



First Home Purchase

What do I need to know?



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Glossary of Terms

Agreement for Sale and Purchase - The contract between the Purchaser and Vendor setting out the terms of the property sale, including price, settlement date, and any conditions.

Bank Valuation / Registered Valuation - A formal valuation report prepared by an independent registered valuer for lending purposes. Banks often require this to confirm the property's value.

Builder's Report / Building Inspection - An inspection carried out by a qualified builder or inspector to identify any structural issues, defects, or maintenance concerns.

Record of Title - The official document held by Land Information New Zealand (LINZ) showing ownership details, boundaries, and registered interests such as Mortgages or easements.

Chattels - Moveable items included in the sale (e.g., stove, curtains, dishwasher). These are listed in the Agreement.

Conditional Agreement - An offer that includes conditions the Purchaser must satisfy before the Agreement becomes unconditional (e.g., finance, building report, LIM).

Deposit - A portion of the purchase price (commonly 10%) paid when the Agreement goes unconditional.

Finance Condition - A condition allowing the Purchaser time to secure home loan approval before the Agreement becomes unconditional.

LIM Report (Land Information Memorandum) - A report from the Council containing important information about the property, including Consents, zoning, hazards, rates, and compliance records.

Mortgage - A loan secured over the property which is registered on the Title and gives the Bank rights of recovery if the loan is not repaid.

Mortgagee - The Bank or Lender that provides the loan and takes the Mortgage.

Pre-approval - Indicative approval from a Bank confirming how much you can borrow, subject to further checks and property review.

Purchase Price - The amount you have agreed to pay for the property.

Rates (Council Rates) - Local authority charges for services such as water, rubbish collection, and infrastructure.

Settlement Date - The day you pay the purchase price balance, the Title transfers to you, and you receive keys/possession.

Settlement Statement - A statement prepared by the Vendor's Solicitor showing all money payable on settlement, including adjustments for rates and rental.

Tenancy / Tenants in Common - A type of ownership where two or more people own the property in defined shares (e.g., 60/40).

Joint Tenants - An ownership structure where all owners share the property equally and the property automatically passes to the surviving owner(s) on death.

Unconditional Agreement - An Agreement where all conditions have been satisfied or waived. The sale is now binding.

Working Day - A day defined in the Agreement (excludes weekends, public holidays, and the Christmas/New Year period). Important for counting condition timeframes.



Pre-Offer

There are a few things to do before you make an offer on a property.

Finance and KiwiSaver Pre-Approval

- To be sure that the offer you are making is within your budget, it is important to have finance pre-approval from your Bank or Mortgage Broker.
- Finance pre-approval is not property specific. Rather, it will let you know how much you are entitled to borrow up to, enabling you to judge the offer you can make. You should also check whether the pre-approval is conditional (ie, the Bank wants further things from you before they will unconditionally approve the finance) or unconditional.
- When you have entered into an Agreement for Sale & Purchase, your Bank will then look at the property information before giving you final approval. It is therefore important that regardless of whether you have pre-approval, your offer should be made subject to finance.
- You should also request pre-approval from your KiwiSaver provider. This is usually done via a link on your provider's website. This pre-approval will confirm that you are able to withdraw your funds and will provide an approximate amount available to you (noting that this amount can change between receipt of pre-approval and withdrawal of the funds). When you withdraw your KiwiSaver funds to purchase your first home, you must leave \$1,000 in the investment.
- If you are intending on using KiwiSaver funds for the payment of deposit, you will need to contact your KiwiSaver provider and obtain the necessary forms as soon as possible. Once you are in receipt of these forms, please contact us to make an appointment so these can be signed and returned to your provider, so funds are available for the deposit when it falls due.

Anti-Money Laundering Compliance

All Lawyers are required to comply with the Anti-Money Laundering & Countering Financing of Terrorism Act 2009. This means we are required to satisfy client identification requirements. We are unable to open a file and start acting on your behalf until these requirements are met.

There are a few ways to do this:-

1. You can call into our office with your original, and current, driver's licence or passport. In some instances, we would also require proof of address such as a recent bank statement, utility invoice, etc. Please check with us before attending at our office for clarification on what to bring with you.
2. We can arrange for a link to be sent to you by text or email with instructions on how to complete this verification. Using your current NZ driver's licence or passport, you can complete this from the comfort of your home.

See our "[Anti-Money Laundering Legislation](#)" booklet on our website for further information regarding our requirements for this.



Your Offer

It is best to include as many conditions of purchase as possible. We suggest the following conditions as a minimum:-

1. Solicitor's approval of the Agreement – usually three (3) working days.
2. Approval of a LIM Report.
3. Approval of the Record of Title.
4. You obtaining sufficient finance.
5. You obtaining sufficient insurance cover.
6. You obtaining a satisfactory Building Report.

The standard timeframe for confirmation of purchaser conditions is usually ten (10) working days from the date of the Agreement.

LIM Report / Building Report

It is important that you obtain your own LIM Report and Building Report for the property you are looking to purchase. If you do not order these Reports directly yourself, you would not have any rights of redress against the Council or Building Inspector if some of the information contained in those Reports are later found to be lacking or defective. However, it is common for the Developer of a Subdivision to provide a LIM Report for the underlying subdivision.

Settlement Date

The settlement date in the Agreement should be realistic. You will need to keep in mind factors such as the ten-working day confirmation period, giving notice to your Landlord to vacate your current property or if you are using KiwiSaver for the balance of the purchase price (rather than the deposit). If you are not sure whether a suggested settlement date is realistic, please contact us to discuss prior to making your offer.



Deposits

In a typical real estate purchase, there are two different types of “deposit” involved, and they each serve a different purpose. It can get confusing as they use the same term.

10% deposit for the Real Estate Agent (“Initial Deposit”)

One relates to the amount payable to the Vendor or the Real Estate Agent and is often 10% of the purchase price. This can be called the “Initial Deposit”.

This is payable upon confirmation of all Purchaser’s conditions (ie, once the Agreement is unconditional) and shows your commitment to complete the purchase.

The Initial Deposit is non-refundable where the Agreement is unconditional. This protects the Vendor in case you back out of the purchase without valid reason. In this situation, the Vendor will be entitled to retain these funds.

If this deposit is paid using your KiwiSaver funds, we will arrange for this amount to be paid to the Vendor’s Solicitor’s trust account where they will hold these funds until the settlement is completed. In all other cases, the deposit will be paid to the Real Estate Agent where the funds will be held for 10 working days prior to disbursement, unless early release authority is provided.

20% deposit for the Bank (“Home Loan Deposit”)

This is the amount your Bank requires you to contribute upfront towards the purchase price (your equity). This is commonly 20% of the purchase price, although it can be less depending on your lender’s requirements. It includes the 10% Initial Deposit.

The balance of this deposit amount is paid to us prior to the settlement date, and we will use these funds, along with the Bank’s loan funds, to complete settlement with the Vendor’s Solicitor. We will advise you of the total amount required from you closer to settlement.

The Home Loan Deposit reduces the amount you need to borrow from the Bank. 20% is often required to avoid paying a low equity fee – an extra interest amount added to your home loan until you have built up sufficient equity.

How They Relate

The 10% deposit is part of the 20% cash contribution you’re putting in.

Example – you are buying a property for \$800,000 and your Bank requires that you have a 20% deposit:-

- Initial Deposit (10%) = \$80,000 payable upon confirmation of the Agreement.
- Home Loan Deposit (10%) = \$80,000 payable at settlement.
- Bank loan to cover the remaining 80% (\$640,000).



Confirmation Period

Once your offer is accepted, you have a set period of time – typically 10 to 15 working days – to check that the property is sound and is legally and financially suitable before being bound to purchase the property. The goal is to be confident that the property is a good buy and to identify any risks or additional costs before you go unconditional.

See our “[Property Purchase Types](#)” booklet on our website for further information regarding various sales methods.

Finance and Insurance

You will need to provide your Bank with a copy of the signed Agreement for Sale & Purchase. Your Bank will then consider the subject property and ensure your home loan is formally approved (not just pre-approved). Your Bank may require a valuation.

You will also need to check that you can obtain suitable insurance cover for the property. The Vendor’s insurance cannot be transferred to you, but sometimes it is easier to approach the insurer that currently insures the property as they are likely to hold all earthquake related information already. If the LIM Report reveals the property is in a flood or earthquake-prone area, this needs to be disclosed to the insurer.

Building Report / Building Inspection

You will need to arrange for a Building Inspector to inspect the property on your behalf. The Inspector will assess the structural integrity of the dwelling, moisture and dampness levels, roofing, insulation, plumbing, etc. We recommend that you provide the Inspector with a copy of any earthquake related information provided to you by the Real Estate Agent so they can cross-reference this when checking the property.

If anything is revealed as requiring attention, please contact us to discuss how this can be remedied.

LIM Report and Record of Title.

We will order a LIM Report on your behalf once the Agreement is signed by all parties. Upon receipt from the Council, we will review the Record of Title and the LIM Report and report to you on these.

The Record of Title will be checked for Easements, Encumbrances, or Covenants. These will identify any shared rights or obligations and ensure that the right protections are in place. See our “[Property Titles in New Zealand](#)” booklet on our website for further information regarding the different types of Title structures (ie, Fee Simple, Cross Lease, Unit Title).

The LIM Report will identify any Building Consents, Code Compliance Certificates, zoning (residential, flooding, etc), drainage, rates, planned developments nearby, and any unconsented work or hazards. We also check other information available to us, such as Environment Canterbury’s Listed Land Use Register, Canterbury Maps, or the Christchurch City Council’s 3-waters network asset map.

It is important to note that we can only advise on the information provided to us. Therefore, once you receive our letter of advice regarding these matters, you will need to let us know if there is anything extra at the property that we are not aware of. For example, there may be a logburner or a sleepout that is not identified on Council records.

At the end of the confirmation period

You will need to decide whether to go unconditional (proceed with the purchase), negotiate any terms with the Vendor (such as a reduction in the purchase price to reflect repairs required), or withdraw from the Agreement if issues found cannot be resolved (for example if the Bank does not approve the property).



Pre-Settlement

Once the Agreement is declared unconditional, we will prepare the documents for the transfer of ownership of the property into your name.

At this time, you will need to finalise your home loan with the Bank. Check that you understand the interest rate, repayment terms, when your first repayment is due, and any conditions required for the loan drawdown.

Once finalised, your Bank will send us their instructions relating to the Mortgage and lending arrangements. Once received, and all transfer documents are prepared, we will meet with you to sign everything.

If you are using your KiwiSaver funds for contribution towards the purchase price rather than the initial deposit, this is the time we will lodge your application for processing.

You will also need to finalise your insurance cover for the property.

You are entitled to a pre-settlement inspection. This is usually carried out 1-2 days before settlement (not on the settlement date) and can be arranged with the Real Estate Agent. You will need to confirm that the property is in the same condition as when you agreed to buy it, including checking that the chattels are still there, there is no new (or undiscovered) damage, and that the property is reasonably clean and tidy. If you have agreed with the Vendor for repairs to be carried out prior to settlement, this is the time to check this work has been completed to a satisfactory standard. If something is wrong, please let us know and we can discuss how this is resolved.

You will need to prepare for moving. Arrange movers, power and internet connections, and notify people of your change in address.



Settlement

On the settlement date, there is no guaranteed time that settlement can take place as there are various factors to be lined up. If you are booking furniture movers, we recommend that this be organised for the afternoon to avoid incurring additional costs while you wait for settlement to be completed.

Once we have everything ready to go, and the Vendor's Solicitor has provided us with the documentation that we need, we will transfer the funds to the Vendor's Solicitor. They will authorise release of the keys to you and the ownership will be transferred electronically via Land Information New Zealand.

We will then report to you together with a copy of all documents including a post-registration Record of Title confirming that you are the new owner.

Congratulations – you have now purchased your new home!



Rates

In addition to the balance of the purchase price outstanding, Council rates (and possibly Body Corporate levies) may be apportioned between you and the Vendor, with each party paying for the period they own the property. If the property is being sold subject to a Tenancy, rental may also be apportioned between the parties.

What happens to rates during settlement?

Rates are charged annually by the Council. These are broken down into instalments. On settlement, the Vendor is responsible for paying the rates in full to the relevant Council to the end of the current instalment.

Depending on the location of the property, separate rates may also be issued by a Regional Council. These will be apportioned in the same manner as above. However, there are usually only two instalments for a Regional Council.

To ensure fairness, an apportionment is included on the Vendor's Solicitor's Settlement Statement where you reimburse them for the period from the settlement date to the end of the current rating instalment. This means there will be additional charges to pay on settlement which you may not have expected.

In addition, the Vendor is responsible for all water usage charges up to and including the day of settlement. The Vendor's Solicitor will arrange a final meter reading to be carried out as close as possible to the settlement day, and any outstanding water charges will be paid by them. There is no apportionment of water rates on a Settlement Statement.

Are there any other apportionments to be aware of?

If the property you are purchasing is a Unit Title, it is likely that there will also be an apportionment of Body Corporate levies. These will be paid by the Vendor in full for the period as set out in the Pre-Contract Disclosure Statement.

A similar apportionment is made for any rental payments made by the Tenant to the Landlord, although this is usually on a weekly or fortnightly basis, rather than an annual basis. The Vendor is entitled to receive the rental for the day of settlement.

What happens if I receive an invoice from the Council after settlement with unpaid rates?

The Vendor's Solicitor is required to provide an undertaking that no rates are unpaid. If you receive a rates invoice from the Council following settlement and there are outstanding charges which should have been paid by the Vendor, get in touch with us and we can liaise with their Solicitor to ensure this balance, and any applicable penalties, are promptly paid.



Ownership Types

There are two ways for individuals to own property in New Zealand – either as **Joint Tenants** or as **Tenants in Common**.

Joint Tenants

When two people own a property as Joint Tenants and one owner dies, ownership of the property automatically transfers to the survivor of them, regardless of what the deceased's Will says. This is called the law of survivorship.

However, that might not be your intention if you have blended families or if you want to separately dispose of your share in the property (for example if you are purchasing the property with a friend). In those cases, a Tenants in Common ("TIC") ownership structure could be more appropriate.

Tenants in Common

TIC describes the ownership of a property by two or more people in separate shares. It can be owned in any proportion you wish - the shares do not need to be equal. In this situation, when one owner dies, their share in the property is dealt with in accordance with the terms of their Will, rather than through the law of survivorship.

A TIC structure would also be recommended if you were to purchase a property with a friend or a family member to reflect each party's contribution to the purchase price and/or where you wish to ensure your share is protected. Please see our comments below regarding the importance of a Property Sharing Agreement in these situations.

When owning a property as TIC, it is common for the parties to enter Life Interest Wills. This provides a right for the surviving partner to continue to occupy the property, subject to them paying all rates, insurances, and other outgoings. It is common for the life interest to end upon the death, remarriage and/or the entering into a defacto relationship of that surviving partner. At that time, the deceased's share would then be distributed in accordance with the terms of their Will. See our "[Estate Planning](#)" booklet on our website for further information.



Documents to Protect Ownership

Contracting Out Agreement

When any de facto (including same sex) relationship that has lasted longer than three years (or less in certain cases) ends, property of the relationship will be divided according to the Property (Relationships) Act 1976 ("the Act") unless you have an agreement otherwise. The Act applies when a relationship ends through death as well as through separation. The general principle is that all relationship property and debts will be shared equally, though there can be exceptions and some property can remain separate. However, the home you have both lived in will be classed as relationship property that has to be shared equally except in exceptional circumstances, even if one person owned it before the relationship started.

If you do not want to be covered by the Act, then you should formally contract out of the Act by having a legal agreement as to how your property should be divided if your relationship ends. Each partner will need separate legal advice to make sure the agreement is fair to each of you. You may like to consider having such an agreement if either of you already owns assets (a home, business, etc) when you get together; if either of you has inherited or is likely to inherit property; or if either of you has children or other dependants to provide for. If you do not have an agreement, you will automatically be covered by the Act.

Property Sharing Agreement

A Property Sharing Agreement ("PSA") sets out the rights and obligations of two or more people who co-own a property where those parties are not in a de facto relationship. Its core purpose is to avoid disputes by ensuring everyone understands how ownership, costs, decision-making, and exit arrangements will work from the outset. Each party to the PSA will know their responsibilities from day one to reduce the risk of disagreements about money, use of the property, or future plans.

A PSA clarifies the ownership structure by recording each person's share and protects their respective contributions. It will allocate who pays rates, insurance, the Mortgage, and costs of maintenance and improvements. It establishes a process if one party wishes to sell and enables owners to recover their unequal contributions at the time of selling without dispute.

A PSA establishes a process if one party wishes to sell. This may contain buy-out procedures (including valuation methods and notice periods), or clauses to prevent forced sales to protect the remaining owners. It will also protect all owners if circumstances change, for example through death, relationship breakdown, financial difficulties, or insolvency. It helps to ensure the other owners have options to retain the property.

Having a PSA in place gives co-owners certainty, protection, and a clear roadmap, reducing legal and financial risk and helping to preserve relationships. It is one of the most effective ways to safeguard a shared property arrangement.



Wills – After you settle

Now that you own property, it is important that you have a Will put in place.

Your Will covers more than just the property you have purchased. It can also include who gets your savings (including KiwiSaver), car, or personal belongings, guardianship for children, funeral wishes, etc.

See our “[Estate Planning](#)” booklet on our website for further information regarding Wills and asset protection.



Contact Us

Purchasing a home is exciting but it can be an overwhelming process. If you are thinking of purchasing a property, our property team is here to assist. We've also put together the Checklist attached to help you stay organised and confident.

Please do not hesitate to contact us on 03 379 3880 to discuss how our commercial and property team may be able to help.

Disclaimer

The information in this booklet is current as at the date of publication and is only intended to provide general comments about the law. Young Hunter accepts no responsibility for reliance by any person or organisation on the content of this booklet. For further information or specific advice please contact our commercial and property team who will be happy to assist.



Checklist

	To Do	Notes
BEFORE SIGNING AGREEMENT	Obtain pre-approval for finance	<ul style="list-style-type: none"> Meet with Mortgage Broker or Bank to determine your budget.
	Obtain pre-approval for KiwiSaver withdrawal	<ul style="list-style-type: none"> Complete pre-approval application to determine what funds you can withdraw. Funds can be used towards payment of the deposit or for settlement
	Contact us	<ul style="list-style-type: none"> Contact us to being the on-boarding process as a client
SUBMITTING YOUR OFFER	<p>To Do</p> <p>Is the property being sold by auction?</p> <p>Yes: Offer must be unconditional</p> <p>No: Offer can be conditional</p>	<p>Notes</p> <ul style="list-style-type: none"> All auction Agreements are unconditional. We strongly recommend that we complete a pre-auction assessment of the property. You must have pre-approval for all conditions (eg finance and insurance) as if you are successful at auction, you are legally bound to complete the purchase. Settlement will need to be at least 15 working days from the date of the auction if you are using your KiwiSaver funds. If you require KiwiSaver funds to pay the deposit, please advise prior to the auction.
	<p>If your offer is conditional, then we recommend including the following conditions:</p> <ul style="list-style-type: none"> - Building Report - LIM Report - Solicitor's approval - Finance and Insurance 	<ul style="list-style-type: none"> Include the date for confirmation of conditions to be 10-15 working days following signing of the Agreement. We strongly recommend we review your Agreement prior to signing and can assist with drafting the Agreement if required.
ONCE YOU HAVE A SIGNED AGREEMENT	<p>To Do</p> <p>Submit KiwiSaver application</p>	<p>Notes</p> <ul style="list-style-type: none"> We will meet with you to sign your application and will submit this for you at least 10 working days prior to the date the funds are required.
	Arrange for Building Report to be completed	<ul style="list-style-type: none"> Important to obtain so you can understand the condition of the property. Builder will inspect the property and note down any defects. May be required for your Bank.
	Receive property review from us	<ul style="list-style-type: none"> We will order a LIM Report from the relevant Council which contains all information that the Council holds for the property. We will report to you on the LIM Report, Record of Title, and any other relevant property matters.



	Obtain pre-approval for finance (if haven't already)	<ul style="list-style-type: none"> Need to arrange finance prior to confirming all conditions. Often a valuation is required as part of this process.
	Obtain insurance quote	<ul style="list-style-type: none"> A valid insurance policy will need to be in place prior to settlement. Obtain quotes now to ensure you will be able to insure the property.
	Confirm all conditions	<ul style="list-style-type: none"> Once you are satisfied with the due diligence investigation, on or before the relevant dates we can confirm all conditions, and you will have an unconditional Agreement
WORKING TOWARDS SETTLEMENT	To Do	Notes
	Pay deposit	<ul style="list-style-type: none"> Who you need to pay the deposit to will be recorded on your Agreement.
	Finalise loan structure with lender	<ul style="list-style-type: none"> Finalise your lending structure with your Bank once the Agreement is confirmed.
	Finalise insurance policy	<ul style="list-style-type: none"> Ensure the start date for the policy is the settlement date for your purchase. Include your Bank as an interested party on the policy. We require a copy of the Insurance Certificate to send back to the Bank.
	Meet with us to sign loan and settlement documents	<ul style="list-style-type: none"> Once we receive your loan documents, we will prepare the required settlement documents to record your purchase. We can then meet to sign all documentation.
	Complete pre-settlement inspection	<ul style="list-style-type: none"> You can inspect the property once, ideally 2-3 days prior to settlement. This is usually facilitated by the Agent and allows you to check the property, and chattels are in the same condition as when the Agreement was signed.
	Pay any cash contribution required	<ul style="list-style-type: none"> If there is a shortfall of funds required for settlement, we will contact you to advise the amount to pay.
ON SETTLEMENT	To Do	Notes
	Complete settlement	<ul style="list-style-type: none"> Your bank will pay loan funds to us directly. We will receive undertakings from the Vendor's Solicitor that they are ready to settle. Once we have made payment to the Vendor's Solicitor, settlement is completed. You can collect keys from the Agent.
	Celebrate!	<ul style="list-style-type: none"> Congratulations!
FOLLOWING SETTLEMENT	To Do	Notes
	Update mailing address	
	Create a rates account	

