Buyers Guide

EVES MREINZ

eves.co.nz

It's Not a House, *It's a Home*

We understand it is not a house you are buying, it is a home. For most Kiwis, owning your own home is a goal we strive for and we want to make the experience as rewarding and stress-free as possible.

This guide outlines the key steps to buying a property so that you can feel informed and know what to expect.

Get Prepared

1. Find out how much you can spend

Your local mortgage broker or bank will help assess your current financial position and advise your likely borrowing capacity. They will take you step by step through the home loan process which will determine how much deposit you will require, how much you can borrow and what the repayments will be.

2. Investigate the costs

Before buying a home you need to be aware of all the possible costs associated with buying a property. Take note of the following and ensure you understand what costs are associated with each. This is a rough guide of what you can expect to pay:

- [ ] **Lawyer**
  $1,500+ (depending on the complexity and work involved)
- [ ] **Valuer**
  $1000 approx.
- [ ] **Building Inspector**
  $500+
- [ ] **LIM Report**
  $390 approx. (standard 10 working days)
- [ ] **Mortgage fees**
  There maybe a setup fee for mortgages. This varies between banks; speak to your mortgage broker about negotiating on your behalf
- [ ] **Home and contents insurance**
  This will vary for each property
- [ ] **Moving company**
  $300+ (if you are using one)
- [ ] **Carpet cleaning**
  $80+ often when moving from a rental you are expected to get the carpet cleaned before vacating
- [ ] **Phone, power, gas, Sky TV**
  Often companies charge to turn off/turn on/install/move these things so check with your provider. Also check your current provider is able to keep supplying

3. Get your current property 'market ready'

If you do have a property to sell, now is the time to enlist the help of an EVES salesperson to get 'market ready'. They will provide a current market appraisal which will give you a realistic selling range, and this will help your mortgage broker or bank assess your financial position.

Decide on Your Criteria

To avoid seeing properties outside of your price range or that don't fit your needs or too many properties, we recommend you identify your main criteria and engage the help of an EVES salesperson to assist you with your property search. To identify what you're looking for in a property:

- ✔ List what you want
- ✔ Circle what you really need
- ✔ Prioritise those 'circled needs' in order of importance to you – this becomes your checklist for buying
- ✔ Ensure your checklist aligns with your budget

TIP

When creating your checklist of criteria, consider the lifestyle and living habits of you and your family. Take into account factors like number of bedrooms, storage and school zones.

Start Shopping

Start shopping around. Refer to your checklist for must-have features and only view properties that fit within your budget to avoid disappointment. Here are some simple techniques that will help you stay focused and on track:

- ✔ Attend open homes on the weekend
- ✔ If you have not bought after seeing seven properties STOP
- ✔ Re-evaluate what you have seen vs the vision of what you have in your mind
- ✔ Let go of unrealistic expectations or increase your budget
- ✔ Make sensible offers
- ✔ If a property interests you, request any documentation that is available (draft contract terms, Certificate of Title, copy of the LIM Report) so that you can supply these to your solicitor
- ✔ Register for Property Alerts on websites such as Realestate.co.nz and TradeMe

Make an *Offer*

Once you've found the property you wish to purchase, decide on how much you can offer. It's worth noting, lowball offers very rarely achieve the desired outcome. It's best to be realistic, and your offer, even when lower than the asking price, should show that you are serious. The way in which you make an offer on a property depends on which method of sale the property is being sold by.

If a property is priced or listed by negotiation, you can supply the real estate salesperson with the information they need to draft an offer on a Sale and Purchase Agreement for you. This will consist of;

- Full legal names
- Entities of the prospective purchaser (if applicable)
- Deposit amount
- Offer amount
- Settlement date
- Any conditions that your offer may be subject to (eg. building report, finance, due diligence).

The salesperson will then draft the Sale and Purchase Agreement. Have your solicitor review this contract before you sign it. This offer is then presented to the seller, and if they accept your offer, you enter a binding conditional contract to purchase that property.

Buying via Auction

If the property is being sold via auction, you will need to satisfy all conditions you require before the auction date. This is because bidding at auction is done on an unconditional basis. Prior to the auction date you should request a copy of the draft Auction Particulars of Sale (the auction contract, equivalent to a Sale and Purchase Agreement) for your solicitor to review.

You will also need to obtain a copy of the LIM report for your solicitor to review and set about arranging a building report and any other inspections you require to satisfy yourself that you are happy to proceed with bidding for the property.

You then need to obtain approval for finance (if required). It's important to note that if you win an auction, you are required to pay the deposit in cleared funds immediately after. It's important that your lender has authorised this, as sometimes accessing funds such as Kiwisaver has a protracted process.

Once Your Conditional Offer Is Accepted

You can then go about satisfying the conditions in your contract. Make sure you look to do this as soon as possible. During this conditional period, your lawyer will:

- [ ] Check the LIM and check the District Plan (if conditional on LIM)
- [ ] Check the Certificate of Title
- [ ] Check that all the conditions in your agreement are met
- [ ] Check that council rates and other costs are up to date
- [ ] Together you need to be satisfied that you can use the property for your intended use and that you are satisfied with everything you may have uncovered during these activities

Once all this has been completed and you and your lawyer are satisfied, your lawyer will advise the sellers lawyer and the real estate salesperson that the agreement is now unconditional. This means you now need to pay your deposit to the real estate agency.

Once You Have an *Unconditional Contract*

Congratulations! Once you get to this stage, neither you nor the seller can back out of the agreement. It is safe to say you can start planning the move into your new home. So what should you do now?

- ☐ Make an appointment with your lawyer to sign the final documents
- ☐ Confirm the structure of your home loan if required, ask your mortgage broker about your accounts and any new automatic payments required
- ☐ Do a pre-settlement inspection. Let your lawyer know as soon as possible if there are any problems
- ☐ If renting, advise your landlord (generally you need to give 21 days notice in writing, check what is on your tenancy agreement)
- ☐ Start working through our checklist on the following pages

Settlement Day

On settlement day your lawyer will need to receive the loan funds from you and/or your lender. When those funds are transferred to the seller's lawyer they will authorise the release of the keys for the property and the agreement is now officially settled.

Be aware that there are no set times for when you can move into your home on settlement day as it all depends on the transaction above being completed. Often this will take place around midday but can sometimes take until the close of business i.e. 5pm. Generally your lawyer or the real estate salesperson will contact you when the keys are available. It is important to remember that the salesperson cannot release the property keys to you until the seller's solicitor authorises it in writing.

Where possible it may be beneficial to arrange moving day for the day after settlement. This gives the seller time to move from the property. You don't want a clash of moving men! This will make your move into the home smoother and less stressful.

Your Moving *Checklist*

Six weeks prior

- [ ] Create a list of everything that needs packing in each room to estimate logistics or storage
- [ ] Photograph television and stereo cables to make reinstalling in your new property easier

Four weeks prior

- [ ] Book in furniture removal company
- [ ] Book a cleaner
- [ ] Book a carpet cleaner
- [ ] Have a big clean up and get rid of items no longer needed, donate unwanted items to schools or charities or give away to friends and family
- [ ] Research local health facilities
- [ ] Research sporting clubs or gyms if needed

Two weeks prior

Be sure to notify and update your address with the following organisations/people:

- [ ] New Zealand Post mail redirection
- [ ] Bank and credit card companies
- [ ] IRD
- [ ] Solicitor
- [ ] Employer
- [ ] Insurance companies; household, car, contents, health
- [ ] Schools
- [ ] Motor vehicle registration
- [ ] Doctor, dentist or other medical practitioners
- [ ] Local authority – Council for rates and animal registration
- [ ] Stores where you charge accounts
- [ ] Hire purchase or finance companies
- [ ] Local club memberships
- [ ] Friends and relatives
- [ ] Accountant
- [ ] Magazine subscriptions
- [ ] Police (if you own and store firearms)

One week prior

- [ ] Cancel gas and power (arrange a final meter reading)
- [ ] Cancel telephone and internet
- [ ] Discontinue water service
- [ ] Disconnect TV Aerial/Sky TV
- [ ] Transfer alarm monitoring services
- [ ] Transfer newspaper delivery service
- [ ] Cancel lawn mowing/garden services
- [ ] Confirm dates/times/locations with furniture removal company
- [ ] Organise a supply of boxes from places like the supermarket or retail stores
- [ ] Get packing tape and bubble wrap – it's always better to have more than less
- [ ] Carefully wrap and label fragile items
- [ ] Don't overfill boxes – make sure they're not too heavy to carry
- [ ] Make sure your insurance covers you for moving day
- [ ] Label all boxes with the contents and room they are going to
- [ ] Ensure chattels that have been sold with the property have not been accidentally packed

The day before

- [ ] Clean out the fridge and defrost freezer
- [ ] Clean the oven
- [ ] Tidy the backyard
- [ ] Disconnect all appliances
- [ ] Clean dishwasher (if this belongs in the house)
- [ ] Set aside things that you will need on the day of the move so you can take them with you (e.g. food, drinks, cleaning products)

On moving day

- [ ] Disconnect your washing machine and drain the water
- [ ] Check the tops of wardrobes and in the attic/basement for any forgotten belongings
- [ ] Keep jewellery, money, passports, legal documents or insurance policies with you
- [ ] Leave relevant instruction manuals and important documents on the bench
- [ ] Ensure the house is clean and tidy for the new tenants or owners
- [ ] Turn off lights, hot water, gas meter and power
- [ ] Take all your rubbish with you
- [ ] Lock the door when you leave and leave the keys with your real estate salesperson or other appropriate person

At your new home

- [ ] Double check that everything in the property is in order and meets the terms of your purchase contract
- [ ] Check that the electricity, gas, hot water and telephone connections have been switched on
- [ ] Check security - if you are concerned arrange to have locks changed
- [ ] Teach children how to get to their new school
- [ ] Look after your pets – keep them inside or in a fenced area until they get used to the area

TIP

Pack a box of essentials for when you first arrive – basic kitchenwear, a kettle, toilet paper etc.

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