

BUYING YOUR FIRST HOME WITH A

First Home Loan

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





A First Home Loan makes it easier for you to buy your first home.

A First Home Loan is designed for first home buyers who can afford 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 only requires you to contribute a minimum deposit of 5% towards the purchase of a home.

First Home Loans are issued by selected participating banks, lenders, building societies and credit unions and are underwritten by Kāinga Ora – Homes and Communities.

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

Check your eligibility for a First Home Loan

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

✔ You must:

- Be a New Zealand citizen, permanent resident or resident visa holder who is ordinarily resident in New Zealand
- Be a first home buyer or previous homeowner (second chance applicant) in a similar financial position to a first home buyer
- Have an income of \$95,000 or less (before tax) from the last 12 months for an individual buyer without dependents **or**
- Have an income of \$150,000 or less (before tax) from the last 12 months for an individual buyer with one or more dependents **or**
- Have a combined income of \$150,000 or less (before tax) from the last 12 months for two or more buyers regardless of the number of dependents.

✔ You will also need to:

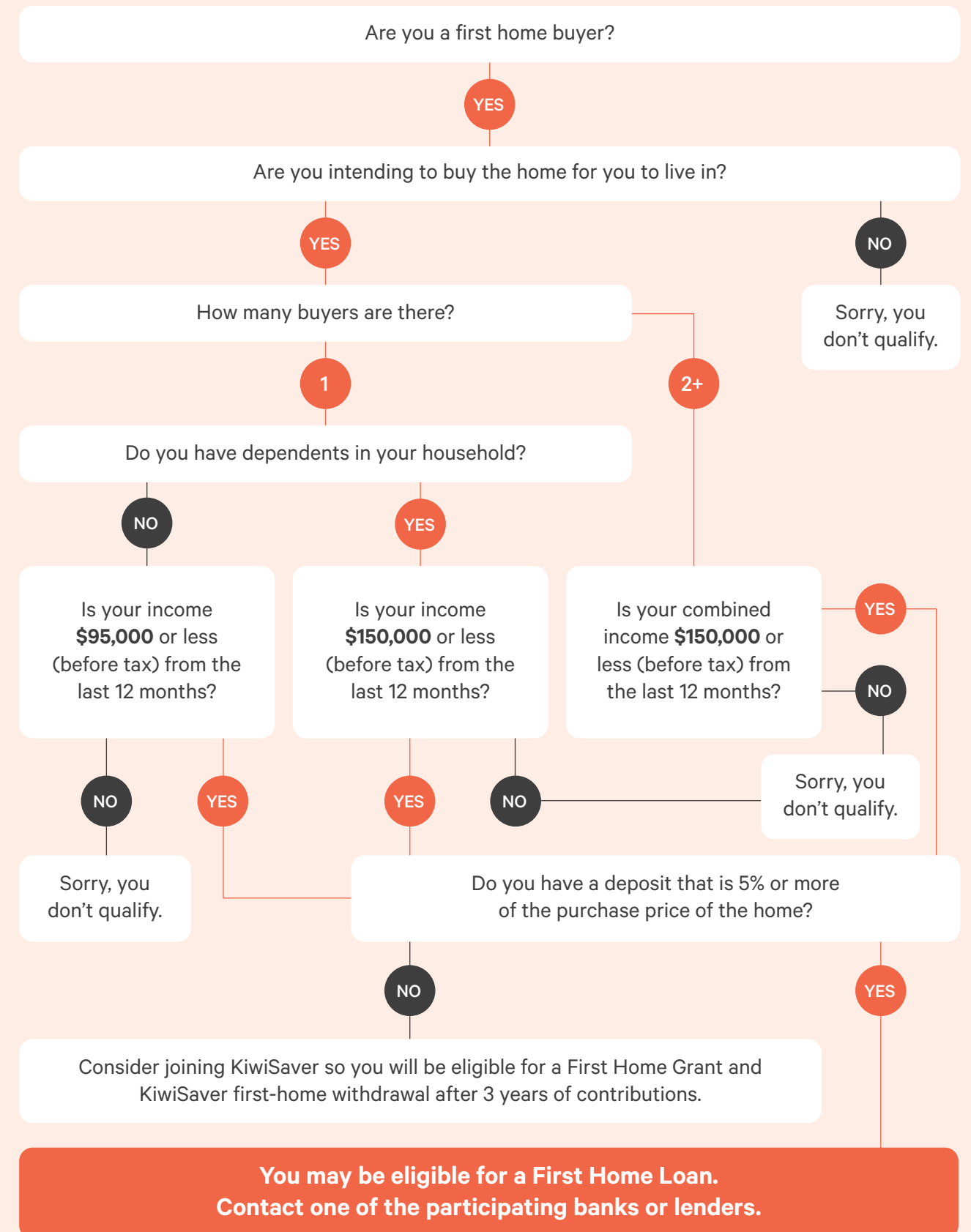
- Be in a financial position to contribute a minimum deposit of 5% towards the home purchase (inclusive of all savings, grants, first home withdrawals and gifts)
- Meet the lending requirements of a participating bank or lender for a home loan
- Be buying the home for you to live in as your primary place of residence
- Not own any other property (excluding ownership of Māori land)
- Pay a 1% Lender's Mortgage Insurance (LMI) premium and loan application fee (if applied by the lender).



Who are dependents?

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

First Home Loan eligibility guide



Getting approval for a First Home Loan

You can either apply for a First Home Loan pre-approval or full approval.

Apply for a pre-approval to confirm that you meet the First Home Loan eligibility criteria and the lending criteria of a bank or lender. Getting pre-approval helps you understand the amount you may be able to borrow up to for a home loan. Your pre-approval will typically expire after a set period before needing to be reissued (such as 3 months).

Apply for full approval when you have found a home that you wish to purchase. The bank or lender will complete a final assessment that confirms your eligibility and outline the details and the requirements of your home loan.

When you are ready to apply, you will need to select one of the participating banks or lenders from the table below and complete their application form.

First Home Loan lenders	Phone number	Website
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
Heartland Bank	0800 227 227	heartland.co.nz

Banks and lenders will have their own lending criteria they will assess you on as part of the lending process. The information they will ask for can vary but can include:

- Proof of identity (a valid photo ID such as 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, grants, first home withdrawals and gifts)
- Evidence of your household income or employment details
- Details of your savings, KiwiSaver and other assets or investments
- A breakdown of your regular household expenses (such as rent, insurance payments and credit card bills).



Second chance applications

When making a second chance application, the lender will undertake an eligibility assessment to determine your financial position.

Getting help with your deposit

You will need to be able to contribute a minimum deposit of 5% towards purchasing a home as part of the eligibility criteria for a First Home Loan. In addition to your personal savings, there are some other options available to help you top up your deposit amount.

Gifted by a relative

You can use a cash gift from your parents or other relative as part of your deposit. You will need to get them to sign a gifting certificate (which your bank or lender can provide) that details who is gifting you the money and how much is being gifted and confirms that there is no requirement for it to be repaid.

First Home Grant

A First Home Grant is available for home buyers to put towards their deposit when buying a first home. If you have been a contributing member of KiwiSaver for at least 3 years, you may be eligible for a grant of up to \$5,000 for an existing home or up to \$10,000 for a newly built home.

You can check your eligibility at [kaingora.govt.nz/first-home-grant](https://www.kaingora.govt.nz/first-home-grant).

KiwiSaver first-home withdrawal

If you have been a member of KiwiSaver for at least 3 years, you may be able to withdraw all or part of your savings to put towards buying your first home.

You can learn more by contacting your KiwiSaver provider or at [kaingora.govt.nz/kiwisaver-first-home-withdrawal](https://www.kaingora.govt.nz/kiwisaver-first-home-withdrawal).

Case study

Ben and Toni

How Ben and Toni bought their first home in Christchurch with a First Home Loan, a First Home Grant and a KiwiSaver first-home withdrawal.

Ben and Toni have been searching for their first home after moving to Christchurch with their new baby and have found a home they're interested in, which is being sold for \$550,000.

Together, they have an annual income of \$132,000 but have only been able to save \$15,000 towards a deposit. Both have had applications pre-approved for a First Home Grant, giving them each an additional \$3,000 to go towards a home purchase. They are also eligible to each make first home withdrawals from their KiwiSaver accounts – withdrawing a total of \$19,000 together. After receiving a one-time gift of \$5,000 from their relatives, this increased their total deposit to \$45,000.

However, their bank has advised they will need a deposit between 15% and 20% of the purchase price of the home they are looking at (\$82,500–\$110,000), which they don't currently have.

After reading about the First Home Loan, they saw that it may be possible to get a home loan only requiring a 5% deposit. They made a new application to a bank participating in the First Home Loan scheme, showing that they had managed to arrange \$45,000 to put toward the purchase – 8% of the purchase price. As this was more than the minimum deposit requirement of 5% and they met the other lending criteria of the bank, they were offered a First Home Loan of \$505,000.

Home purchase price

\$550,000

Deposit amount

\$45,000 (8.2%)

(\$15,000 savings + \$19,000 KiwiSaver first-home withdrawal + two \$3,000 First Home Grants + \$5,000 gifted from relatives)

First Home Loan

\$505,000
(91.8% LVR)

Frequently asked questions

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

There is no minimum income requirement 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 a minimum deposit of 5%.

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

Kāinga Ora sets the minimum criteria that participating banks and lenders must meet, but banks and lenders may apply different lending criteria as part of their own lending assessment.

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

Participating banks and lenders will each have their own lending criteria they will assess you on. It is recommended you talk with your preferred bank or lender 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 a contributing member of a complying KiwiSaver fund for at least 3 years, you may be able to withdraw all or part of your savings to put towards a home purchase in addition to a First Home Loan.

Can I use a First Home Loan and a First Home Grant together to purchase a home?

Yes. You may use a First Home Grant in addition to a First Home Loan for a home purchase provided you meet the eligibility criteria and have submitted a successful application for each separately.

Can I use a First Home Loan and First Home Partner together to purchase a home?

If you are eligible for a First Home Loan, that means you can secure a low-deposit home loan from a participating bank or lender and should not require the support from First Home Partner.

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

Some participating lenders may allow you to build a new home with a First Home Loan. Please enquire with your preferred participating bank or lender and check their lending criteria.

Frequently asked questions (cont.)

Are there any fees for getting a First Home Loan?

Participating banks and lenders will have their own interest rates and fees that apply to your home loan. One of those fees is to reimburse the lender for the Lender's Mortgage Insurance (LMI) premium Kāinga Ora charges to insure each First Home Loan, which is 1% of the loan amount.

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.

How do you 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

Call – 0508 935 266

Contact – one of the participating banks or lenders (see page 4)

If you would like to learn more about budgeting advice and getting financially ready to buy a home, visit sorted.org.nz or fincap.org.nz.

Glossary of terms

Dependent	A person who has dependents has the responsibility for the part-time or full-time care of a child, children or other dependents in a household.
Deposit	A sum of money payable as a first instalment on a home loan as part of a home purchase.
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 either in New Zealand or overseas.
First Home Grant	A grant for first home buyers administered and issued by Kāinga Ora.
First Home Loan	A loan for first home buyers issued by selected participating banks and other lenders and underwritten by Kāinga Ora.
Home loan	A financial loan given by a bank or other financial lender for the purposes of purchasing a residential home or property.
Interest rate	The interest charged on a financial loan used to purchase a residential home or property.
Kāinga Ora – Homes and Communities	A Crown agency of the New Zealand Government that oversees the implementation of the New Zealand Government's housing and urban development policies.
KiwiSaver	A voluntary savings scheme in New Zealand.
KiwiSaver first-home withdrawal	The one-time option to withdraw all or part of savings from a complying KiwiSaver fund to put towards the purchase of a first home.
Lender	A participating bank 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 keep up their home repayments.
Lending criteria	The requirements set by a bank or lender that a loan applicant must meet.
Loan	A sum of borrowed money (such as a home loan).
Previous homeowner	An individual who has previously owned a home or land either in New Zealand or overseas but no longer does.
Pre-approval	Confirmation that you meet the eligibility criteria for a First Home Loan and the lending criteria of a bank or lender. This typically expires after a set period (for example 3 months).

Disclaimer

The information contained in this booklet is intended to help you understand the First Home Loan and is indicative only. It is not intended to address the specific circumstances of any particular individual or entity. All reasonable steps have been taken to ensure the quality and accuracy of the information. The eligibility criteria or other policies applicable to the First Home Loan may be changed, deleted, added to or otherwise amended without notice. The information contained in this booklet should not be construed as legal or professional advice, and you should take advice from qualified professional people.

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