

First home check list

So, you reckon you're ready to take the plunge? Before you get down to business, you'll need to make sure you've got all your nuts in a row.

What	Requirement	Tip
Deposit	Minimum 5% deposit in savings account and/or KiwiSaver	Irrespective of how much deposit you have, a minimum of 5% must be genuinely saved over 3 months or more (that includes KiwiSaver). Put your KiwiSaver into ' Conservative ' mode so market movements don't destroy your deposit.
	Less than 20% deposit	Ideally aim for a minimum 10% deposit . You'll be paying a higher mortgage interest rate while your loan is above 80% of the value of the property.
Registered Valuation	Less than 20% deposit or if purchasing a new build	If you have less than 20% deposit for existing properties, a valuation will be required. If it's a new build, a valuation will always be required.
Parental Guarantee	Parents need to be in a strong financial position and have enough equity to absorb 20% (less any cash from your deposit)	We only secure the part of a 20% deposit you don't have over your parents' property or term deposit, not the whole loan . Just keep in mind that while they will need to be able to service the portion that they'll be guaranteeing, you will still need to meet full serviceability for the entire loan – including the portion that they're guaranteeing.
Residency visa	20% deposit required if on a work visa	Many banks will not consider an application if the deposit is less than 20%. You can also only borrow on a non-permanent visa if your partner is on a permanent visa. It's best to chat to your adviser about your current situation if you're on a residency visa.
Consumer debt	Consumer finance debt is less than half your deposit	Pay off credit cards as soon as possible, and get rid of unused credit limits or accounts. "Buy now, pay later" services and interest-free purchases from retailers should be avoided like the plague.
Servicing	Maximum borrowing of 6 times your gross annual income	Anything over 5 times your income is a stretch if you have any additional costs like servicing existing debts or childcare.
Affordability	Can you demonstrate that you can afford ¹ : \$400,000 = \$2,660 per month \$500,000 = \$3,320 per month \$600,000 = \$3,990 per month	Add up (1) what you are paying in rent and (2) saving and (3) discretionary costs you can cut. Does it add up to enough so we can show you can afford the stress-tested monthly payment amounts to the left?
Student loans	Can you pay it off?	If you have student loans these will significantly impact on your ability to borrow more than five times your gross annual income. If you can – pay it off.
Credit bureau record	No adverse credit (missed payments on your loans or even utility bills)	Positive credit means that when a lender checks your credit file they can not only see all of your loans but they can also see if you have missed any repayments along with other commitments like utility bills. You can check your own credit history via www.centrix.co.nz before you apply.
Bank statements	No missed payments	Sloppy account conduct can kill your chances. Don't have too many bank accounts if you don't manage them well. Make sure you manage your money well at least for the 3 months before you apply for a home loan. If you have any direct debits make sure they are timed to go out after your salary is paid.
Acceptable security	No compliance issues with the property	If you have less than 20% deposit don't buy monolithic plaster houses or houses with compliance issues .

1. These figures are based on a 6.99% interest rate, and a 30 year loan term.