

GET A HELPING HAND WITH A

First Home Loan

A First Home Loan is available for first home buyers who can afford to make regular repayments on a home loan but are having trouble saving for a deposit.



A helping hand through the door

A First Home Loan can give a helping hand when buying your first home by lowering the deposit required from the more standard 20% to only 5%.

Contents

What is a First Home Loan?	1
Check your eligibility	2
Choosing a bank or lender	3
Submitting your application	4
– Applying for pre-approval	4
– Applying for full approval	4
Case study: Toby and Lisa	5
Case study: Sam and Frankie	6
Other home ownership help	7
Frequently asked questions	8
Where to find out more	9
Common terms	10



What is a First Home Loan?

A First Home Loan is a low-deposit loan for first home buyers who are able to make regular repayments on a home loan but are having trouble saving for a deposit. Instead of requiring the more standard 20% deposit, a First Home Loan lowers this amount to only 5%.

First Home Loans are only available through select banks and lenders and are underwritten by Kāinga Ora – Homes and Communities.

Some banks and lenders may also allow you to buy vacant land and build a new home with a First Home Loan. Check with one of the participating banks or lenders and see what their lending criteria will allow.



Check your eligibility



To be eligible for a First Home Loan, you need to meet the following eligibility criteria.

You must:

- ☐ be over 18 years old
- ☐ be a New Zealand citizen, permanent resident or resident visa holder
- ☐ be a first home buyer or a previous homeowner in a similar financial position
- ☐ have a before-tax income from the last 12 months less than:
 - \$95,000 for an individual buyer
 - \$150,000 for an individual buyer with dependants
 - \$150,000 combined for multiple buyers.

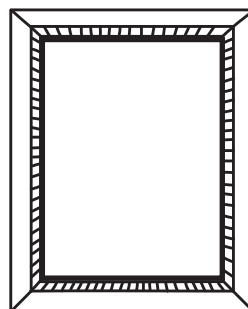
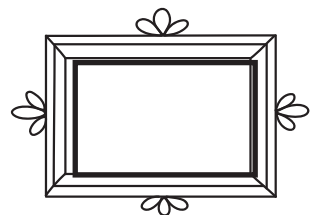
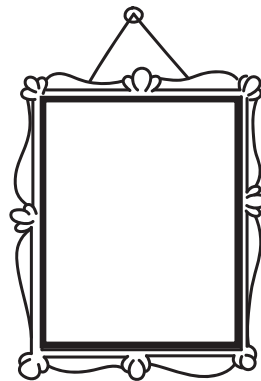
You will also need to:

- ☐ have a minimum deposit of 5% of the purchase price of the home
- ☐ meet the lending requirements of a participating bank or lender for a home loan
- ☐ be buying the home for you to live in as your primary place of residence
- ☐ pay a 0.5% Lender's Mortgage Insurance (LMI) premium and loan application fee (if applied by the lender).



What are dependants?

A person who has dependants has the responsibility for part-time or full-time care of a child, children or other dependent adults in a household.



Choosing a bank or lender

Kāinga Ora sets the eligibility criteria but it is the bank or lender that assesses a First Home Loan application and makes the final lending decision. Choose from one of the participating banks or lenders below and check their application and lending criteria.

Westpac	0800 177 277	westpac.co.nz
Kiwibank	0800 272 278	kiwibank.co.nz
The Co-operative Bank	0800 554 554	co-operativebank.co.nz
SBS Bank	0800 727 2265	sbsbank.co.nz
Unity	0800 229 943	unitymoney.co.nz
Nelson Building Society	0800 101 700	nbs.co.nz
NZHL	0800 332 837	nzhl.co.nz



Submitting your application

Once you have selected your preferred participating bank or lender, you can apply for a First Home Loan pre-approval or full approval.

Applying for pre-approval

You can apply for pre-approval to confirm you meet the First Home Loan eligibility criteria and the lending criteria of your preferred bank or lender while you are looking for a home to buy. Having a loan pre-approval helps you understand your buying power and gives you a price range you can consider when looking at homes to buy.

Banks and lenders will apply their own lending criteria as part of their lending assessment process. Information they will ask you to provide can include:

- proof of identity (a valid photo ID such as your current passport or New Zealand driver licence)
- proof of current address (such as a recent bank statement or utility bill)
- evidence of your deposit (inclusive of all savings, investments, first-home withdrawals and gifts)
- evidence of your household income or employment details
- a breakdown of your household expenses (such as rent, insurance, utilities and credit card payments).

Your loan pre-approval will typically expire after a fixed period. You'll need to resubmit or update your application with the bank or lender before it expires.

Applying for full approval

You can apply for full approval when you have found a home that you want to buy. Your preferred bank or lender will complete a final assessment that confirms your eligibility and outline the details and the requirements of your home loan.



If you're a previous homeowner

If you have previously owned a home or property in New Zealand or overseas, you may still be able to apply for a First Home Loan. Your preferred bank or lender will complete an additional assessment to determine your financial position and eligibility when you apply.

Case study

Toby and Lisa

How Toby and Lisa bought their first home in Christchurch with a First Home Loan and a KiwiSaver first-home withdrawal.

Toby and Lisa have been searching for their first home after moving to Christchurch with their two young children last year. They found a new terraced home in the suburbs that was built 6 months ago being sold for \$680,000 that was the perfect size for their family.

Together, they have an annual income of \$135,000 but have only been able to save \$20,000 over the last 5 years to go towards their deposit. Both Toby and Lisa were eligible to make withdrawals from their KiwiSaver schemes, withdrawing a total of \$45,000 between them. This gave them a total deposit of \$65,000 – approximately 9.6% of the purchase price.

Speaking with their current bank, they were advised that they would qualify for a home loan based on their income but would need a minimum deposit between 15% and 20%.

After reading about the First Home Loan, they saw that it might be possible to get a home loan that only required a deposit starting as low as 5%. They made a new application to a participating bank showing the deposit they were able to put together. The bank completed their assessment, and they were offered a First Home Loan of \$615,000 to buy the home.

Home purchase price

\$680,000

Savings

\$20,000

KiwiSaver first-home withdrawal

\$45,000

Total deposit

\$65,000 (9.6%)

Bank loan

\$615,000
(90.4% LVR)



Case study

Sam and Frankie

How Sam and Frankie moved to Hamilton and managed to purchase their new home with help from a First Home Loan.

Sam and Frankie have been searching for a home after moving to Hamilton last year with their young child and Frankie's mother, who moved in with them to help with childcare. They managed to find a suitable home in the suburbs with a small section and well connected to the local school that was being sold for \$650,000.

Their combined annual income is \$125,000 but they have had trouble saving towards a house deposit, only managing to save \$7,000 over the last 3 years.

Both Sam and Frankie were eligible to make withdrawals from their KiwiSaver schemes, which gave them an additional \$30,000.

To help with purchasing a home, they also received a one-time gift from Sam's parents of \$12,000, which brought their total deposit to \$49,000 – approximately 7.5% of the purchase price.

After checking the eligibility requirements for a First Home Loan, Sam and Frankie discussed their circumstances with several participating banks and lenders to find one that worked for them. After selecting a lender and making an application, they were offered a First Home Loan of \$601,000 to buy the home.

Home purchase price

\$650,000

Savings

\$7,000

KiwiSaver first-home withdrawal

\$30,000

Gift from family

\$12,000

Total deposit

\$49,000 (7.5%)

Bank loan

\$601,000
(92.5% LVR)

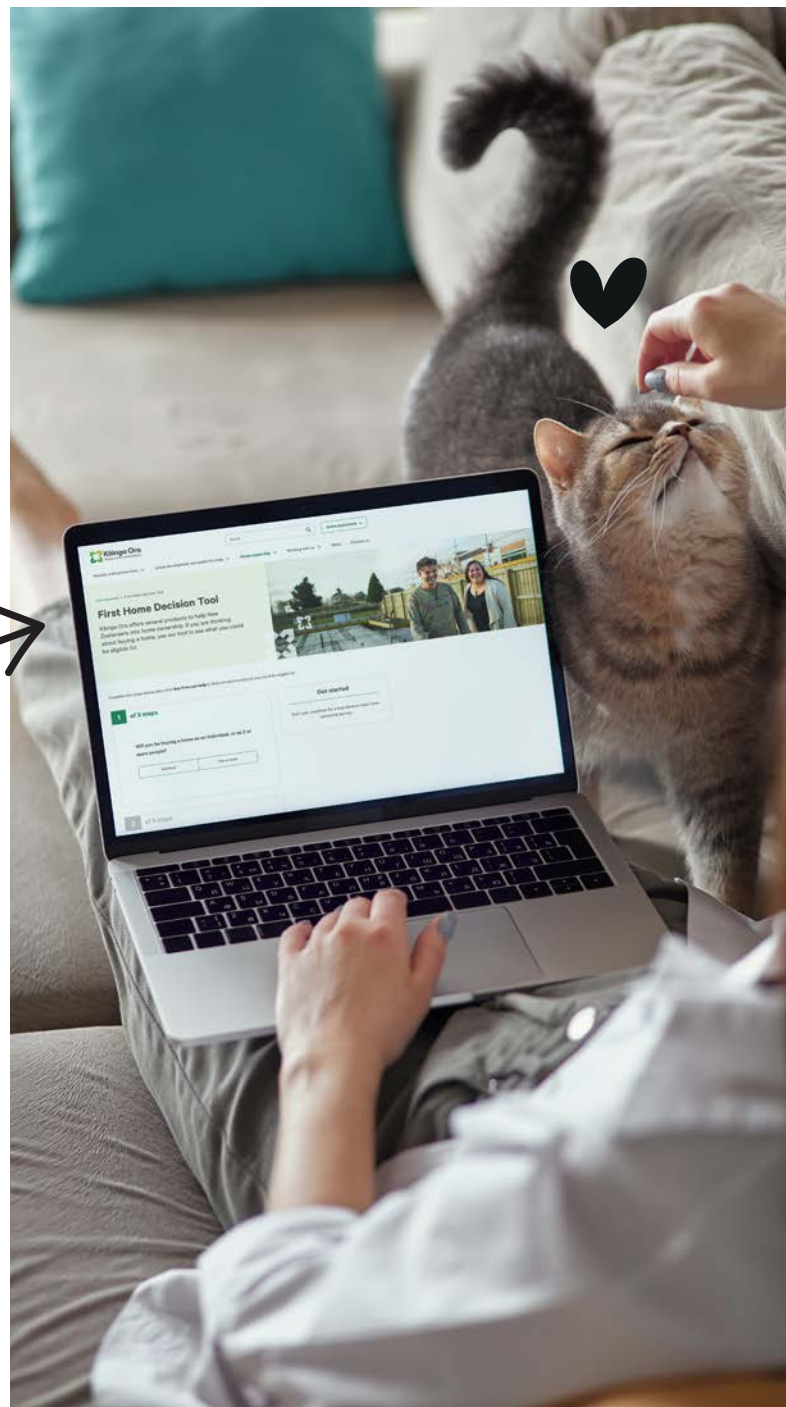


Other home ownership help^{1/-}

Kāinga Ora offers and supports several products that can give you a helping hand towards home ownership.

Each has its own eligibility criteria and application process, and you may be able to combine multiple products when buying your home.

For more information about our home ownership products and to find out which ones you might be eligible for, visit kaingaora.govt.nz/home-ownership.



Frequently asked questions

Is there a minimum income needed to purchase a home with a First Home Loan?

There is no minimum income criteria to be eligible for a First Home Loan, but your total household income will need to be enough to meet the lending requirements of a participating bank or lender to service a home loan.

How much of a deposit will I need to buy a home with a First Home Loan?

The exact amount you will require for a deposit will depend on the purchase price of the home you want to buy, but you will need to contribute an overall minimum deposit of 5%.

Do banks and lenders have identical requirements for a First Home Loan?

Kāinga Ora sets the minimum criteria for the First Home Loan, but banks and lenders may apply different additional criteria as part of their own lending assessment.

If my application for a First Home Loan is declined, will I get turned down by another bank or lender?

Banks and lenders have their own lending criteria they will assess you on, and the application process may vary. It is recommended you talk with your preferred banks or lenders about your individual circumstances.

Can I use my KiwiSaver to help purchase a home with a First Home Loan?

Yes. If you are a first home buyer and have been contributing to a KiwiSaver fund for at least 3 years, you may also be able to withdraw your savings to put towards a home purchase.

Can I use a First Home Loan to build a new home?

Check the lending criteria of your preferred participating bank or lender to see if they allow a First Home Loan to be used for building a home.

Are there any fees for getting a First Home Loan?

Kāinga Ora charges a Lender's Mortgage Insurance premium to the lender to insure each First Home Loan (0.5% of the loan amount) that you may be required to reimburse the lender for. Banks and lenders will also set their own interest rates and fees that apply to your home loan.

What happens if my circumstances change after I receive my home loan?

If your circumstances change and may affect your ability to repay your home loan, you will need to get in touch with your bank or lender. They will talk you through options appropriate to your circumstances.

I own land with no home on it. Am I still eligible for a First Home Loan?

No. You will not be eligible for a First Home Loan if you currently own or have an interest in land, even if there is no home currently on it.

Where to find out more



If you would like to start an application or find out more about the First Home Loan:

Visit

kaingaora.govt.nz/first-home-loan

Email

firsthome.enquiries@kaingaora.govt.nz

To learn more about home ownership requirements and other products and programmes, you can also visit **kaingaora.govt.nz/home-ownership**.



Helpful contacts

Citizens Advice Bureau

Free, confidential and independent advice nationwide to help citizens understand their legal rights and obligations.

cab.org.nz

Find a building inspector

Search for a building inspector in your area.

boinz.org.nz

Find a conveyancer

Search for a conveyancer near you.

nzskonveyancing.co.nz

Find a solicitor

Search for a solicitor and get guidance on how to find the right one for you.

propertylawyers.org.nz

MoneyTalks

Free financial helpline by FinCap that provides free, confidential budgeting advice and connects people with local financial mentoring services.

www.moneytalks.co.nz

Settled

Free and independent information and advice on all aspects of buying and selling a home.

settled.govt.nz

Sorted

Free and independent tools and resources to help you budget and get your finances sorted.

sorted.org.nz

Common terms

Deposit

A portion of money paid upfront to secure the purchase of a home.

Eligibility criteria

The specific criteria that determine if an applicant is eligible for a First Home Loan.

First home buyer

An individual who has not previously owned a home or land in New Zealand or overseas.

First Home Loan

A low-deposit loan for first home buyers underwritten by Kāinga Ora and issued by participating banks and lenders.

Home loan

A financial loan given by a bank or other financial lenders for the purposes of purchasing a residential home or property.

Interest rate

The interest charged on a financial loan.

KiwiSaver

A voluntary savings scheme designed to help New Zealanders saving for retirement through regular contributions made from members' earnings, employer contributions and the government.

KiwiSaver first-home withdrawal

A one-time option to withdraw all or part of savings from a KiwiSaver fund to put towards the purchase of a first home.

Lender

A participating bank or financial lender who will lend money for the purposes of a home loan for eligible applicants wanting to buy a home.

Lender's Mortgage Insurance (LMI)

An insurance policy that protects the lender from financial loss in the event that the borrower can't maintain their home repayments.

Lending criteria

The requirements set by a bank or lender that a loan applicant must meet as part of a lending assessment.

Loan

A sum of borrowed money (such as a home loan).

Loan to Value Ratio (LVR)

The amount you're looking to borrow, divided by the value of the property you want to buy expressed as a percentage. It measures how much a bank lends against mortgaged property, compared to the value of that property.

Pre-approval

Confirmation that you meet the eligibility criteria for a First Home Loan and the lending criteria of a bank or lender before you have found a home to buy.

Previous homeowner

An individual who has previously owned a home or land either in New Zealand or overseas but no longer does.

Disclaimer

The material contained in this brochure is intended to help you understand the First Home Loan and is for informational purposes only. Its content is intended to be of a general nature and does not take into account specific circumstances of any particular individual or entity. All reasonable steps have been taken to ensure the quality and accuracy of the information presented. The eligibility criteria or other policies applicable to the First Home Loan, or any home ownership product administered by Kāinga Ora may be changed, deleted, added to or otherwise amended without notice. It is recommended you seek independent professional advice before applying for or acquiring any financial product or service.

**Published in October 2024 by
Kāinga Ora – Homes and Communities.**

This booklet is also available at
kaingaora.govt.nz/home-ownership.