

The National Bank

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On The Home Front

June 2007

On the Home Front

Welcome to On the Home Front - The National Bank's regular email newsletter for Home Buyers and Sellers.

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House inspections

By Sarah Symon, Manager [Realsure - The house inspectors](#)

There's no question that having a property inspected before you buy is simply common sense. With your home being probably the most valuable asset you'll ever own, why take the risk?

But who should you get to carry out the inspection - and how do you know you can trust their findings? Property inspection is unregulated in New Zealand, so it pays to use a reputable company. There's a lot at stake, so make sure the inspector is appropriately qualified and works to specified standards.

To help give you peace of mind, here are some questions you should ask prospective home inspectors or property inspection companies:

Question	Why ask?
Do they work to the New Zealand Standard for property inspections (NZS 4306:2005)?	You should only use inspectors who comply with the standards.
What is the inspector's experience and qualifications? Are they registered, and with whom?	A relevant technical qualification is a requirement of the standards.
What type of report will be provided? Will it be written, oral, or both? Will it suggest simple remedies for obvious defects?	Verbal reports alone do not comply with the standards.
What is included in the inspection? How much detail will it go into? Will the company provide ongoing service and advice?	-
How long will the inspection take?	A thorough inspection should take between two and four hours, depending on the size of the house.

Does the inspector carry professional indemnity insurance?	This is a requirement of the New Zealand Standard for property inspections.
Is the inspector or company independent - or are they associated in any way with a building or real estate company, or anyone else with a vested interest in the property?	You need to ensure they don't have a vested interest in the sale.
Is property inspection all they do?	Building contractors who do inspections 'on the side' may be simply looking for work.

Personal recommendations are a good way of finding property inspectors (provided the recommendation comes from someone who doesn't have a vested interest), but you should still ask the questions above.

Structuring your home loan - how to get the most value

No one home loan option suits everybody, and getting the right structure for you depends on your particular situation and your objectives for the future.

For example, if you want to be able to pay off your loan as fast as possible you have a number of options that could help:

- Make fortnightly instead of monthly payments. By paying more frequently you could repay a little more over the course of a year, which may reduce the interest you pay over the term of the loan
- Have a floating or flexible home loan that allows you to make lump sum repayments whenever you like for no fee
- If you can afford it, increase your regular repayments and you could pay off your loan sooner.

Of course, you don't have to choose just one type of loan. You can mix and match different fixed interest rate periods and types of loans to suit your needs. For example, based on current indicators our economists believe interest rates may start to fall during 2009. So locking your loan into a long-term fixed interest rate means you may not be able to take advantage of lower rates if they fall in 2009. You might want to consider a range of different fixed interest rate periods to give you certainty but also the ability to benefit if interest rates fall.

We can explain all your options to help you decide which is best for you. And if you already have a home loan, take our [Home Loan Check-up](#) - it's quick and easy, and you can do it over the phone if you prefer. Call us on 0800 185 185 to discuss your home loan options.

Our lending criteria and an application fee apply. For borrowing over 80% of a property's value, a Low Equity Premium on a graduated scale will apply.

Home buying tip

Most people buy with their heart, but try to achieve a balance between your heart and your head. Be clear about what needs you're not willing to compromise on, and look at any prospective home objectively. Remember - there's always another house.

Home loan market update

The Reserve Bank raised the Official Cash Rate (OCR) from 7.75% to 8.00% at the last review on 7 June 2007. Before the announcement, opinion had been divided about whether the Reserve Bank would increase the OCR or not. The Reserve Bank noted that while lending rates have risen significantly in recent months, the effect of this has not yet filtered through to the economy and inflation risks remain high in the meantime. Our economists believe that until some more conclusive evidence of softening in the economy emerges, any fall in the OCR is unlikely, and there is still some possibility of a further increase.

Read the full [Home Loan Market Update](#)
[Subscribe](#) to Official Cash Rate updates or National Bank home loan interest rate updates

What would you like to hear about?

If there's something you'd like to see covered in **On the Home Front** or **The Home Buyers Centre**, we'd love to have your feedback. Please [let us know what you think](#).

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