

A GUIDE

# to buying property

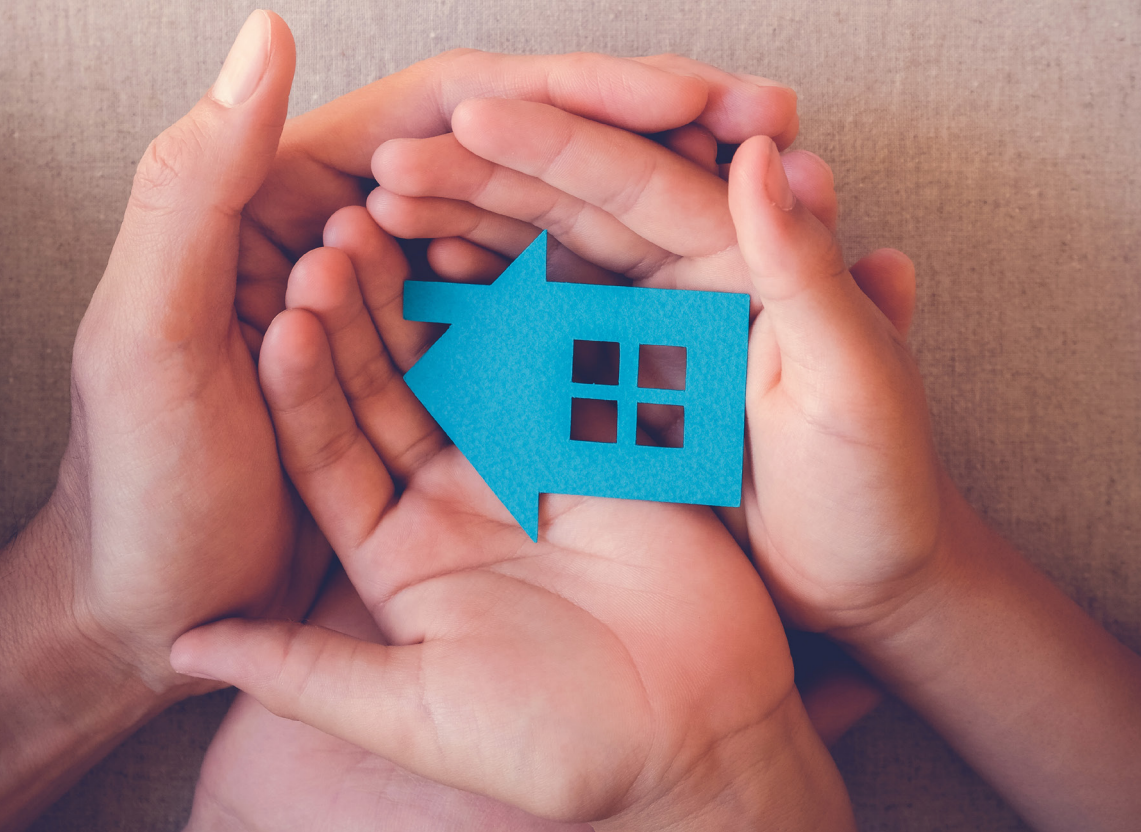
**Harcourts**  
**Holmwood**  
*my kind of people*

[holmwood.co.nz](http://holmwood.co.nz)

# Your complete property buying guide

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*Buying a home is a big step! There's a lot to consider, from doing your research, inspecting a property, making an offer, contracts and settlement. We want to take the mystery out of the home buying experience, so the Harcourts Holmwood Guide to Buying Property will cover the various processes you need to know.*



# Sorting out your finances

## HOW MUCH DEPOSIT WILL YOU NEED TO BUY YOUR HOME?

Most lenders will require you to have a 20% deposit for your home loan. For example, if you wish to purchase a home worth \$400,000, you would require an \$80,000 deposit.

If you don't have a 20% deposit and need to borrow more than the 80% threshold you should speak to a mortgage adviser who can talk you through your options.

## BUDGET

Create a budget to determine what you can realistically afford to spend on mortgage repayments. Your budget should include all your regular outgoing expenses along with estimates for the cost of ownership of a home (insurance, rates, interest on your mortgage, applicable body corporate charges and maintenance for your home). These costs will vary depending on where you live and the type of home you wish to buy.

## PRE-APPROVED FINANCE

Approach lenders to get written finance pre-approval so that you know what price range you can look at for your new home. Given your income and financial commitments, banks will provide a pre-approved amount (to which terms apply) beyond which they would not lend. This gives you a ceiling for the maximum you can spend on buying your first home.

## MORTGAGE ADVISERS

Mortgage advisers or brokers can help you find the best deal from lenders. Remember, mortgage advisers' fees are paid for by the lender, not you.

A Mortgage Express mortgage adviser has the knowledge and expertise to find the best option to suit your individual needs. A home is one of the most significant investment decisions you will make and we're here to make sure that you know the different ways you can structure your loan and what the different lenders will offer you.

## FINANCING YOUR HOME

Along with your savings, there are other sources of income that can help to supplement your deposit. For instance, if you are a first home buyer and meet certain criteria you may also be able to secure a first home owners grant. You may also like to consider entering a shared ownership agreement or enlisting the help of a guarantor through friends or family if you don't have enough savings or a high enough income on your own.

If you already own a property, depending on its value you may be able to use the equity in your current home to help secure financing for the purchase of your new property. Talk to your Mortgage Express mortgage adviser about the options available to you.



# Finding your home

## ONLINE IS A GREAT PLACE TO START

Once you've found a location that fits your needs, and fits in with your average price range, start to look at properties on the market.

Engage your local Harcourts Holmwood sales consultant to help you find the perfect property for you. Your sales consultants know the areas they work in very well, and can also give you advice on what the neighbourhood is like, if there are new infrastructure projects planned, and how prices have changed over the last few years.

Your Harcourts Holmwood sales consultant will show you those properties that best fit your requirements. This will be at times to suit you and the owner of the property. They will be kept informed of all changes relating to the properties you have viewed and you will be advised of new properties as they come on the market.

Inspections of properties take time. We recommend you do not rush or disregard too quickly. Try not to judge a property from the outside only. Some properties have little or no street appeal but have much to offer inside. An inspection will confirm your first impression or will pleasantly surprise you.

## YOUR WISH LIST

*Knowing your requirements early really helps your sales consultant to help you. Sometimes however, your circumstances and priorities can change. Often they will check with you to ensure everything remains on track.*

- FACTORS THAT HELP ME FIND YOU THE RIGHT PROPERTY INCLUDE:
- SUBURB(S)
- PRICE RANGE
- NUMBER OF BEDROOMS
- STYLE OF HOME
- PROXIMITY TO CHILDCARE/ SCHOOLING
- GARDEN SIZE
- DRIVE ON ACCESS/GARAGING
- OTHER SPECIAL REQUIREMENTS (EG. NO STAIRS)



## YOUR ESSENTIALS

*It is important that your sales consultant knows the most important features you want in a property and will not compromise on. They may include:*

- A separate office/study
- Sun aspect
- Security
- Garaging or mooring for a boat
- Low maintenance grounds

These requirements are unique to each buyer. Also give some thought to which features you most definitely do not want in a property.

## OPEN FOR INSPECTIONS

Many sellers open their homes to group viewing during the marketing of their property. Open Home times will be advertised in the property advertisements. It is normal practice for your sales consultant to meet you at the door to register your name and contact details. You will then be free to inspect the property at your leisure. They will always be available to answer any questions and provide information on the property or area.

When you are working with a sales consultant ring them when you see an Open Home advertised and they can arrange an introduction or escort you through. After the Open Home they will ask for your feedback for the vendor to help in the sales process.



# For the property investor

*Investing in real estate long term is one of the most secure and financially rewarding investments you can make. We can make taking care of your investment easy.*

Harcourts Holmwood understands that you want your property tenanted for the best return possible and you want to relax with the knowledge that your property is being looked after.

Harcourts Holmwood Property Management consultants are industry specialists in the areas of appraising and renting your investment property. They understand the growing residential rental

market and most importantly they understand the needs of property investors.

Our trained Property Management consultants at Holmwood Property Management are able to advise on how to attract the very best tenant for your valuable asset, conduct property inspections, keep abreast of rent increases, follow-up late payments, organise maintenance and repair on your behalf and most importantly send you regular reports on all matters regarding your investment

# Inspecting properties

## THE DWELLING'S STRUCTURE

*When inspecting a property it's important to focus on the dwelling's structure.*

Some things to look for include:

- Damage from pests. Recent termite damage in wooden structures is a huge red flag. Have a look for bores through wooden frames, or dirt tubes in the foundation or exterior walls that hint to termite infestation.
- Wet spots on walls or ceilings. Condensation within the home can lead to mould build-up, timber decay, leaks, corrosion and even loss of structural integrity.
- Cracks in the foundation. Some small cracks in a home's foundation can be harmless, but large cracks either running down the foundation or across could mean a home is shifting, which can cause significant structural damage over time.

may bother you long-term or hurt re-sale value.

After inspecting a property, continue to do your due diligence. Start to research any areas you're still unsure of, and if you do decide the home is the one for you, enlist the help of an independent building inspector to inspect the property and provide you with a building report of their assessment.

## THE LOCATION

Location means more than the general neighbourhood. You may be attracted to the area, but take a look at the property's exact location for things that



# Making an offer

Once you've found the perfect property for you, it's time to make an offer.

The only way to make a formal offer and avoid any confusion is to make the offer in writing. Your Harcourts Holmwood sales consultant will provide you with a contract to start the process which will also highlight any conditions of sale. Your Harcourts sales consultant will then present this offer to the sellers.

Common conditions of sale are:

- A builder's report
- Solicitor's approval of the contract
- Due diligence investigation of the property and title.

When you are ready to write up a contract, the next step is to decide on the price you wish to offer the seller and under what conditions you wish to make an offer.

You will be provided with details of relevant sales in the area and advised of any price guidelines that are available for the property. Many buyers are tempted to "start low" with their offer. If you are serious about purchasing the property it is wise to make a genuine offer that reflects your serious intentions and appreciation of the true value of the seller's home.

This process does not occur when buying at auction (see information on "Buying at Auction" in the next section.)

The offer will be prepared on a standard approved contract and you will be asked to sign the required number of copies.

The seller can accept your offer, reject it or counter sign it. Counter signing usually occurs when the seller is not satisfied with the price offered and/or conditions included and subsequently alters them. The contract will be brought back to you for your consideration.





If you accept, you initial the seller's alterations and the property is under offer to you subject to any conditions that the contract may contain. Alternatively you also have the right to counter sign. Your Harcourts sales consultant will continue negotiations between you and the seller until you are both in agreement.

### MULTIPLE OFFERS

A multi-offer situation is when more than one party is interested in making an offer on a property. Harcourts has formulated a system to handle multiple offers that is fair to all parties concerned.

The seller is notified and a time is set so that all offers can be presented to the seller at the same time. These offers are usually presented to the seller by the Harcourts office manager.

### AFTER YOUR OFFER IS ACCEPTED

If your offer is accepted, and all parties have signed the contract you will be asked to pay a deposit. This usually equates to 10% of the purchase price.

Once paid, this deposit is held in a trust account until the contract becomes unconditional in all respects. If the contract does not become unconditional the deposit will be repaid to you.

### SELECTING A SOLICITOR/ CONVEYANCER

You will need to nominate a solicitor or conveyancer to act on your behalf once your offer has been accepted.

### PROPERTY INSURANCE

Once the contract becomes unconditional, you will need to take out insurance on the property.

# Preparing for Settlement

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## PROPERTY PURCHASE COSTS

Possible expenses you may incur are:

- Bank fees
- Solicitor's charges may include legal searches (please consult your solicitor)
- Home protection insurance
- Miscellaneous costs (building inspection, rates, removals, etc)
- Completing the purchase

Before the settlement day your solicitor or conveyancer will undertake the necessary searches with respect to the property and your financier will prepare the mortgage documentation.

The day of settlement your solicitor or conveyancer will exchange with the seller's solicitor:

- Monies
- Transfer documentation
- Keys to the property

Possession of the property usually takes place on the settlement day once settlement has been completed, although you and the seller can agree for these dates to be different.

## PRE-SETTLEMENT INSPECTION

Your Harcourts Holmwood sales consultant will contact you to arrange a pre-settlement inspection. This is your opportunity to ensure all appliances at the property are in working order and that the property is as you recall from the time you signed the contract.

## SETTLEMENT DAY

When settlement day arrives, you will no doubt be eager to move in to your new home as soon as possible.

However, it is very difficult to be able to give a specific time of when settlement might happen. It is unlikely that settlement will happen first thing in the morning because there is a lot of behind the scenes work that needs to be done on settlement day. If you are booking a moving company to help shift your belongings, it is recommended that you don't book them for first thing in the morning.



# Buying at Auction

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*Buying at auction avoids the often-prolonged waiting of the traditional offer/counter- offer negotiation process and uncertainty of what another buyer may be offering.*

*During an auction bids for the property are called in an open arena on a given day and time. If your bid is accepted you will have the satisfaction of knowing you have purchased at true market value.*





An auction is an exciting environment where everything is out in the open. You can see your competitors and have confidence that others place similar value on the property as you.

Let your sales consultant know if you are interested in an auction property so that you will be kept informed if a pre-auction offer is made and given the opportunity of submitting an offer or bidding if the auction date is brought forward.

To bid at an auction you need to acquire pre-approved finance so that you can bid with no conditions of sale. A 10% deposit is required on the day of auction; the balance due on possession date. However, it is often possible to extend the possession date to allow more time to organise your funds or sell an existing property. Talk to your consultant so they can arrange this with the sellers and auctioneer.

## PURCHASER ACKNOWLEDGEMENT FORM

Recent law changes in New Zealand require that residential property purchases are now subject to the provisions of the Overseas Investment Act 2005 (OIA). If you wish to bid in our auction room you are required to fill out a Purchasers Acknowledgement Form. If you are uncertain about what the form means please ask for it to be explained.

## HOW DO WE FIND OUT HOW MUCH THE PROPERTY IS WORTH?

The more property you inspect in the area the better you will become at determining approximate values. If you need to help ask your sales consultant for guidance. They can refer

you to homes of similar type and price for comparison.

Remember pricing real estate is not an exact science as come auction day what the seller needs to move on and the emotional desire of other bidders will determine the end selling price. We recommend you arrange a little extra finance just in case.

## BUYERS MEETING

This is an opportunity to answer any questions you might have about the auction procedure, bidding, what the various terms mean etc. There is absolutely no obligation, just come, relax, see the layout of our auction rooms and learn how buying at auction works for you. Your sales consultant can also help and assist you with bidding on Auction day if this is something that you don't feel comfortable.

## ANTI-MONEY LAUNDERING COMPLIANCE

New legislation requires Real Estate Companies to assess the risk they may face from the actions of money launderers and people who finance terrorism and must identify potentially suspicious activity. To make that assessment companies must obtain and verify information from clients. This is part of what the AML/CFT law calls "customer due diligence".

# Real estate terminology from a-z

**AGREEMENT:** The written contract for the sale and purchase of property between the seller (vendor) and the buyer (purchaser).

**AUCTION:** The property is listed without a price, followed by intensive marketing, until the auction day, where buyers bid against each other. An unconditional sale is reached on purchase.

**CAVEAT:** A warning on a title to a purchaser that a third party might have some interest or right in the property.

**CERTIFICATE OF TITLE:** Each individual piece of land in New Zealand has a Certificate of Title which describes the type of title, its size, the name of the owner(s) and any claims on the property.

**CHATTELS:** Moveable and removable items of personal property. These usually include the stove, television aerial, carpets, blinds, curtains, drapes and light fittings. Unless chattels are specified in the agreement, they are not sold as part of the property.

**CMA:** Comparative Market Analysis, i.e., a written price comparison of your property with others that are for sale or were recently sold.

**CONDITIONAL CONTRACT:** A written contract that is signed by the seller and the buyer but where one or more conditions need to be met, usually within a specified time period.

**CONFIRMATION:** When the conditions written into the agreement have been met, the contract is confirmed. The property is now sold and both the seller and buyer must settle. (Also see Unconditional)

**CONVEYANCING:** The legal work

associated with transferring ownership of the property.

**COVENANT:** Terms, conditions and restrictions noted on the title. A covenant may affect future plans or resale of the property.

**CROSS LEASE:** Ownership is common where there is more than one home on a block of land. You are all owners of the land and you each lease your home. The lease will usually provide for an exclusive use area for each cross-lessee. Like freehold ownership but with restrictions.

**DEPOSIT:** A percentage of the purchase price given to bind the sale of real estate.

**EASEMENT:** A right that someone has to use the land belonging to another, e.g. a water authority may have a sewerage easement across part of your property.

**EQUITY:** The amount of an asset actually owned. Equity is the difference between the market value of the property and the amount still owed on its mortgage.

**EXCLUDED FIXTURES:** Items that are presumed to stay with the property when it is sold but have been specified on the contract as not remaining. Fixed items include items such as curtains, light fittings, built in cabinets etc.

**FREEHOLD:** A freehold property has a clear title of ownership and is not subject to a lease.

**GENERAL LISTING:** Any appointed real estate agent/company can quote or sell your property. General low level of marketing and feedback. With no particular person totally responsible for managing your sale.

**LEASEHOLD:** Land can be subject to a lease. The owner of the land leases to the tenant for a fixed rental sum for a fixed period, e.g., 21, 99 or 999 years.

**LIM REPORT (LAND INFORMATION MEMORANDUM):** A report prepared by the local Council on request. It provides a summary of property information as at the day the LIM was produced such as valuation data, rates, building and resource consents and zoning, and the real estate company selling the house. It details the length of the agency, commission rate, additional costs and the type of listing, e.g., exclusive, tender, auction or general.

**NO PRICE MARKETING:** The price isn't revealed to buyers during the marketing promotion so there is no preconceived limit to what a buyer might be prepared to pay.

**OFFER:** Conveyed intent by one party to form a contract, which may have conditions and stipulations, with another party.

**POSSESSION:** When buyer gets access to and takes over the property. This can happen the same day as settlement.

**PURCHASER:** The person, people, company or trust buying a property.

**RATEABLE VALUE (RV):** The value assessed by the Christchurch City Council which the local authority will use to assess the rates. Used to be known as a Government Valuation and is usually below the actual current market value of the property.

**REQUISITIONS:** The Sale and Purchase Agreement allows time for the buyer's solicitor to examine the property title. If there is a problem with the title, or if a local authority requires special works to be carried out, the buyer may ask (requisition) that these problems be fixed by the vendor or they may have cause to cancel the contract.

**RESERVE PRICE:** The reserve price is the minimum price (kept confidential between the seller and the auctioneer) the seller will accept for their property at the auction.

**SETTLEMENT:** The sale of a property is finalized by the legal representatives of the vendor and the purchaser, mortgage documents come into effect, costs are paid and the new owner takes possession of the property and receives the keys.

**SUBDIVISION:** A tract of land divided into individual lots for a housing development.

**TENDER:** Very similar strategy to Auction and employs the same high profile, no-price approach, within a definite time frame. With no open bidding, tenders are delivered in sealed envelopes which the vendor can decide to accept, reject or negotiate with any party depending on the terms and conditions. It is sometimes possible to include conditional offers in a tender process.

**TITLE SEARCH:** A check of the title records to ensure that the seller is the legal owner of the property and that there are no other claims or outstanding.

**UNCONDITIONAL:** When the conditions written into the agreement to buy a property have been met, the offer becomes unconditional. The property is now sold and both the seller and buyer must complete their obligations under the contract.

**UNIT TITLE:** A form of tenure which gives ownership of an apartment, townhouse or unit while making provision for shared ownership and administration of common areas.

**VALUATION -REGISTERED:** Professional property valuations carried out by a registered public valuer.

**VENDOR:** The person or entity legally authorised to sell a property.

**ZONING:** Local authority guidelines for the permitted use of land.

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