

Tips for First Home Buyers

10 things to think about when buying your first home

January 1900

We understand that buying your first home is an exciting milestone, but it can also be a daunting task. We want to help by giving you some ideas of what to consider when buying your first home.

1. BUDGET

One of the most important things to consider when buying your first home is your budget. It's important to work out how much you can afford to spend on a property and factor in all the additional costs such as moving expenses, legal fees and due diligence reports costs. If you will require a bank loan to fund your purchase, then you should engage this process with your bank or mortgage broker before you go shopping.

2. LOCATION

The location of your new home is also an important factor to consider. Have a think about things like:

- The proximity to amenities such as shops, schools and transport links. If you plan on starting a family, you may want to consider the quality of the local schools and parks.
- Sometimes it is beneficial to consider newly developed or 'up and coming' neighbourhoods as options.
- How much light/sun does the property get as that can contribute to maintaining a nice, healthy and warm house.

3. PROPERTY TYPE

Decide on the type of property you want to buy, whether it's a house, apartment, townhouse or off-the-plans purchase. Each has its own advantages and disadvantages, so it's important to weigh up your options before making a decision.

4. KIWISAVER

Consider whether you meet the requirements to withdraw your Kiwisaver funds for your purchase:

- You need to have been contributing to your Kiwisaver account for at least three years to be able to uplift funds.
- If you meet the requirements, you can withdraw some or all of your Kiwisaver funds but you must leave at least \$1,000.00 in the Kiwisaver account, so it is important to consider the exact amount you will need.
- If you use Kiwisaver funds towards the purchase of your first home, you are required to live in the property as your main place of residence for at least six months from the date you settle.

5. DUE DILIGENCE

A few matters you may want to investigate and review prior to committing to a purchase are as follows:

- **Title:** this contains all the interests relating to the land you purchase, which might include things like easements, encumbrances, body corporate rules and land covenants – all of which should be carefully reviewed by your lawyer to make sure the title is correct, and that you understand any restrictions in terms of your use of the property.
- **LIM report:** this document contains all the information held by the relevant Council in relation to the property and sometimes, surrounding land, and is a must-see for purchasers.
- **Building report:** this is another must before buying any property. It will be carried out by a building inspector and will help identify any issues with the property.
- **Toxicology:** this report confirms if any toxic matter is present at the property – sometimes used to identify homes that have been used to produce meth.
- **Bare land** – if you are purchasing bare land, further due diligence might be desirable such as reviewing things like geotechnical reports and resource consents to ensure the land is capable of development and that your intended building designs are compliant with any Council or legal restrictions and requirements.

6. LENDING

- It may be helpful to enlist a mortgage broker to assist you with this process as it can help to take some of the stress out of the situation and helps with ensuring you are getting the best loan based on your financial situation.
- It is always worth asking for a cash contribution from your lender, as many banks offer some type of contribution as an incentive to bank with them.
- It is also becoming more common for first home buyers to borrow money from family members to assist in purchasing a first home. There are many ways family loans can be documented, and we can provide advice in respect of the best approach for your situation.

7. INSURANCE

Home insurance is essential for protecting your investment, and it will be a requirement if you are granting a bank a mortgage against your property. It is important to shop around and find the right policy for your needs. You should consider contents insurance at the same time.

Tips for First Home Buyers

10 things to think about when buying your first home

January 1900

8. INLAND REVENUE - BRIGHTLINE PROPERTY RULE

If you sell a residential property you have owned for less than 10 years you may have to pay income tax on any gain on the sale, unless an exclusion applies. It is always a good idea to understand the tax implications of any purchase, and you should speak to your tax adviser about your specific circumstances.

9. RELATIONSHIP PROPERTY AGREEMENT

When couples in NZ decide to buy a home together, it is important to consider creating a relationship property agreement, particularly if each partner's financial contribution is different. A relationship property agreement is a legal document that outlines how the property will be divided in the event of a separation and can help protect your investment, reduce conflict, provide clarity and save money. If you are considering buying a home with your partner, we can help create a relationship property agreement that works for both of you.

10. WILL

A house is a major asset and it is important to ensure your assets are distributed in accordance with your wishes. We recommend having a Will made at the same time as buying your property.

CONCLUSION

Buying your first home is an exciting time, but it's important to take your time and carefully consider all the factors involved. By doing your research and seeking professional advice, you can make the process as smooth and stress-free as possible. Get in touch with our friendly Property Team to discuss your legal needs.

KEY JACKSON RUSSELL CONTACTS

Lauren Guy REGISTERED LEGAL
EXECUTIVE
PROPERTY PRIVATE CLIENT TEAM
DDI +64 9 300 6945 | M +64 22 696 1379
E lauren.guy@jacksonrussell.co.nz

Nick Williams LAWYER
PROPERTY PRIVATE CLIENT TEAM
DDI +64 9 300 6914 | M +64 21 0295 0880
E nick.williams@jacksonrussell.co.nz

Kelly Seabourne PARTNER
PROPERTY PRIVATE CLIENT TEAM
DDI +64 9-300 6926 | M +64 21 739 229
E kelly.seabourne@jacksonrussell.co.nz



Disclaimer: The information contained in this document is a general overview and is not legal advice. It is important that you seek legal advice that is specific to your circumstances.