

AUCTION/TENDER PRE-APPROVED DEPOSITS EXECUTIVE SUMMARY

Auction / Tender Pre-Approved Deposits

The auction/ tender pre-approved certificate is a variation of the Residential Cash Deposits (RCD) product, it is designed to facilitate the easy participation in the auction/ tender process.

NZHB will pre-approve interested parties for an auction or tender and will pay the deposit on behalf of the successful purchaser to the real estate agency Trust account when the sale is unconditional. The pre-approved deposits are revolutionizing the way people purchase property at auctions and tenders.

Real Estate Benefits

- The auction/ tender pre-approved deposits confirms the clients intent to participate for the auction/ tender
- Simple process - applications are completed over the phone or on the spot by accredited brokers/ lender
- Having a number of pre-approved purchasers for the auction will provide the agent with a pool of qualified purchasers post auction/ tender

Brokers/ Lenders Benefits

- Enables brokers/ lenders to provide the mortgage for settlement
- Additional income stream
- The broker can offer a seamless finance service to prospective buyers
- Gain instant credibility with clients
- Gain a competitive advantage over competitors

Purchasers Benefits:

- Pre- approval for only \$50, which is credited off the total fee upon becoming successful at an auction or tender.
- If the applicant is successful there is no need for any further outlay until settlement.
- Pre-approval of the deposit will enable the purchaser to be prepared for the upcoming auction
- Pre-approval valid for four months
- Simple process and quick approvals
- Empowers the purchaser to take advantage of all lending opportunities and reduces their dependence upon their existing mortgage provider.
- The purchaser nominates the maximum amount for the deposit required

The Process:

Contact NZHB by phone between 8.30am – 5.30pm 5 days a week;

- Phone 0800 BOND NZ (0800 266 369)
- NZHB explains to the purchaser and verifies details, and completes the application form for the purchaser
- The application process takes less than 10 minutes
- NZHB confirms the deposit approval to the agent or lender
- Application form is couriered to the purchaser for signing and purchaser returns signed application to NZHB (via a pre-paid courier bag)
- Purchasers returns signed application to NZHB
- A pre-approved certificate is sent to the client
- NZHB pays the real estate agent's trust account immediately upon becoming unconditional.
- Purchaser repays NZHB including fees/ interest at settlement

Qualifying for an Auction/ Tender Pre-approved Deposit

The applicant/s need to be able to show that he or she has access to existing real estate with that has a minimum equity of at least three times the value of the deposit he/ she wishes to secure.

For example if a purchaser has access to real estate worth \$400,000 with a mortgage of \$280,000, their equity is \$120,000. In this case, they would be eligible for a pre-approved deposit up to \$40,000.

Alternatively if the applicant is a first home buyer or a recent immigrant without access to NZ real estate, NZHB are still able to facilitate the deposit provided the purchaser can prove they can settle the property ie: broker can confirm an accepted loan offer is in place.

Fee Structure

Pre approval fee: \$50 payable on application.

RCD Fee: The RCD application fee is \$150.00 non-refundable plus interest calculated at 18% per annum on daily basis, from the date of payment of the Deposit until the Expiry date being the earlier of the settlement date nominated in the Sale and Purchase Agreement or a date approved in writing by NZHB. A minimum fee of \$400.00 applies. The \$50 Pre-Approval Fee is credited against the total fee due.

For example: A deposit of \$25,000 for a period of 30 days would cost \$520.00 in total. The Deposit and the fee of \$470.00 is repaid to NZHB at settlement.

What is the next step?

Simply call New Zealand Home Bonds Limited on:

0800 BONDNZ (0800 266 369) or email admin@nzhhb.co.nz