



MyMortgage

Options, Advice, Service and Price

YOU'RE PRE-APPROVED WHAT NEXT?

The hard work for your Home Loan is done and now there are only two things left to do;

1. Find the right house and make an offer - talk to us about including a Finance Condition
2. Meet the conditions on your loan offer – we're here to help explain and tick these off for you.

WE'LL BE HERE THROUGHOUT THE WHOLE PROCESS

- Advising on making an offer
- Liaising with your lawyer, the real estate agent, your accountant if/as required
- Negotiating with the bank on interest rates and cash back
- Advise the best structure which will suit your situation
- Arranging valuations if required

UNDERSTANDING MY LOAN OFFER

• INTEREST RATE

You may notice on the loan offer that the interest rate they mention is much higher than what you've seen advertised. Don't worry! That higher rate is the bank's standard floating interest rate, not the normally lower, fixed interest rates. When you have a property to buy and have ticked off all your conditions, we'll negotiate you the best interest rate and work out with you the best structure for your situation.

• PRIORITY AMOUNT

On some loan offers there will be a figure that is a lot higher than what you had applied for and usually around 1.5 x the loan amount. This is called the Priority Amount, and it's not the value of your property. It is a standard thing that the banks do to protect you and them in the future but you can read more about it [specifically here.](#)

• LOW EQUITY MARGIN AND FEES

If you are borrowing with less than a 20% deposit, the banks will add on some fees and/or an additional interest rate. These are called Low Equity Margins and Low Equity Premiums. Some banks will add a larger interest rate margin and others will add a smaller margin and then a one-off fee that can usually be added to your total loan. You may see some information on your loan offer related to those two things.

• REPAYMENTS

Wondering what your repayments will be? We have a great online calculator that you can use to play around with loan amounts, loan term (years to pay) and the interest rates to see what your repayments could be. Chat to your advisor to get an idea of approximate interest rates to expect.

• REGISTERED VALUATIONS

A Registered Valuation is completed by an independent valuer who goes to the property and based on many factors determines what the property is valued at. These normally cost approximately \$1,000 depending on the property and can take 10 – 15 days to complete. We'll take care of arranging the valuation for you at your cost. These valuations need to be done through the banks approved platforms and cannot be done with any local valuer.

• CONDITIONS

On your loan offer you will see some conditions that need to be met before the bank will confirm the lending of any funds to you. Here are a few of the "standard" conditions and what they mean:

• FIRST HOME BUYERS CONDITIONS

KiwiSaver Confirmation- The bank wants confirmation of what funds you have available in your KiwiSaver, and that you are allowed to access them to buy a first home. You can get this confirmation from your KiwiSaver provider by calling them directly - they'll send you approval in the form of a letter.

Registered Valuation - At times, the banks will want a registered valuation for the property. This is most common if you have a less than 20% deposit. As above, we will organise the valuation for you.

- **BUILD CONDITIONS**

Fixed Price Build Contract - Builds carry more risk for banks and so they want to know all of the details for the build to make sure everything will be completed as expected. The contract shows the cost of the build and what will and will not be completed as a part of this process.

Build Plans & Specifications - These show the bank that what is being built will be worth the end value when completed and that the dwelling meets their policies in terms of size and location etc.

Council Consents - The banks need to see that you have the council consents approved for the build before they will give you access to funds for the build.

Registered Valuations - Most lenders will require valuations before the build begins to ensure that the value on completion will meet their requirements and then also a valuation at the end of the build to show that what was meant to be built has been completed.

- **INVESTMENT CONDITIONS**

Rental appraisal - This is done by a registered property manager and gives you and the bank an indication of the market rent that can be expected for the property. Most properties are sold with an available rental appraisal.

OTHER INVESTMENT CONSIDERATIONS

- **ENTITY CONFIRMATION**

There are a lot of different ways in which an investment property can be purchased and so the bank may want to see confirmation of the entity structure that is borrowing the funds (Company, Trust, etc)

- **INTEREST ONLY**

It is common for investment properties to be on interest only repayments. If your accountant has suggested this or you want to see if interest only is an option, chat to your advisor as this needs to be confirmed with the bank.

Every situation is different, so speak to us about the best option for you and we'll have you on the path to owning your first home in no time.

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