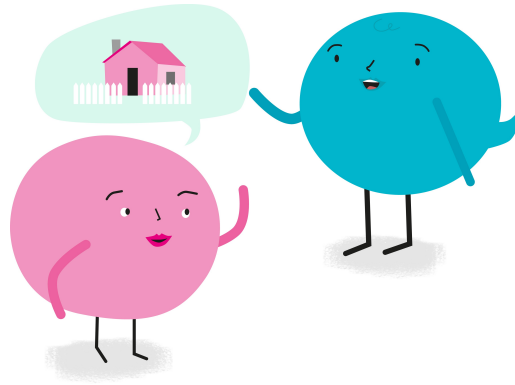


Buying a home

Buying a home is seldom straightforward, especially if you have to apply for a loan first. Here are some key things to think about, plus links to more information on our website.



Lending restrictions

The Reserve Bank's loan-to-value ratio restrictions mean borrowers must generally have a deposit of at least 20 per cent of the value of the home they want to buy. There are some exceptions.

See our guide on lending restrictions [here](#).

Early repayment charges

Banks are likely to impose an early repayment charge if you borrow money at a fixed interest rate for a fixed length of time, but repay it (or a significant portion of it) early. Such a charge sometimes comes as a surprise to customers. If you take out a fixed-term loan, be sure to ask the bank as many questions as you want so you fully understand the implications of, say, selling your home before the term of the loan expires. (This will involve the repayment of the loan, even if you borrow again from the bank for another home.)

See our guide on early repayment charges [here](#).

Freeing up capital

If you have several mortgaged properties and sell one to free up capital, you won't necessarily receive all the

proceeds from the sale. The bank may want some of the money to cover other loans.

See our guide on freeing up capital [here](#).

Guaranteeing someone's debt

Banks will sometimes lend you money only if someone else guarantees to repay the loan if you fail to make repayments. If you need someone to act as a guarantor to get a home loan, think carefully because this person will be assuming many legal obligations. Equally, don't lightly agree to act as a guarantor for someone's debt. Always get independent legal advice first.

See our guide on guaranteeing someone's debt [here](#).