



Te Uniana Whakanama Pirihimana

POLICE HELPING POLICE

First Home TOGETHER

Shared Ownership Home Loan Package



First home feel out of reach?
Let's share the load.



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Getting into your first home feeling hard? **We'll lend you a hand.**

Have you been saving for or just thinking about your first home and keep running into obstacles?

The cost of living, the cost of housing, deposit too high, the rising interest rates.

It might feel like everything, and everyone is against you.

We're not.

We're here to make it easy for our Police whānau to get into their first home, faster, with **First Home TOGETHER** our shared ownership home loan package.

If you're a first home buyer, we'll put in up to 10% interest-free towards your 20% house deposit to help you buy your first home – we call this **Deposit Help**.

What about the home loan to buy the rest? We'll do that too!

What's **First Home TOGETHER**?




It's a first home buyer package* where you share ownership of your home for a while with the Police Credit Union.

Over time you buy **Deposit Help** from us – we want it to become 100% your home as soon as possible!

While we're a co-owner, the home is still yours and we're not your landlord; think of us as a silent partner helping you into your home, who stays out of the way as much as possible. You don't pay rent or interest on **Deposit Help** (our share of your home).

Like a regular home loan, you're responsible for all ongoing costs like rates, insurance, power & gas and household repairs and maintenance.

First Home TOGETHER has 3 parts:

	+		+	
1. Your Deposit At least 10% of the house purchase price. This can be made up of 1 or more of your savings, PSS, KiwiSaver, the First Home Grant and gifts from whānau.		2. Our Deposit Help Up to 10% of the house purchase price provided by the Police Credit Union at 0% interest for up to 10 years.**		3. Main Home Loan The balance needed to buy the house is also provided by the Police Credit Union.

* If you have previously owned a home, you may still be eligible for **First Home TOGETHER**. You'll need to use your KiwiSaver or PSS as a deposit and be deemed to be in the same financial position as a first home buyer by Kāinga Ora. Find out more here www.kaingaora.govt.nz/home-ownership/kiwisaver-first-home-withdrawal/.

** The total of your Deposit and our **Deposit Help** is a maximum of 20% of the house purchase price.



How it works

How's **First Home TOGETHER** different to a regular home loan?

Day-to-day it won't feel any different than a regular home loan. You live in and look after the house and enjoy having a little slice of NZ to call your own.

The key differences with **First Home TOGETHER** are:

» **We're co-owner's**

The title to the house (a legal document) shows both of us as 'tenants-in-common' (a legal term) with the percentage of the home we each own noted on the title. For a regular home loan, just your name(s) would appear on the title.

» **Your regular repayments are reduced**

You don't pay interest on **Deposit Help**.

This means your main home loan – which you pay interest on – is smaller, so your repayments should be more manageable.

» **You buy back **Deposit Help** from us over 10 years**

When the value of your house goes:

- › **UP:** the dollar value of both our shares in the home also goes up. It's based on the percentage we each own.
- › **DOWN:** the dollar value of both our shares in the home also goes down. It's based on the percentage we each own.

It's important to note however that Police Credit Union's share will not drop below a certain level. We explain this in more detail in the Section '*Buying back our Deposit Help – how it works*' on page 18.'





» **We meet annually**

We'll review how you're tracking with your goal to buy back our share of your home. We want you to own 100% of your home as soon as you can.

» **Big changes need our OK**

You'll need our OK if you're doing some big renovations or selling the house. Everyday repairs and maintenance however are your business.

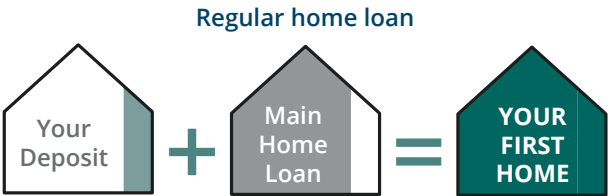
» **It's the only property you own**

You can't own or buy any other properties while you have **First Home TOGETHER**. Because **Deposit Help** is 0% interest, it's only fair that if you've got enough money to buy another property that you buy back our share in your current home. We can then use that money to help another member get into their home.

Regular home loan vs First Home TOGETHER

The table shows the difference between a regular home loan and **First Home TOGETHER** home loan.

In this example you buy your dream home for \$750,000. Let’s assume your deposit is 10% which means we will also put in 10% via **Deposit Help**. Remember the total of your Deposit and our **Deposit Help** is a maximum of 20% of the house purchase price.



Total cost to buy your home	\$750,000
Your deposit	\$150,000 (20%)
Deposit Help (our contribution)	N/A
Main home loan	\$600,000 (80%) Interest payable from day 1
Registered Owners on Record of Title <i>legal document that proves the ownership of land and the rights and restrictions that apply</i>	Your name(s) <i>Note: your home loan provider appears under "Interests" on the title</i>
Home ownership percentage (at the start)	100%: you as the owner
Responsible for house running repairs e.g. maintenance & repairs, rates, insurance, utilities	You as the owner(s)
Doing major renovations or improvements	You as the owner(s) decide
Ability to sell property	You as the owner(s) decide



First Home **TOGETHER** loan



\$750,000	Total cost to buy your home
Up to \$75,000 (10%)	Your deposit
\$75,000 (10%) Interest-free for 10 years	Deposit Help (our contribution)
\$600,000 (80%) Interest payable from day 1	Main home loan
(1) Your name(s) (2) Police Credit Union <i>Note: Police Credit Union also appears under "Interests" on the title as the home loan provider</i>	Registered Owners on Record of Title <i>legal document that proves the ownership of land and the rights and restrictions that apply</i>
90%: you as the owner(s) 10%: Police Credit Union	Home ownership percentage (at the start)
You as the owner(s)	Responsible for house running repairs e.g. maintenance & repairs, rates, insurance, utilities
You as the owner(s) need our OK before you get started	Doing major renovations or improvements
You as the owner(s) need our OK to sell before you do so	Ability to sell property

Benefits

You only need a 10% deposit

We know that saving for a 20% house deposit is a real struggle.

Housing affordability is the worst it's been in over 60 years. And with NZ's median house price at \$850,000, a 20% deposit will set you back \$170,000! For many, this just isn't achievable. We want to remove that barrier.

First Home TOGETHER means you can get into your own house with just a 10% deposit. We'll then help you get to a 20% deposit with our **Deposit Help** which is interest free for up to 10 years.

No income cap

We don't put a maximum on what you can earn.

No house value cap

We don't put a maximum price on the house you can buy.

Sell up when you want

We don't tell you how long to stay in your home. If for instance you get a promotion somewhere else in NZ, we don't want you feeling you have to stay where you are.

Lower home loan repayments

If you have less than a 20% deposit, your home loan balance can end up being pretty hefty. That means your repayments are higher, leaving you with less money in your back pocket.

You'll pay more interest over the life of your loan, and it may take you longer to pay it back. On top of that, banks usually charge you a higher interest rate if you borrow more than 80% of the house value.

So, we help you out in 2 ways:

1. Because **Deposit Help** is interest free, your home loan is much smaller than if you had to borrow all that money.
2. We won't bump up your interest rate just because you have a small deposit.

We're still keen of course for you to buy our share back as soon as possible – that way you own your home faster and we can help another Police Credit Union member into their first home!

We do it all!

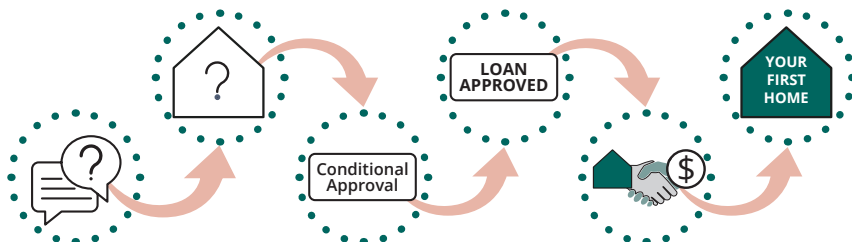
With **First Home TOGETHER**, you can do it all through us! We'll be there to guide and support you– we're your one-stop-shop!

Fewer fees – more money in your pocket

Whilst others charge an annual management fee and a fee every time you buy back some of our share in your home, we don't.

There **are** fees if there's a real cost such as having the house revalued.

The **First Home TOGETHER** Journey



Step 1: Are you eligible?



If you think **First Home TOGETHER** could help you on your journey to home ownership, you'll need to check you're eligible.

All borrowers will need to:

- » Be, or be eligible to be, a member of the Police Credit Union. You can find out if you're eligible to be a member in our FAQs, or online at: www.policecu.org.nz/about-us/eligibility/
- » Be a first home or 2nd chance buyer(s).
- » Have a deposit of at least 10% towards the purchase price of a property.
- » Intend to own the property either as an individual or with other members. This is not available for businesses or trusts.
- » Be 18 years +.
- » Meet all other **First Home TOGETHER** criteria



Step 2: What home can you afford?



Whether you've been saving and think you're ready to start looking for a house or are already actively spending your weekends attending multiple open homes, you'll need to figure out how big a deposit you can put towards buying a house, and how much you can afford for your home loan repayments. This will ultimately determine the house that you can afford – the scenarios below can guide to work out what it might look like for you.

Scenario One

You've saved a deposit, what sort of house could you afford?

Description	Calculation	Amount
How much deposit have you (or will you) save?	n/a	(A) \$50,000
What's the maximum you could purchase a house for with a 10% deposit?	$(A) \times 10$	(B) \$500,000
How much Deposit Help could you be eligible for? Our maximum contribution is 10% of the house price.	$(B) \times 10\%$	(C) \$50,000
What's your total deposit for the house?	$(A) + (C)$	(D) \$100,000
What's the amount you'll need to borrow for your main home loan?	$(B) - (D)$	\$400,000



Head to www.policecu.org.nz/loans/first-home-together/Scenario_Calculator/ to find out what your repayments would be on a home loan this size.

Scenario Two

You've found a house – how much will your deposit and home loan be?

Description	Calculation	Amount
What's the price of the house you're looking to buy?	n/a	(A) \$750,000
Your deposit: this will need to be at least 10% of the house price.	$(A) \times 10\%$	(B) \$75,000
Deposit Help: our contribution of up to 10% of the house price.	$(A) \times 10\%$	(C) \$75,000
What's your total deposit for the house?	$(B) + (C)$	(D) \$150,000
What's the amount you'll need to borrow for your main home loan?	$(A) - (D)$	\$600,000



Head to www.policecu.org.nz/loans/first-home-together/Scenario_Calculator/ to find out what your repayments would be on a home loan this size.



Step 3: Conditional approval



Once you've figured out your numbers and have a deposit available, you can apply for **First Home TOGETHER**. We'll look at your application and let you know how much you can afford to borrow before you put in an offer on a house.

Step 4: Full loan approval and settlement



So, you've made an offer on a house – exciting times! You'll need to meet any outstanding loan approval conditions and have the offer accepted. Once that's done, we'll send you all the loan documents to sign with your lawyer.



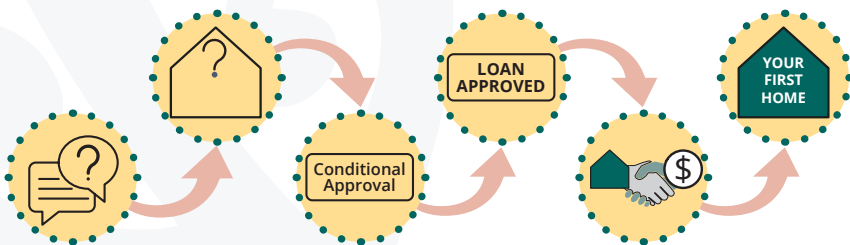
Then on settlement day you get the keys and get to move into your new home!

Step 5: Becoming a full homeowner



We want you to own your home as soon as you can. It'll look different for everyone, but the goal is to do this within 10 years. To help you with this, we'll meet with you every year to see how you're tracking and work with you to achieve the goals of:

- » Buying back **Deposit Help** and becoming the full homeowner.
- » Keeping your home maintained.
- » Helping you with any questions you may have about **First Home TOGETHER**.



Buying back our **Deposit Help** – how it works

We strongly encourage you to buy more of our **Deposit Help** when you can afford to do so. The more you buy, the less we own of your home. Ultimately, we want you to own 100% of your home.

You can buy back some (or all) of our **Deposit Help** at any time, with the goal of buying it all back within 10 years of buying your home.

Each buy back is a minimum 10% of the latest dollar value of our **Deposit Help**. To ensure the house value is fair for both of us, the house is revalued each time (using a registered valuation) you buy back some of our **Deposit Help**. You pay the revaluation fee.

The money to buy more of our **Deposit Help** could come from various places: increasing your regular home loan; getting cash from family; a bonus or unexpected cash.



Example # 1: you decide to buy some of our Deposit Help

In this example, we start with your home being worth \$850,000: you own 90% and we own 10%.

- » **Scenario One** shows what your first buy back might look like.
- » **Scenario Two** carries on from scenario one and shows the impact of making a second buy back.

Step	What happens	Scenario One	Scenario Two
1	You let us know you want to buy some of Deposit Help (our share of your home)		
2	We get the house revalued to ensure we're using the latest numbers. You pay the revaluation cost	House value now \$900,000 (up \$50,000)	House value now \$920,000 (up \$20,000)
3	We calculate the value of our respective shares using the new valuation	You own 90%: worth \$810,000 We own 10%: worth \$90,000	You own 91%: worth \$837,200 We own 9%: worth \$82,800
4	You decide how much of our Deposit Help you want to buy back (minimum 10%)	You want to buy back minimum 10% or \$9,000 (i.e. 10% of \$90,000)	You want to buy back 20% (more than the minimum 10%), or \$16,560 (i.e. 20% of \$82,800)
5	You buy back some of our Deposit Help which changes how much (%) each of us owns	You own 91% worth \$819,000 We own 9% worth \$81,000	You own 92.8% worth \$853,760 We own 7.2% worth \$66,240

Example # 2 – what happens when house prices drop

As with example 1, we start with your home being worth \$850,000: you own 90% and we own 10%.

This time, however, we show what it looks like if the value of your house goes down. After all, house prices don't always just go up!

This is important because the value of our **Deposit Help** cannot fall below a certain level. The value of our **Deposit Help** will always be the greater of:

- » House's starting value multiplied by our starting ownership percentage, OR
- » House's current value multiplied by our latest ownership percentage.

So, what does this all mean?

1. You buy your home for \$850,000. Ownership looks like this:
 - › You own 90%: worth \$765,000
 - › We own 10%: worth \$85,000 (**Deposit Help**)
2. You ask to buy some of our share, so the house is revalued. It's now worth \$800,000 (down \$50,000). Ownership now looks like this:
 - › You own 90%: worth \$720,000
 - › We own 10%: worth \$80,000 (**Deposit Help**)

3. As the house value has gone down, we apply the formula to check the value of our **Deposit Help**. Our **Deposit Help** will always be the greater of:

- › House's starting value multiplied by our starting ownership percentage $\$850,000 \times 10\% = \$85,000$

OR

- › House's current value multiplied by our latest ownership percentage $\$.800,000 \times 10\% = \$80,000$

4. So, in this example, the value of:

- › Our share: remains at **\$85,000 (10.6%)**
- › Your share: is **\$715,000 (89.4%)**.



Frequently Asked Questions (FAQ)

*Why are you offering **First Home TOGETHER** ... what's the catch?*

Police Credit Union is a membership organisation made up of Police and their families, not a money-making machine like the big banks. This means we can do things that make no sense if you're all about making lots of money.

That's why we created **First Home TOGETHER** with the aim of helping members get into their first home by doing something different.

The only other organisations that offer something like this are Kāinga Ora (Housing NZ, a government agency) and charitable trusts like NZ Housing Foundation.

What's in it for the Police Credit Union?

We do get a return on our **Deposit Help** if your house value increases.

The good news in that case is that the dollar value of both our shares in the house increase. For example, if your house is worth \$700,000 when you buy it and then increases a year later to \$750,000, the dollar value of both our shares in the house increases, but the percentage remains the same – see below:

House value	\$700,000	\$750,000
Your share of house (90%)	\$630,000	\$675,000
Our share of house (10%)	\$70,000	\$75,000



What happens if I don't buy back Deposit Help within 10 years?

We'll work very closely with you in our annual meetings to avoid this happening. If after all this effort it doesn't happen, then the balance of **Deposit Help** will change from being interest free and become a standard home loan instead.

Can I get the Deposit Help from Police Credit Union and then the home loan elsewhere?

- » No. **First Home TOGETHER** is a package, so both the **Deposit Help** and home loan must be with the Police Credit Union.

Can I use First Home TOGETHER to purchase land?

- » No. **First Home TOGETHER** is for members wanting to purchase a first home.

How much can I borrow?

The amount you can borrow will depend on a few things, including:

- » The deposit amount you have available
- » Your household income and ability to afford a home loan
- » The price of the property you want to buy

If you're interested in **First Home TOGETHER**, we'll let you know how much you may be able to borrow from us.

How do I buy back more of the Police Credit Union share?

You can increase your share of your home at any time by completing an application.

You'll need to buy back a minimum of 10% of our **Deposit Help**, based on the value of your home after it's been revalued.

Am I allowed to do home improvements and renovations?

Yes, but you'll need to obtain approval to make any major improvements or renovations.

However, day-to-day maintenance and repairs don't require our OK.

What happens if my circumstances change, and I need to move?

That's no problem, you'll just need to talk to us when this happens.

*Can I buy another house while I have **First Home TOGETHER**?*

No. While you have **First Home TOGETHER** you can't own any additional properties until you've bought from us 100% of our **Deposit Help**.



How am I protected under First Home TOGETHER?

When you get **First Home TOGETHER**, part of the agreement will include Shared Ownership property conditions that will cover how the shared ownership works along with the rights, responsibilities, and obligations for you and for the Police Credit Union.

Can I transfer my ownership of the house while I have First Home TOGETHER?

That will depend on individual circumstances – you'll need to talk to us first.

What happens at the Annual Review?

We will meet with you and review how you're tracking financially, how you're working towards owning more of your home and to confirm that you're meeting your obligations under the shared ownership package.

Can I buy back your Deposit Help in one lump sum?

Yes. The only limit on share buy backs is that they must be a minimum of 10% of our **Deposit Help** (after it's been revalued).

I'd like to buy an apartment – can I use First Home TOGETHER?

No, **First Home TOGETHER** can't be used for buying apartments or unit title properties.

What can you use towards your deposit?

Just like a regular home loan, your deposit can be made up of one or more of the following:

- » Your savings
- » Police Super Scheme withdrawal
- » KiwiSaver Scheme withdrawal
- » First Home Grant
- » Gifts from whānau

Who is eligible to apply for First Home TOGETHER?

Police Credit Union is open to join for:

- » Police employees, whether:
 - › current (including contractors)
 - › retired, or
 - › resigned
- » Family members related to the above as a:
 - › spouse or partner
 - › child (including adopted and stepchildren)
 - › grandchild/ great-grandchild

*Where does the 10% interest-free **Deposit Help** come from ... are savers paying for this with reduced saving or term deposit rates?*

The 10% interest-free **Deposit Help** comes from the Police Credit Union's own equity, which has been built up over nearly 50 years. This means there's no change or reduction to the competitive rates we offer on savings or term deposits.

*Can I use **First Home TOGETHER** for a new build?*

First Home TOGETHER can be used to buy a house that has been newly built, but not for a house that is yet to be built.

*If I've got more than a 10% deposit, will the Police Credit Union still put in another 10% with **Deposit Help**?*

No. The aim of **First Home TOGETHER** is to help you get to a 20% deposit shared between you and us. This means the total of your deposit and our **Deposit Help** will be a maximum of 20% of the house purchase price.

What if I want to make a compliment or complaint?

You can send your compliment or complaint to the Police Credit Union by secured bank messaging within Internet or Mobile Banking applications, or;

By mail **Police Credit Union**
 P O Box 12344
 Wellington 6144

Alternatively Phone: **0800 429 000**
 Email: **info@policecu.org.nz**
 Website: **policecu.org.nz/about-us/contact-us/**

If you're not happy with how we deal with your complaint, you can contact our independent dispute resolution provider – Financial Services Complaints Ltd (FSCL). This service is free for you.

FSCL's contact details are:

By mail **Financial Services Complaints Limited**
 PO Box 5967
 Lambton Quay
 Wellington 6145

Alternatively Phone: **0800 347 257**
 Email: **info@fscl.org.nz**
 Website: **fscl.org.nz**



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Next Steps

If you're interested in **First Home TOGETHER** and would like to know more, you can:

1. Head online to www.policecu.org.nz/loans/first-home-together/ and complete the initial contact form. You'll then receive a call from us to chat through your situation in more detail.
2. Call us on **0800 429 000** to speak to one of our team members.



Te Uniana Whakanama Pirihimana

POLICE HELPING POLICE

First home feel out of reach? **Let's share the load.**

Normal lending criteria and a \$100 establishment fee applies to all new loans. Fees and interest rate are available at www.policecu.org.nz

Copies of our current Terms and Conditions and Product Disclosure Statement are available from the Police and Families Credit Union. These can be viewed at policecu.org.nz, or by calling **0800 429 000**.

The Police Credit Union is not a registered bank.

Police and Families Credit Union
Level 11, 57 Willis Street,
Wellington, New Zealand