

RESIDENTIAL CASH DEPOSITS EXECUTIVE SUMMARY

Residential Cash Deposits

If you are buying a new home but would rather defer the whole deposit issue until settlement, NZHB can provide the money. That's right: pay directly to the real estate agent's, or solicitors' trust account, CASH of up to 10% of the purchase price. Then, at the time of settlement, the deposit amount and fees are reimbursed to NZHB.

Outlaying cash can be both complicated and impractical. Residential Cash Deposits alleviates the burden of trying to access cash to raise deposit monies

Purchaser Benefits

- Speed, Convenience and Simplicity
- Gives buyers access to a deposit up to 1/3 equity in their home (or half with evidence of funds to settle)
- Allows first home purchasers with 100% loan offers to have access to a deposit
- Allows purchasers to pay their deposit without additional mortgage commitment or breaking any investments
- Allows the purchaser to explore the best mortgage options without any commitment to their existing bank
- Purchasers pay nothing until settlement
- Pre-approvals available for auctions or tenders
- Immediate approval via accredited broker/provider

Broker/ Lenders Benefits

- Ensures that the broker/ lender provides the mortgage for settlement
- The broker can offer a seamless 'Full Finance' service to prospective buyers
- Encourages the purchaser away from their existing lender for the deposit
- NZHB deposit costs are absorbed in the settlement funding along with legal fees, insurance, rates, etc
- NZHB advertising efforts will direct clients to accredited brokers
- Gain a competitive advantage over competitors
- Gain instant credibility with clients
- Additional income stream from brokerage fees



Qualifying for a Residential Cash Deposit

An applicant for a Residential Cash Deposit needs to be able to show that he or she has real estate with three times the equity of the value of the deposit he/she wishes to secure or must be able to prove that they can settle the property e.g. a first home buyer that has an accepted 100% loan offer.

The Equity requirement for approval is 3 x cover. IE: If a purchaser owns 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 RCD up to \$40,000: i.e. 1/3 of their equity.

We are in a position to approve the application then; on the confirmation from the agent that the sale is unconditional then we can pay the money!

Once we are satisfied that;

- Equity in property is available or is able to provide evidence of settling in full (eg a loan offer)
- Credit ratings are good
- Original application form is correctly completed and signed by all relevant parties,
- We possess a copy of the Sale and Purchase agreement,

Fee Structure:

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.

All fees are paid at settlement. There are no upfront costs when the application is submitted.

What is the next step?

Simply call New Zealand Home Bonds Limited on:
0800 BONDNZ or 0800 266 369
or email adnin@nzhb.co.nz.