LET'S TALK HOME LOANS

Lifetime
Personal Financial Design

LOANS

Contents

01. **Live The Dream** 2

02. **Lifetime Value** 4

About Lifetime 6

03. **Getting Started** 8

KiwiSaver 9

Smart Savings 9

Gifts/Family 9

04. **KiwiSaver** 10

FirstHome Grant 11

KiwiSaver HomeStart Grant 11

KiwiSaver Withdrawal 12

Eligibility 12

05. **Loan Choices** 14

06. **The Process** 16

07. **Checklist** 19

08. **Protect Your Property** 20

Home & Contents Insurance 21

Mortgage Protection Insurance 21

01.
LIVE THE DREAM

"Learn from the past, plan for the future, live in the now."

Buying a home doesn't have to be as daunting as it sounds. Deciding on a place to live is one of the biggest yet most exciting decisions you will make. Life doesn't always go to plan – babies arrive, illness can strike and interest rates can change.

We take a 360-degree view of your life and find the best solution for you. We will help you get some breathing space should things take an unexpected turn.

This guide is designed to give you the knowledge and power to make the process easier and smoother. After all, working with a Lifetime mortgage specialist ensures you get the best deal without the stress.

Over the course of this guide we will explain;

+ How working with a mortgage adviser can save you money, time and stress.
+ How to get started with a deposit and how KiwiSaver can help.
+ The types of loan and how best to structure yours.
+ The process you'll go through from working out your budget to moving in.
+ A helpful checklist to purchase your new home.
+ How to ensure your investment is protected.
+ Frequently asked questions on the home buying process.

At the back you'll find a handy blank section where you and your adviser can make specific notes for you.

02. LIFETIME VALUE

When arranging a mortgage you have two main options; go direct to a lender such as a bank, or use a mortgage broker/adviser.

The comparison table to the right shows the important differences in these two approaches.

	MORTGAGE ADVISER/BROKER	DIRECT
Options	An adviser can **review many products** from a range of providers to seek the best deal.	Has only their provider product on offer.
Knowledge	As Lifetime advisers deal with many mortgages on a regular basis, they have **knowledge on what can be negotiated in order to get the best deal possible.** A mortgage adviser can often even negotiate a waiver of application fee, cash contribution for the likes of other loan break fees or legal costs and lower than advertised rates!	When you go direct you are an individual customer and likely unaware of the amount and types of negotiation possible. While you may be able to negotiate some better rates on your own, it can be hard to know what to expect and what to ask for.
Motivation	A mortgage adviser is **paid in commission** from the lenders, this is at no cost to you the consumer as it's from the buying power piece above. This **highly motivates them to ensure your needs are looked after** and to deliver an exceptional service to you, their client.	Banks are notoriously big, slow institutions. An individual is a small piece in the puzzle and therefore common customer experience feedback cites slow responses and a lack of motivation.
Service	Essentially **a mortgage adviser is a free expert** for you, to answer every question, manage every process and act on your every need. **For free.** They are also there for you as an ongoing service as and when you need.	As one of hundreds of thousands of clients, your voice may not get the air time it deserves. It can also be hard to maintain contact with an individual manager, often being passed around with no one understanding your history or needs.
Value	An adviser is **driven to get you the best deal,** as this is their value proposition to you. If clients didn't want to save money through better advice, rate or loan structure, then they'd all go direct.	A lender can be limited by their offering and restrictions, unable to offer a competitive deal if their products are not the best in the market.
Expertise	As mortgage experts, **advisers know all the tricks and tips** to maximise the return on your investment. Whether it's loan structure, KiwiSaver opportunities or equity leverage.	A lender may know their product well, but is unlikely to understand the competitor's products and most certainly wouldn't be recommending them if they did.

So what's the difference between a mortgage broker and a mortgage adviser? Not much really, it's more of a technicality that even many in the industry don't seem to understand. Often those saying they're mortgage brokers are technically mortgage advisers.

In terms of service and expertise, they are the same. The only difference being a broker accepts money into a trust account, whereas an adviser remains removed from the transaction.

As you can see, using an adviser offers a lot more freedom and flexibility, is highly likely to result in a financially better deal, and often at no cost!

Each of our mortgage solution specialists have long-term relationships with lenders. This enables them to tailor the right option to meet your individual requirements. For a full and current list of the lenders we work with please see lifetime.co.nz/lenders

We know the jargon, we know the potential and we know the pitfalls. Our experience and your decision means avoiding the stress and mistakes. You will step into your new home with confidence knowing that you have the right home loan for you, now and for the future.

ABOUT LIFETIME

Lifetime is a full-service financial advisory practice committed to securing a smarter financial future for Kiwis. From humble beginnings in 1999 as a small South Island business, we've grown to become a nationwide company of highly experienced financial, business and insurance advisers.

Lifetime gives everyday Kiwis access to tailor-made financial solutions and insurance products through an extensive provider network. We have no products of our own, rather we act as industry expert advisers.

Most importantly, we listen and we take the time to get to know you and your specific situation. It's amazing what can be achieved when we sit down and talk.

03. GETTING STARTED

"A good mortgage should be like a piece of well-tailored clothing – a custom fit that is never too tight."

The first step to property ownership is saving for your deposit, and you may be surprised how quickly this can add up when you take advantage of all of your available options.

The deposit required to purchase a house is typically 20%, though through Lifetime's expert advisers we may be able to wrangle you some extra flexibility if need be, with a deposit as low as 10%. Please note, lending on investment properties require different levels of equity and your adviser will be able to explain what is required for your specific situation.

Here are some ways you can reach your savings goal faster:

KIWISAVER

If you have been a member of KiwiSaver for at least three years and this is your first home – congratulations! You may be already very close to your deposit savings goal. KiwiSaver members can draw from their contribution, their employer contribution and even some government grants. For more information on KiwiSaver please see page 10.

SMART SAVINGS

Develop a regular habit of putting money aside into a separate savings account. Make it a 'locked-away' account to reduce the temptation to access your savings.

If ever there is a time to be wise with little windfalls like bonuses or tax refunds it's when you're on your way to owning your own home. Before you blow your bonus on a new car think about what's most important to you.

GIFTS/FAMILY

Often parents are in a better position to provide financial help to those starting out on their home ownership journey. A financial gift from a parent, friend or other family member may be just the helping hand you need to reach your deposit goal.

While you will need to show where the gift came from, the person who provided the funds is not obligated to a lender in any way.

How much you can borrow isn't all about the deposit though, we also need to consider your repayments and the affordability of servicing the loan.

As part of determining a comfortable budget for your new home we will look at:

+ Your personal situation and lifestyle.
+ What your future may hold.
+ What effect a change in interest rates would have.

04.
KIWISAVER

KiwiSaver makes buying your first home even easier. If you've been contributing to KiwiSaver for more than three years you may be eligible for one of two grants available through Housing New Zealand. These grants could make a huge difference to your financial situation and get you into your first home sooner.

FIRSTHOME GRANT

This is an initiative that helps first homebuyers with up to $20,000 available to buy selected properties from Housing New Zealand. Certain criteria need to be met in order for you to access this grant and we can provide all the information to assess your eligibility and help with your application.

KIWISAVER HOMESTART GRANT

If you have been contributing to your KiwiSaver for at least 3 years, you may be eligible for a grant of up to $10,000 towards your home purchase.

If you are purchasing an existing home:

+ The HomeStart Grant provides $1,000 for each year you have contributed to your KiwiSaver.
+ If you have been contributing for 3 years, you can access $3,000.
+ If you have been contributing for 5 years, you can access $5,000.
+ The maximum you can receive is $5,000. If you are a couple you may be eligible for a maximum grant of $10,000.

If you are purchasing a new home, a property bought of the plans, or land to build on:

+ The HomeStart Grant provides $2,000 for each year you have contributed to the scheme.
+ If you have been contributing for 3 years, you can access $6,000.
+ If you have been contributing for 5 years, you can access $10,000.
+ The maximum you can receive is $10,000. If you are a couple you may be eligible for a maximum grant of $20,000.

KIWISAVER WITHDRAWAL

If you have been a member of KiwiSaver for 3 years or more, you may also be eligible for KiwiSaver Withdrawal for your first home. This is only available to those buying a home they intend to live in. You can withdraw the majority of your savings if you wish but you are required to leave at least $1,000 in your KiwiSaver account. Even if you have previously owned a home, you may qualify for the second chance option. Conditions apply, so talk to us.

You can only apply for KiwiSaver Withdrawal or a KiwiSaver HomeStart Grant once you have made an offer on a property. However, you are able to seek pre-approval and this is something we strongly recommend.

Eligibility:

+ You must have been contributing to your KiwiSaver for at least 3 years.
+ You are 18 years of age or older.
+ You are buying or building your first home.
+ You earn less than $85,000 per year in a one income household, or $130,000 per year in a two income household.
+ You are planning on living in the house for at least 6 months (from the settlement/completion date of the property).
+ You have a deposit that is 10% or more of the purchase price (this deposit can include the extra funds provided by the grant).

We'll help guide you through the application, including advising on what stage of the process you are able to apply for the grants.

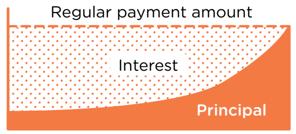
05.

LOAN CHOICES

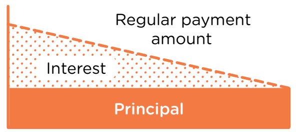
With so many home loans available we make things easier by guiding you through the options. The following table provides a short introduction to the different loan types. We will explain them all in further detail when we talk in person.

TYPE OF LOAN	WHAT IS IT?
FIXED (Table or Reducing)	Your interest rate is fixed for a set period of time such as 2 years. Repayments stay the same during this time. To change your loan structure during this time, say to pay off extra or change rates, can incur a term break fee.
FLOATING (Table or Reducing)	Your repayment amount will fluctuate as interest rates change. This structure will often allow for additional lump sum payments on top of your regular payments.
COMBINATION	This splits your borrowing over fixed and floating loan structures.
REVOLVING CREDIT	This works much like a bank account with a large overdraft. You can easily make lump sum payments to pay off debt faster, though this structure requires good budgeting and control.
INTEREST ONLY	You are only paying interest and not paying the principal loan amount. Payments will be less, allowing you to use your money elsewhere, but total interest paid over the term of the loan will be much more. Interest only is a temporary solution as at some point the lender will require principal repayment.

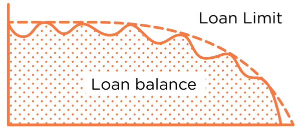
Table



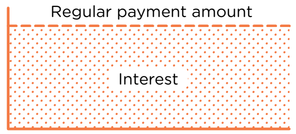
Reducing (Flat)



Revolving Credit



Interest Only



06.
THE PROCESS

1 LET'S TALK
The very first step is a simple chat. By utilising the experience of a Lifetime adviser, we can ensure you start with your best foot forward on your new home journey.

2 CRUNCH THE NUMBERS
With your Lifetime adviser, we'll address budgets and repayments to get the ball rolling. Now you know what you can afford.

3 PRE-APPROVAL (OPTIONAL)
This step is often unnecessary, though your Lifetime Adviser will let you know whether it is recommended in your situation. Pre-approval can help ensure that when there is a tight time-frame to purchase, your finance is all ready to go.

4 HOUSE HUNTING
The fun part – go shopping for that dream home. Armed with your budget, you can now target homes that meet your requirements. Make a list of open homes and go hunting.

5 LAWYER UP
Having legal advice when purchasing a home is extremely important. As well as helping the buyer avoid common problems by including escape clauses in contracts and requesting building codes of compliance, a lawyer is required whenever an offer is being made. If required, your Lifetime adviser will be able to point you in the right direction with a lawyer who has the specialist skills to assist you in purchasing a home and ensuring that you are covered from a legal standpoint should any sale go ahead. They can also advise on the best ownership structure for your situation, be it in person or in a trust, and put in place a will to protect your asset.

6 MAKE AN OFFER
When you've found your new home, it's time to make an offer. Be sure to include all the conditions you need to protect yourself during this process. Your lawyer will be able to advise you on this.

7 DUE DILIGENCE
To be a worthwhile investment, a property needs to be insurable, as do you. Insurance should be part of your offer conditions. Your Lifetime adviser can work with you to secure home and contents insurance as well as ensuring you have the appropriate personal insurances such as mortgage protection. As well as insurance protection, you'll need to have the property deemed fit through investigations such as a building report, methamphetamine test, LIM report (Land Information Memorandum) etc. If you are applying for funding such as a KiwiSaver grant, now is also the best time to get that application under way, as this can only be sought once your offer has been accepted.

8 GO UNCONDITIONAL
When your finance is in order, your due diligence complete and you're satisfied that this is the house for you, it's time to go unconditional. These documents should be signed in conjunction with your Lifetime adviser and your lawyer to ensure everything is correct.

9 COMPLETE THE FINANCE
The few remaining details can be the biggest opportunity to save money on your loan, so this is where the real value of your Lifetime Adviser kicks in. They will be able to suggest a structure for your loan that optimises the value you get and best meets your needs.

10 MOVE IN
Congratulations on your successful property purchase! Time to move in and enjoy your new home.

07. CHECKLIST

What do I need to bring when I apply for a home loan?

1. IDENTIFICATION

Bring a form of photo identification like a drivers licence or passport that shows your full name and date of birth. You will also need to bring a utility bill (e.g. power or telephone) that shows your name and address. You may also need proof of New Zealand citizenship.

2. PROOF OF INCOME

You will need to bring something that shows how much you get paid and how often. If you are an employee, bring three payslips or an employment contract. If you are self-employed bring financial accounts. You will also need to show any money received from WINZ, IRD, Working For Families or any private child support arrangements.

3. BANK STATEMENTS

You will need to show at least 3 months of bank statements. These statements must have running balances and a description of what has been spent so the bank can verify that they are true and correct. If you are refinancing the new bank will also want to see 6 months of mortgage repayment history.

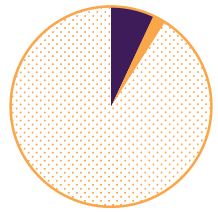
WHAT ELSE?

+ Credit card and store card details *(Visa, Mastercard, Gem, Q Card, Farmers Card)*
+ Student loan details
+ Hire purchases
+ Vehicle or personal loans
+ Child support commitments

08. PROTECT YOUR PROPERTY

"Our advisers have access to all the information you need to make an informed decision on how to protect your important assets."

You've worked hard to achieve your home ownership dream, so make sure you protect it. There are two key types of insurance that will protect your property investment; home and contents to cover material loss, and mortgage and income protection to cover your payments should you be unable.



HOME & CONTENTS INSURANCE

Before accepting a mortgage, most lenders will require you to have insurance on your property to protect your financial investment in the event of a fire, flood, earthquake etc. The cost of rebuilding or repairing your home could be significant, and so insurance can give you peace of mind should damage occur.

Likewise, contents insurance can cover your belongings, which can quickly add up in value when you consider the cost to replace all your furniture, technology, clothing and other items. Our insurance advisers can independently review the insurance options available to you and make a competitive recommendation. It also explains and caters for some of the unique policy wordings in these types of cover, and makes sure you have the protection you need.

MORTGAGE PROTECTION INSURANCE

Your mortgage payment is possibly your largest monthly expense. If you are unable to work because you become sick or are injured, you could quickly find yourself under enormous financial stress. Mortgage protection insurance provides cover in such an event and ensures your mortgage payments continue.

There are many types of cover to protect your ability to pay your mortgage and bills in the event of injury, illness or even redundancy. Ask your adviser for more information on the types of cover available and best suited for you.

All insurance policies are subject to acceptance and claims subject to policy wording. Your adviser will discuss this with you when making recommendations regarding claimable events.

Notes

Notes

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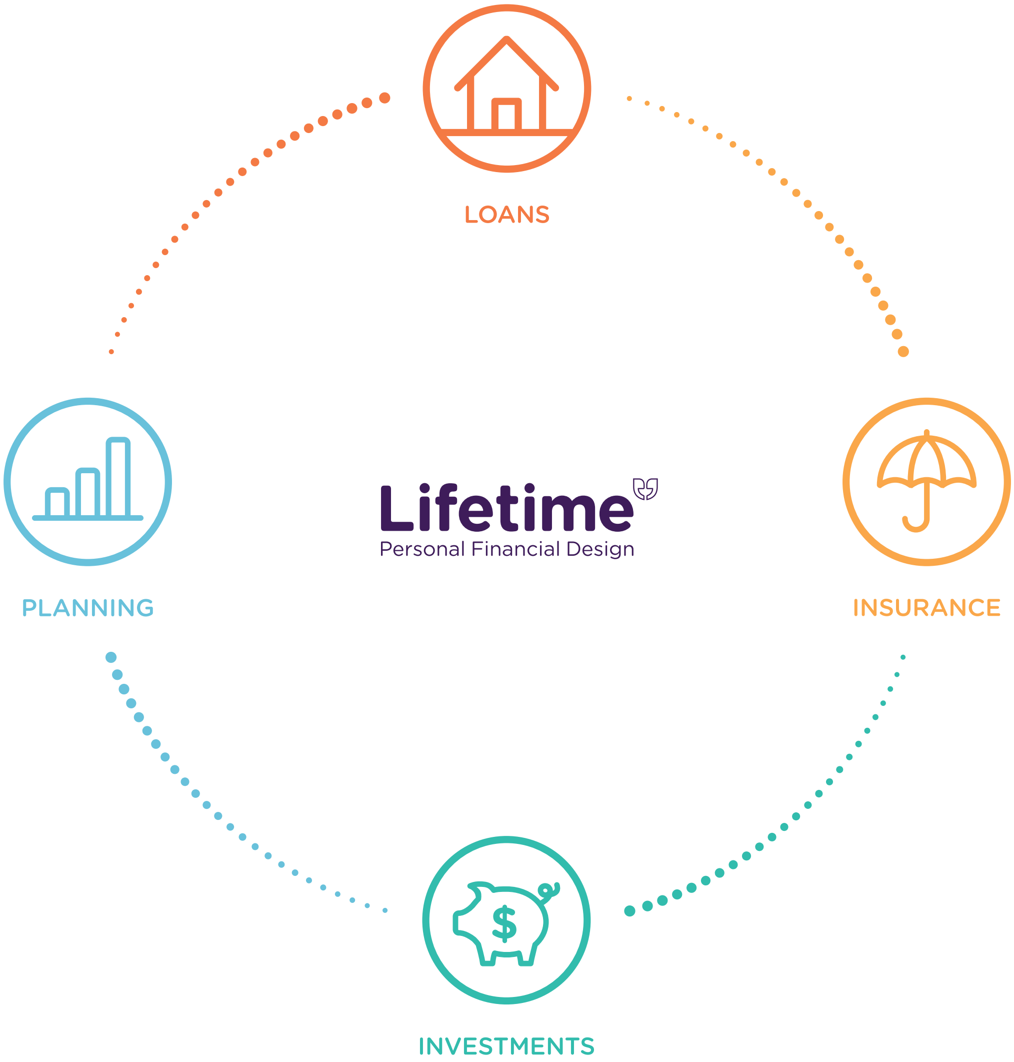
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