



29 November 2011

Welcome Home Loans

Managing to save for your first home and continuing to pay market rentals is a struggle for some people. A scheme has been introduced to help you if you are in this situation and it may be suitable to you.

The scheme is called the “Welcome Home Loan Scheme” and it was introduced in 2003 by the then Labour Government and is supported by Housing New Zealand Corporation.

This scheme allows you to borrow up to \$200,000.00 with no deposit necessary or up to \$280,000.00 with a deposit of 15% of the amount above \$200,000.00. So if you borrow \$280,000.00 the deposit that you will need will be 15% of \$80,000.00, being \$12,000.00.

In selected high price areas, for example Auckland, Queenstown and Wellington, the amount of the Welcome Home Loan available increases to a maximum of \$350,000.00.

The Welcome Home Loan scheme has the following criteria which need to be met before you will be eligible:

- Applicants must be a New Zealand Citizen or hold a Permanent Resident Visa.
- For 1 or 2 borrowers the maximum yearly income cannot exceed \$85,000.00 (before tax).
- For 3 or more borrowers, the maximum yearly income increases to \$120,000.00 (before tax).
- Your credit history must be acceptable.
- You must be able to service the loan and meet the loan repayments.
- You must personally reside in the house you are purchasing - it cannot be purchased as a rental.
- You cannot borrow from the scheme to build a new home.
- You are unable to use this scheme to refinance your existing loan.
- You cannot own or have owned any other property.

This scheme is offered through banks such as the TSB Bank, KiwiBank, Westpac and selected Credit Unions.

The scheme may be one way that helps you get on the property ladder and purchase your first home that will offer security for you and your family for the years ahead.

Karen Wood is a legal executive at Govett Quilliam and has a particular interest in assisting purchasers with the purchase of a new home. If you have any questions please feel free to contact Karen.



Written by
Karen Wood
Legal Executive

DDI: (06) 768-3743
Email: Karen.Wood@gqlaw.co.nz