VIVE

'Where do I start?' First home buyer Guide.

GUIDE TO SECURING LENDING FOR YOUR FIRST HOME.

August 2025

An Introduction.

Hi, we are Vive Financial Advisers. We help hardworking kiwis make confident decisions with their home loans and insurances.

We've helped many kiwis get into their first home, by guiding them through the home loan approval process.

We have created this free guide for people, who are thinking of buying your first home but not sure where to begin.

This guide gives you 7 tips to get you ready to get a home loan approved for your first home.

VIVE

WHAT THIS GUIDE CONTAINS.

Legal Disclaimer

We have some amazing clients.

Vive Mortgage & Insurance Brokers

5.0 ★★★★★ 36 Google reviews

alen [redacted]
Local Guide • 21 reviews • 1 photo

★★★★★ 45 weeks ago

Jith and Maaru have been excellent advisers! They both made a great effort to understand our future goals and provided valuable insights on buying our first home. Jith's diligence in answering our questions has been second to none. I highly recommend Vive as a mortgage broker and insurance advisory organization.

Thangaval
7 reviews

★★★★★ a year ago

I highly recommend Jith from Vive. He's been our mortgage advisor for the past 10 months as we navigated buying our first home. He has been exceptional from day one, guiding us through every step of the buying process. Jith is knowledgeable and readily answers any questions about buying a house, even on weekends. We would wholeheartedly recommend Jith to our friends.

Steve [redacted]
5 reviews

★★★★★ 4 months ago

As first-time homebuyers, we were nervous about finding the right mortgage advisor, but Jith made the process easy. He explained loan options, rates, and insurance clearly, with no hidden fees. Always available and responsive, he guided us through paperwork and helped us feel confident in our decisions.

Hannah [redacted]
5 reviews • 0 photos

★★★★★ 13 Nov 2023

Jith was fantastic to work with! He is patient, knowledgeable, and was very supportive of me during the home buying process which I appreciated. Wouldn't hesitate to use Vive again in the future :-) Thanks again!

TIP#1

ENGAGE A MORTGAGE ADVISER EARLY.

This should be the first step in your journey. Mortgage Advisers (also known as Mortgage Brokers) are professionals who specialise in home loan lending.

A mortgage adviser is not there just to find you the best interest rates.

- They can be a great sounding board at the very early stages of the home buying process.
- They think ahead and can work with you to give you a strategy / roadmap to owning your first home.
- A top-tier mortgage adviser can show you how to pay off your mortgage faster, save thousands of dollars on interest repayments, and guide you through building an investment property portfolio.

Why should I use a Mortgage Adviser and not go straight to the bank?

Mortgage Advisers work with a range of lenders and are not limited to providing advice on one bank's product.

We offer more personalised advice that aligns with your unique financial / home loan goals.

We also offer regular reviews, servicing and assist with re-fixing your home loan. Our on-going servicing also ensures that the advice we initially give is still in-line with your goals.

How much do Mortgage advisers cost?

Mortgage Advisers are typically free of charge. We usually get paid commissions from the lender that we place your loan with. If there is a charge, it will be disclosed to you before you engage them.

TIP#2 HOW TO PULL A DEPOSIT TOGETHER? “

A house deposit is the upfront down-payment that a homebuyer must pay to purchase a home. Banks typically prefer a 20% deposit. However, there are exemptions to the rules that only require a 5% - 10% deposit.

Your deposit can be pulled from various sources. They are listed below.

PERSONAL SAVINGS

Regularly and consistently putting away money shows the bank that you have the commitment for a home loan. It also shows that you have good financial character and therefore more ‘lendable’ from the bank’s perspective. See Tip #5.

KIWISAVER

If you have been contributing to KiwiSaver for three years, you could be eligible to use it towards your first home deposit.. However, you must leave behind $1,000 in your KiwiSaver account.

For example, if you have $25,000 in your KiwiSaver account, you can use $24,000 towards your first home deposit and leave $1,000 behind.

How can I check my eligibility?

You can check full eligibility here.

How do I apply?

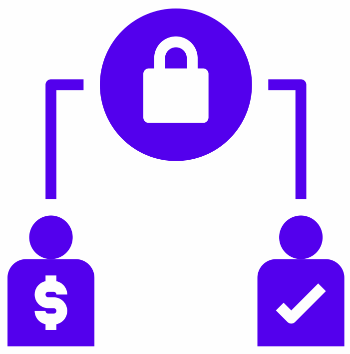
You will need to contact your KiwiSaver provider for approval. Once approved, you should get a confirmation letter which states how much you can withdraw for your first home.

Family Assistance / Gift
(also known as the Bank of Mum and Dad)

The Bank of Mum and Dad ’ is New Zealand’s sixth-biggest home loan lender, with up to half of first home buyers getting financial help from their families. Here are some ways parents can help, forming your deposit:

Gift

Parents can gift you a portion of the funds needed. A gift makes it a clean one-time transaction for the bank. You will need to get parents to sign a gifting certificate that outlines who is gifting the money and how much is being gifted and confirms that there is no requirement for it to be repaid.



Guarantor

Parents can act as guarantors for your mortgage. This means they are legally responsible for repaying the loan if you are unable to do so. It can help you secure a loan with a lower deposit, but carries financial risks for parents. The parents would need to be in a good position to take on this risk.

Co-Ownership

Your parents (or other family members) can use equity in their own home and jointly own the home with you. Hence, no cash is required by your parents. Although the house is jointly owned, your parents / family will only be liable for their portion of the loan. Legal advice is essential for setting up the ownership structure.

Can I get a home loan with less than 20% deposit?

Yes you can.

We will discuss your options below. It is important to note that banks will charge higher interest rates (known as Low Equity Premium / Low Equity Margin) for people with lower deposits.

The banks also have extra hoops you may need to jump through to get a home loan approval.

However, a 20% deposit can be difficult to obtain and could take you a long time, especially if you live in a city like Auckland.

Below are exemptions to the rules that allow you to have less than 20% deposit.

New Build

New build homes fall outside the Reserve Bank of New Zealand's deposit requirements rules. A new build is a newly constructed home where the title has been issued within the last six months. You can secure a new build with a 10% deposit. Make sure you have a competent solicitor if you decide to purchase a new build where the house has not been fully constructed / completed.

Existing Homes

At the time of writing this guide, banks have limited funding for existing homes with less than 20% deposit. Pre-approvals for less than 20% deposit on existing homes are not always granted (except for Kainga Ora First Home Loan, see below). Lenders are mostly accepting 'live' deals, meaning you have found a house and have a signed Sales and Purchase agreement with the seller.

BUT WHAT ABOUT THE 5% DEPOSIT HOME LOAN?!

FIRST HOME LOAN BY KAINGA ORA!

A First Home Loan (FHL) is a government backed initiative (Kainga Ora) designed for first home buyers with moderate incomes who have good savings habits/ financial character.

Finding the deposit for your first home can be a challenge. But with a FHL, you only need a 5% deposit, making it easier to get into your first home. FHL's are only issued by selected banks and underwritten by Kainga Ora.

To be able to apply for the FHL, there are some income restrictions. You must have a pre-tax income from the last 12 months of:

- $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 couples (or more than one buyer), regardless of the number of dependents.

FAQ

How can I check my eligibility?

Other than income and type of home there are some other eligibility criteria that you need to be aware of. Check the full eligibility here.

FAQ

Who are the participating lenders of FHL?

Westpac, Kiwibank, SBS Bank, The Co-Operative Bank, Unity, NZHL and Nelson Building Society.

FAQ

How do I apply?

Your mortgage adviser can help you navigate through this process. They will help you apply for a pre-approval from one of the participating lenders. It's better to get a pre-approval sorted before you go out and buy, rather than finding a property and then going for a final approval.

TIP#3

YOUR INCOME IS VERY IMPORTANT.

To be able to buy your first home, the bank needs to see that you have stable income that can 'service' your expenses as well as a home loan.

Banks use a metric called UMI (Unused Monthly Income) to determine if your income can service your household expenses, debts and your mortgage repayments at a higher interest rate (this known as a 'stress test' and the testing interest rate used is approximately 1.5% - 2% above the 1-year fixed interest rate..

Ideally the bank wants to see that you have some money left over after expenses, debts and and mortgage repayments have been paid.

If you have a 20% deposit, the UMI required by the lender is less compared to having a low deposit. which usually requires a higher UMI.

What if I am self-employed?

If you are self-employed, you'll have more obstacles on your way.

The way you'll be viewed by the banks is not concrete, as it depends on a multitude of factors such as experience, industry, whether you are a contractor, sole trader, or an SME business owner.

The rule of thumb is that the banks would like to see two years of financial statements. They use your taxable income to determine what your income is. You can add-back home office expenses, depreciation and interest expenses.

Ideally, your financial statements should show that your taxable income is stable/ increasing.

It is highly advisable to speak to a Mortgage Adviser as they will be able to help you understand your position and how the banks will view your income.

TIP#4 UNDERSTAND YOUR EXPENSES.

When you apply for a home loan, the bank will assess your expenses and what they will look like once you settle on your home loan.

This is because home ownership has extra expenses such as mortgage repayments, council rates, home insurance etc. It all adds up.

Due to responsible lending, the expenses you declare must be realistic to how much you actually spend. The banks will verify this using your bank statements (see Tip #5).

As far as the banks are concerned, this shows your financial habits and how lendable you are.

TIP#5 ORGANISE YOUR BANK ACCOUNT STATEMENTS.

Banks want to see good “financial character” before they grant you an approval for a home loan. They assess your account conduct by requesting your last six months' bank statements (transactional, savings and credit card statements).

For the six months leading up to your home loan application. Make sure your bank account conduct is as follows:

- ☑ Bank accounts shouldn’t go into negative balances.
- ☑ No unarranged overdrafts.
- ☑ No dishonored direct debts / automatic payments.
- ☑ Regular and consistent savings is ideal and can be seen on your bank statements.
- ☑ Income should clearly be shown in the bank statements (should align with pay slips).
- ☑ **Credit cards should be paid off monthly (ideally).**
  If not, there should be good control shown. Having your credit card constantly hovering around the limit with only the minimum monthly repayments being made is not particularly good financial character from the bank's perspective.
- ☑ Avoid or limit buy-now-pay-later (BNPL) arrangements such as Afterpay, Laybuy and zip. (see ‘Tip #6’).

TIP#6

ANALYSE YOUR DEBTS.

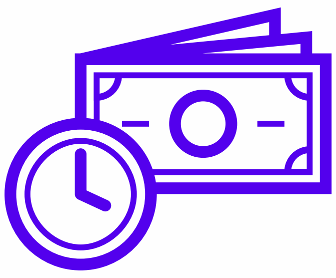
Having debt will impact the amount the bank is willing to lend you.

Debts such as student loans, credit cards, personal loans, hire purchase and buy-now-pay-later (BNPL) arrangements are examples of debts that should be well managed, decreased or exterminated before applying for a home loan.

How you manage debts and spending contributes to "financial character". You need to be "lendable" from the bank's perspective.

Student Loan

Although Student Loans don't have any stigma attached; they reduce your lending amounts significantly.



Buy-Now-Pay-Later

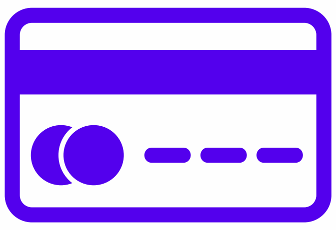
Like credit cards, use them responsibly. Ideally, it's best to have this paid off and close down these accounts.

Personal Loan / Car Loans

Personal Loans / Car Loans have a huge impact on reducing your lending too. Unlike student loans, personal loans / car loans have stigma attached to them. It's better to apply for home loan without any personal / car loans.

Debts to IRD

There should be no debts owing to IRD. This can prevent you from getting a home loan.



Credit Cards

They are not a big issue if kept under control and used responsibly. The ideal way to use your credit card is to pay it off in-full each month. However, the larger the credit card limit, the more your lending will be affected, even if you don’t use it. It’s best to have a low limit or not have one at all.

TIP#7 CHECK YOUR CREDIT REPORT

Banks use credit checks/ credit reports to assess your lendability.

YOUR CREDIT REPORT SHOWS INFORMATION ABOUT YOUR CREDIT ACCOUNTS AND HOW YOU'VE MANAGED THEM.

This includes details about loans, credit cards, utility accounts and other forms of credit, including the names of the lenders/ institution, the types of credit, the credit limits, and the current balances.

It also shows your payment history, indicating whether you've made payments on time or had any late or missed payments.

You will also have a "Credit Score" - which is a numerical representation of your "credit-worthiness" for 0 to 1,000.

A higher score represents higher creditworthiness and therefore lower risk to the bank.

A credit score above 600 is considered good.

FAQ

Can I get a copy of my credit report?

Yes - it's highly recommended that you look at your credit report before applying for a home loan so you can see what the bank sees. Click one of the links below to get your credit report: ClearScore OR Equifax

Congrats!

You've made it to the end of the guide.

For more, visit

VIVE.CO.NZ >

We have other guides for first home buyers, available under the resources tab, on our website.

Or book a free chat with us.

Book a chat >

We can give you a snapshot of where you are, and how far you are from your first home.