



RayWhite.

**Loan
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GOT *5%* DEPOSIT?

Here's all you need to know about the First Home Loan Scheme

Good news for first home buyers - house price caps on new and existing homes has been removed entirely for the First Home Loan scheme from 1 June 2022. However, income caps for borrowers will remain.



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Frequently Asked Questions

- What is the minimum deposit needed?
- Is there a maximum household income for the first home loan grant?
- Do you have to live in the home you intend to purchase?
- I own other property/land, am I still eligible for the first home loan grant?
- Does the first home loan grant have an age restriction?
- I want to build a home rather than buy, can I still receive the first home loan grant?
- Do I have to contribute to Kiwisaver?
- Can I be gifted money from family to purchase my first home?
- I have owned a property in the past, can I still receive the grant?
- What are the grant caps for my region?



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In addition to a 5% deposit, other criteria apply - including an income cap. Borrowers must meet the specific lending criteria of the participating lender you choose.

Please find the criteria listed below, with a simple guide to check your eligibility at a glance.

Income Cap

- Have an annual income of no more than \$95,000 (before tax) for a single buyer; or
- Have an income of no more than \$150,000 (before tax) for a single buyer who have one or more dependents; or
- Have a combined income of no more than \$150,000 (before tax) for two or more buyers, regardless of the number of dependents

Minimum Deposit

- You will need a minimum of 5% of the purchase price of the house you are wishing to buy.

Are you a first home buyer

Or a previous home owner, in a similar financial position to a typical first home buyer.

Maximum income

To be eligible for a First Home Loan, your household income for the last 12 months must have been \$95,000 or less (before tax) if you are the sole borrower.

If you are teaming up with one or more borrowers to buy a house, you can have a combined household income of up to \$150,000 (before tax) in the last 12 months.

Key bank lending criteria

In addition to meeting government criteria, you will need to satisfy the lending criteria of your bank or credit union.

Participating lenders may have slightly different lending criteria. However, they will typically include; your financial ability to repay the loan, your level of debt, your credit history, and how you've conducted your bank accounts in the past.





Other criteria

- You must live in the home you are buying. First home loans cannot be used when purchasing an investment or rental property.
- You cannot own any other property - this does not include ownership of Māori land.
- You must pay a Lender's Mortgage Insurance (LMI) premium of 1% of the loan account. The lender may apply a loan application fee. In most cases, these fees can be built into the home loan.
- You are a New Zealand citizen, permanent New Zealand resident or a resident visa holder who is ordinarily resident in New Zealand.
- Although an age restriction is not part of the standard eligibility criteria for a First Home Loan, generally, lenders will require applicants to be 18 years of age.

What about if I want to build a house?

Some participating lenders allow you to build a new house with a First Home Loan. Please get in touch to learn more.

[Click Here to Call Sanjeev.](#)



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First Home Grant

If you've been contributing to your KiwiSaver for at least 3 years you may be eligible for a First Home Grant of up to \$10,000 to top up your deposit.

How it works

You can apply for either:

- a pre-approval before you start looking for a property – this gives you certainty around eligibility and how much you may qualify for or;
- a grant approval if you've found a property and a signed sale and purchase agreement.

If you buy an existing home, you can get \$1,000 for each of the 3 (or more) years you've paid into the scheme. The most you can get is \$5,000 for 5+ years.

If you buy a new home or land to build on, you can get \$2,000 for each of the 3 (or more) years you've paid into the scheme. The most you can get is \$10,000 for 5+ years.

To be eligible, you must:

- Be over 18.
- Have earned less than the income caps in the last 12 months.
- Not currently own any property, not including ownership of Māori land.
- Have been contributing at least the minimum amount to KiwiSaver (or complying fund or exempt employer scheme) for 3+ years.
- Purchase a property that is within the regional house price caps.
- Agree to live in your new house for at least six months.
- The house or land you want to buy must also meet the property requirements.

Income requirements

In the 12 months before you apply, you must have earned:

- \$95,000 or less before tax for a single buyer
- \$150,000 or less before tax for a single buyer with one or more dependents
- \$150,000 or less before tax for two or more buyers.



KiwiSaver contribution requirements

To be eligible for the first home grant, applicants must demonstrate regular contributions of at least the minimum amount to their KiwiSaver for three or more years.

- The minimum contribution is currently 3% of your total income or at least \$1,000 annually (whichever is lower).
- The years don't need to be consecutive, as long as they add up to 3 years' worth of contributions. For example, if you have been a KiwiSaver member for three years but took a six-month savings suspension, you would not be eligible for the First Home Grant until you had contributed for another six months.
- Contributions must come from all your sources of income, not just your main income source.
- If you are a non-earner you need to make voluntary contributions of at least \$1,000 per year, in each year that no income was earned.
- If you are self-employed or on a benefit and make voluntary contributions, you need to have made contributions at least once a year for three years of at least 3% of your annual income or at least \$1,000 annually (whichever is lower).
- The sum of all automatic and voluntary contributions must equate to at least 3% of your annual income, or at least \$1,000 annually (whichever is lower).

Income requirements

You must provide evidence that you have a deposit of at least 5% of the purchase price of the house you want to buy or build.

Evidence can include money:

- from your KiwiSaver first-home withdrawal
- from your First Home Grant approval/ pre-approval amount,
- that you have saved in the bank
- you have already paid towards the property
- gifted by a close family member.

If using gifted money, you will need to supply a completed declaration.
[First Home Grant gifting declaration \[PDF, 33 KB\]](#)

Click Here
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Property requirements

The property purchase price must be within the regional house price caps.

You must agree to live in your home for at least six months from:

- the date you buy your home (the settlement date), or
- the date the code compliance certificate for the house is issued, if it is a new build.

You must not currently own any land or property - including property owned by a spouse or de facto partner that you could reasonably be expected to live in or sell. It does not include ownership of Māori land.

If you are buying a property with other people, you must be buying an equal share.

If you buy privately (not through a real estate agent), you may need evidence that you have paid a fair market price, for example a registered valuation.

[Check property criteria here.](#)

If you've previously owned a property

Previous homeowners in New Zealand or overseas may apply for the First Home Grant. You can only receive the First Home Grant or its predecessors, the KiwiSaver HomeStart grant or the KiwiSaver deposit subsidy, once.

If you are a previous homeowner wanting the First Home Grant, you need to meet the standard eligibility criteria, and you must:

- Not have received the First Home Grant or KiwiSaver HomeStart grant/KiwiSaver deposit subsidy or first-home withdrawal previously.
- Not have realisable assets worth more than 20% of the house price cap for existing properties for the area you are buying in.

For example, if you were buying a house in a \$400,000 cap area, your realisable assets cannot be worth more than \$80,000.

Realisable assets are belongings that you could sell to help buy a house, including:

- money in bank accounts (including fixed and term deposits)
- shares, stocks and bonds
- investments in banks or financial institutions
- building society shares
- boats or caravans worth over \$5,000
- other vehicles (such as classic motorbikes or cars that aren't your usual mode of transport)
- other individual assets valued over \$5,000
- deposit funds paid to real estate agent.

**KiwiSaver funds are not considered
realisable assets.**



A snapshot of First Home Grant Caps,

Selected Regions	Existing Properties		New Build Properties		Existing and New Properties
	Grant and Loan	Grant	Grant and Loan	Grant	Loan
	Previous Cap (\$)	New Cap (\$)	Previous Cap (\$)	New Cap (\$)	New Cap (\$)
Auckland Region	\$625,000	\$875,000	\$700,000	\$875,000	No Cap Applies
Hamilton	\$525,000	\$650,000	\$600,000	\$725,000	
Tauranga Urban Area	\$525,000	\$800,000	\$500,000	\$875,000	
Rotorua District	\$400,000	\$525,000	\$600,000	\$525,000	
Napier-Hastings	\$525,000	\$625,000	\$600,000	\$825,000	
Wellington Urban Area	\$550,000	\$750,000	\$650,000	\$925,000	
Nelson - Tasman	\$525,000	\$650,000	\$600,000	\$875,000	
Christchurch Urban Area	\$500,000	\$550,000	\$550,000	\$750,000	
Dunedin City	\$425,000	\$500,000	\$550,000	\$675,000	
Queenstown - Lakes District	\$600,000	\$875,000	\$650,000	\$925,000	
Remaining territorial authorities	\$400,000	\$400,000 - \$857,000	\$500,000	\$500,000 - \$925,000	

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Meet your mortgage advisor

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With a solid background in banking and in-depth knowledge of the home loan market- Sanjeev can quickly and accurately identify the lender and loan products that suit your specific needs for now and in future.



Whether you are buying your first home, an investment property or refinancing to save money- Sanjeev simplifies the technical side of loan process and delivers a service tailored to you.

With access to NZ's widest range of banks and non-bank lenders- Sanjeev can help you to understand your maximum borrowing power, save you time and money by finding the right home loan at best possible terms and negotiate competitive interest rates.

Do it right the first time and contact your local Loan Market Mortgage Adviser- Sanjeev Jangra to discuss your finance needs.

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