$	
Power Connection	\$	
Gas Connection	\$	
<b>TOTAL</b>	\$	
<b>ADDITIONAL COSTS</b>		
House and Contents Insurance	\$	
Rates	\$	
Water	\$	
Repairs and Maintenance	\$	
Income/Mortgage Protection/Life Insurance	\$	
<b>TOTAL</b>	\$	
<b>TOTAL PER MONTH</b>	\$	



# Insurance Cover

## It is important to protect the value of your first home.

It is probably the most important investment you have made, so don't put it at risk if a disaster happens.

Here are some types of policies available:

### Mortgage Protection

Many companies offer these combined contracts providing protection in case of death, redundancy or illness.

### House and Contents

Provides protection in the event of fire, burglary, earthquake and other disasters. You should ensure that you are covered for at least the replacement value of your property.

### Disability

This is helpful if you are off work through illness or accident.

### Health

Helps pay for expensive medical, surgical, hospital or dental bills.

### Life

Pays out a specified amount on death.

## Insurance Cover (Cont.)

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You should ask yourself the following questions in determining the level of insurance cover you may require:

- If my home is destroyed or damaged, am I sufficiently covered to restore my home to its current state and condition?
- If I die or am disabled, will my mortgage be paid off?
- Will my family have sufficient funds and income to maintain their current way of life?
- If I am sick or have an accident, do I have sufficient income to live, including payment of my mortgage?

## How to choose a Solicitor

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You will need to appoint a solicitor who specialises in conveyancing.

Conveyancing is the legal process of transferring ownership of a property from one person to another.

### Ask for advice

Before you commit yourself to an offer on a home, you may wish to seek expert advice about some of the aspects of the property or the agreement you will be asked to sign.

Your salesperson can put you in touch with reliable professionals such as valuers, surveyors, builders and electricians who can assist you.

It is wise to appoint a reliable solicitor to handle the legal aspects of your property purchase. This will give you peace of mind knowing that your best interests are protected.



# What happens next?

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## Once Your contract has gone unconditional —

### Insurance

You don't want to be worrying about insurance on the day you move into your home so it is a good idea to get a couple of quotes to insure your home in the time leading up to settlement, so that from the day you move in your home is insured. Most insurance companies or brokers will need to know the size (square metres) of your home. Your sales consultant will be able to provide you with this information.

### Pre-settlement inspection

This is your last opportunity to view the property before you instruct your solicitor to release the funds to the seller's solicitor. Arrange a time for your sales consultant to accompany you to the property to do the pre-settlement inspection. All you need to do is check the property is in the same condition as when you viewed it. If there were some changes agreed to and included in the Sale and Purchase Agreement, check that these changes have been completed and everything is in order for settlement to take place.

### Keys

On settlement day you will need to get the keys to your new home. It is best to liaise with your agent regarding the keys. If they are not holding them they will know who is.

### Settlement

Settlement is the last step in the legal process. This is when your solicitor will hand over the funds to the seller's solicitor in exchange for the Transfer of Title, meaning you now have legal ownership of your new home.

### Moving in

When you have paid the money and received the keys it is now time to move into YOUR FIRST HOME.



# Glossary - Real Estate Terms

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**BORROWER**

The person who is borrowing money or receiving credit under a Loan Agreement.

**CAPITAL GAIN**

The monetary gain obtained when you sell a property for more than you paid for it.

**CARAVAN**

The agent that is marketing the property takes the rest of the salespeople in the office through the property so that they can familiarise themselves with the property and market the property to their buyers.

**CAVEAT**

A document lodged with the titles office, by any person with a legal interest in a property, to ensure the property is not sold without their knowledge.

**CHATELS**

Any removable items that are sold with a home, typically carpets, light fittings, curtains, dishwasher etc.

**CERTIFICATE OF TITLE**

The official document of title showing ownership of the land described in it. The Certificate of Title describes the area and location of the land, it shows the registered proprietor (land owner) and all charges (mortgages) and other interests, (e.g. easements) affecting the land.

**CMA**

Comparable Market Analysis is the price comparison of your home with others that are currently for sale and those that are similar in size and location that have sold.

**CONVEYANCING**

The process of legally transferring ownership of interests in land.

**CONDITIONAL CONTRACT**

A contract that is agreed to by the Vendor and the Buyer, but where one or more conditions need to be met, usually within a specified time period, by either or both parties, e.g. It is subject to the purchaser raising finance within a few days or subject to the lawyers consent of the title etc.

**CONTRACT**

A legally binding agreement between two or more people. Contracts may be written, oral, partly written, or partly oral, or implied by a person's behaviour. Contracts relating to land must be in writing.

**CREDIT**

The maximum credit allowed to a borrower on an account.

**CREDIT REFERENCE OR CREDIT REPORT**

A report prepared by a credit reporting agency which sets out the credit history of a person. A satisfactory Credit Reference is often required by a lender before approving a loan.

**DEBT SERVICING RATIO**

A measure of the borrower's capacity to repay a loan. A lender generally calculates the Debt Servicing Ratio by taking into account a borrower's expenses as a proportion of the borrower's income.

**DEFAULT**

Failure to make a loan repayment by a specified date.

**DEPOSIT**

Money paid by one party to a contract to secure the performance of the contract by the other party. In a house purchase the deposit is the amount of money that is paid to secure the purchase of the house. The deposit is often payable to the real estate agent as the seller's agent. It is important to find out what paying a deposit will commit you to, whether a deposit is refundable and, if so, in what circumstances.

**EARLY REPAYMENT CHARGE**

When a fixed interest rate is repaid before the end of its fixed term a charge may apply.

**EQUITY**

The difference between the market value of a property used as security for a loan and the amount of the loan.

**ESTABLISHMENT CHARGE**

A fee paid by a borrower, usually to a lender, to cover the costs of processing a loan application.

**INTEREST**

An amount payable by the borrower to the lender as the lender's recompense for making the loan. A borrower can choose to borrow on a fixed interest rate or a floating interest rate.

**INTEREST ONLY LOAN AGREEMENT**

A Loan Agreement under which the borrower makes no principal repayments during the loan term, but must repay the whole of the principal on loan maturity. During the term of an Interest Only Loan Agreement, payments of the amount of interest accruing on the loan will usually be required at regular intervals.

**LEASE**

A contract under which the owner of a property (lessor or landlord) grants to another person (lessee or tenant) the right to exclusive possession of the property for an agreed period, usually in return for rent.

**LIABILITIES**

The outstanding debts you owe.

**LIM**

Land Information Memorandum - a report which can be requested from your local authority which provides information regarding the property - things like consents, rates owing, drainage and building plans.

**LOAN AGREEMENT**

The contract between the lender and the borrower that sets out the loan terms and conditions. These will include amount, repayment obligations, interest rate, and the security required. It is important to read the Loan Agreement carefully, and it is wise to get legal and financial advice, before it is entered into.

**MORTGAGE**

A security over property given to the lender for the repayment of principal and the payment of interest on the loan. A mortgage over land is registered or noted on the Certificate of Title to that land. The party that has the benefit of the mortgage (usually the lender) is called the mortgagee. The party giving the mortgage by charging his or her property is called the mortgagor.

**OUT CLAUSE**

This allows the Vendors to issue notice to a conditional purchaser that unless that purchaser confirms the sale as unconditional within a short stipulated time, then the vendor can proceed with another offer from another party.

**PASSED IN**

A property is passed in at auction if the highest bid fails to meet the vendor's reserve price.

**POSSESSION DATE**

The day the purchasers take occupancy of the home, normally when the ownership of the property transfers and the balance of the purchase price is paid to the vendor.

**PRINCIPAL**

The amount that has been borrowed. Interest is generally payable on the Principal outstanding from time to time.

**REFINANCING**

The repayment of an existing loan from the proceeds of a new loan. A refinancing could involve repaying one lender and borrowing from another lender.

**REGISTRATION**

The process following settlement, by which legal title to property is transferred into the name of the purchaser. With a land purchase, this is done through the Land Transfer Office. Where the land purchase is secured by a mortgage, the lender that has the first mortgage will hold the Certificate of Title following registration of the land into the name of the purchaser.

**REPAYMENT HOLIDAY**

A period during which loan repayments are suspended. During this period interest still accrues. Payments are generally adjusted afterwards so that the loan is still repayable within the original time period.

**REVOLVING CREDIT FACILITY/LINE OF CREDIT**

A loan or Line of Credit which allows the borrower to repay and re-draw funds, up to the agreed credit limit.

**SALE AND PURCHASE AGREEMENT**

A contract between a seller (vendor) and a purchaser for the sale and purchase of property. A Sale and Purchase Agreement for land must be in writing.

**SETTLEMENT**

The process by which a sale and purchase of property takes place. It is commonly done by lawyers and involves the payment of the purchase price (less any deposit already paid) in exchange for the Certificate of Title, a transfer document, and a release of previous charges over the property. Keys to the property are usually either handed over to the purchaser or his/her lawyer at settlement, or able to be picked up from the estate agent immediately following settlement.

**UNCONDITIONAL CONTRACT**

A contract for the sale of a specific property that the vendor and purchaser has agreed upon that has no conditions, or if any conditions they have been confirmed as being met, and therefore constitutes a sale.

**VACANT POSSESSION**

When ownership is transferred from the sale of a property there will be no tenants living in the property, or leases giving someone else use of the property.

**VENDOR**

The seller of a property.

# Lodge<sup>®</sup>

REAA 2008

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You  
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