HOW-TO-GUIDE

Co-own

A different way to get on the property ladder

We know that buying a first home in Aotearoa can be difficult. For many, saving enough for a deposit and meeting affordability criteria can be out of reach.

Co-own is another way for Kiwi to get on the property ladder. It recognises the challenges that first home buyers face and that not everyone can share the costs with a partner.

Co-own is a different approach to buying a home. One that'll bring Kiwi together and get them onto the property ladder sooner.

What is Co-own?

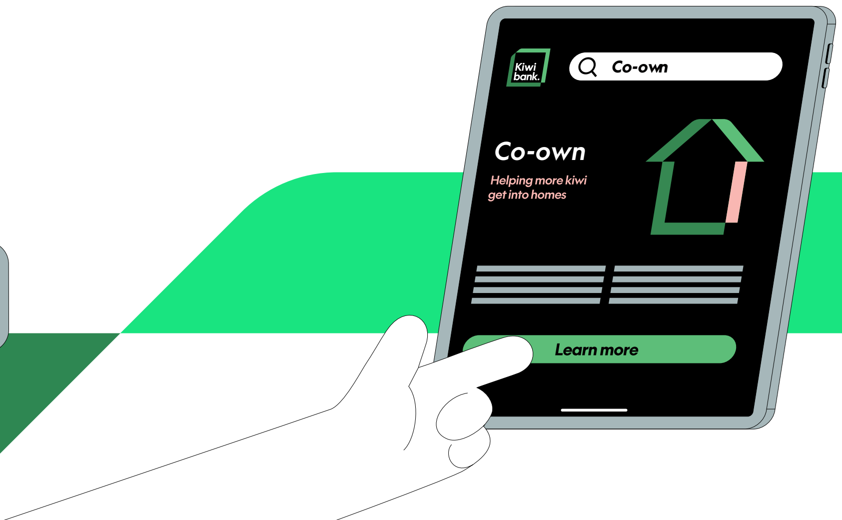
If saving a house deposit seems unachievable, or if you want to make owning a home more affordable, then Co-own is a different way for Kiwi to buy a home by teaming up with friends or family.

To get started on the Co-own journey, we've put together this simple guide. It breaks down the steps and has plenty of useful information and links to consider.

Who can Co-own?

Teaming up looks different for everyone. For example, you could borrow together with a group of friends, with siblings, or be a couple teaming up with another couple.

There are risks involved with borrowing money and owning a property with others, so it won't be for everyone. You'll need to know and trust each other before going ahead.



Steps to help you on your Co-own journey

1 Talk it through

When borrowing money and buying property with others, being on the same page is important. Knowing where you stand at the start of the process will help avoid any potential misunderstandings down the track.

Set clear expectations with each other. What's your long-term goal and the reason for purchasing this property together? What amount is everyone going to contribute towards the deposit and what can you each realistically afford?

Discuss possible scenarios that could happen, like if someone can't meet the repayments because they've lost their job, if one of you wants to sell before the others, or if a major property maintenance issue pops up. Taking time to work through the detail now will help ensure everyone's on the same page.

Work out your budget and tally up the combined deposit amount. If at least one of the co-owners will be living in the property, then generally a combined deposit of 20% of the purchase price is required.

2 Get in touch with us early

Book in with a home loan specialist early in the process. They'll walk you through the steps and considerations before applying for a conditional approval.

Conditional approval lets you know how much you may be able to borrow together, so you can find a home within your budget and get the ball rolling on making an offer.

Your home loan specialist will guide your group through the application process. We'll need some supporting documents from each person applying for the loan, including proof of income, bank statements and identification.

You'll be discussing your individual finances as a group. So, it's important to be comfortable sharing your personal information with each other before taking out a loan together.

Once you've got conditional approval, your home loan specialist will talk you through how to make an offer.

3 It's time to call in your lawyers

Independent legal advice is crucial when borrowing money and purchasing property with others. You might have a great relationship with your friends and family but talking about money can be complicated. Everyone needs to understand their rights and obligations.

A property sharing agreement is a great place to start

We strongly recommend having an agreement between all co-owners that outlines how your arrangement will work day-to-day, and in the future (for example, what might happen if one of you wants to exit the arrangement early).

There will be a cost to do this with your lawyer, but it can be well worth the investment. Having an agreement in place helps avoid any misunderstandings. And if there are any disagreements, or a change in circumstances, you'll be better off with an agreed process to follow.

This is an agreement between the co-owners only. Kiwibank won't review the agreement and isn't party to it, so isn't bound by the agreement.

Always get legal and financial advice

Talk to your lawyer and ask lots of questions about the potential risks of borrowing money with others – like what may happen if one of the co-owners can't make the payments under the loan agreement, and how your credit score could be impacted by their actions.

Your lawyer is the best person to explain the risks with co-ownership. They can advise you on different ownership structures and what to include in a property sharing agreement. It might also be worthwhile reviewing your Will at the same time.

Owning property with others may also have tax obligations. We recommend that each of you talk with a financial advisor or accountant to understand how you might be impacted.

4 House hunting & making an offer

Now you understand your legal rights and obligations and conditional approval is sorted, the house hunting fun can begin.

Buying with a group isn't that different from buying on your own. Talking it over early ensures that everyone agrees on the type of property you're looking for. Be very clear about what house features are mandatory and what are nice to haves. Some compromises might need to be made. So, talking it through and understanding each other's goals and needs for the property will ensure you find a home that's right for all of you.

Once you've all agreed on a property, share it with your home loan specialist. They'll confirm the loan amount and outline any conditions that will need to be met before we can provide an unconditional offer of finance. The conveyancing lawyer should check the sale and purchase agreement before it's signed.

You can find all the information you need around house hunting and making an offer in our First Home Buyer guide here.

If your offer is accepted or you win at auction, enjoy the moment, it's truly an exciting time. However, there's a bit more work to do before you're all officially home-owners. Learn more about getting ready for settlement here.

5 Setting up the home loan

At Kiwibank it's common for Co-own arrangements to have a joint home loan structure where all the co-owners are borrowers. As a team you'll need to decide how the loan is structured, for example the home loan can be split into portions with different loan amounts and repayment terms.

Take a look at our guides to learn about different home loan types.

Your home loan specialist will discuss how to best structure the home loan for the group. They'll also talk you through:

> Your home insurance needs.
> Protecting your income so you can meet the home loan.
> Setting up your Kiwibank accounts and services.

It's important to remember that regardless of how the joint home loan is structured, you are still each individually and together liable for the entire home loan. This means if one of the co-owners can't make their repayments, the others will need to cover the full amount.

Everyone can have visibility of the joint home loan within internet banking or the mobile app. For simple home loan maintenance requests, like changing a repayment date or the regular payment amount, we only need one of you to tell us – but it's important that you're all across any changes beforehand. To apply for any additional borrowing, we'll need all co-owners' consent.

If you or any of the other co-owners are going through **financial hardship**, talk with each other and get in touch with us as soon as you can.

6 Congratulations! You're officially home-owners

Celebrate taking the big step onto the property ladder together. As you all settle into the Co-own arrangement, be sure to get in touch with us if you have any questions about your Kiwibank Home Loan – we're here to help.

Want to discuss your Co-own journey?

Get in touch with a home loan specialist now.

Kiwibank's lending criteria, terms and conditions, and fees apply. Maximum two couples per application. Offset home loan may not be available. Excludes business banking.
This guide provides general information and isn't intended as regulated financial advice. If you'd like us to review your specific situation, please contact one of our home loan specialists.