

# Questions All First Time Home Buyers Must Ask



## What can I afford?

As a Rule of Thumb, banks will typically lend around 5 to 6 times your (combined) annual salary. Of course, this doesn't take into account any dependents, short term debts or unusual expenses, so it is best to draw up a budget to work out exactly what you can afford. The experts at AIM are happy to help you work through your budget.



## Where is my Deposit coming from?

Most banks want to see a 20% deposit, as per the Reserve Banks LVR restrictions. There are a number of ways this can be achieved: Savings, KiwiSaver withdrawal, Home Start Grant, gifted money, or even equity in your parent's property. There are a few exemptions to the 20% rule, however. Ask your advisor if they apply to you.



## What is a Conditional Offer?

On a standard Sales & Purchase Agreement, there are a number of "Conditions" you can include that must be met before the sale can proceed. The most common conditions you can include are Finance, Building Report and LIM. You can also include more specific conditions under the "Further Terms of Sale" section in the Agreement.



## Are there any issues with this property?

You have just walked in to your dream house, and on the surface, it looks perfect. This may not actually be the case, however. It is important to have your solicitor go through the property's LIM. This can tell you if there are any unconsented works, or legal issues with the property. A building report can tell you about any potential building issues that you may not have noticed yourself.



## Can I buy at Auction?

Many houses in New Zealand are sold at Auction. The problem with this is all Auction purchases are unconditional, which means you must have your finances in order before you bid. If you have a pre-approval in place and a 20% deposit, you should be able to bid, but make sure you get approval from the bank on the property you want to bid on.

*AIM is here to help make your first home a stress-free reality. Get in touch with us today to start the process.*

**We Are Your Mortgage and Insurance Experts**

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