

# Total Talk

Autumn | MARCH 2022

## Welcoming 2022

The real estate market finished strongly at the end of 2021 despite the ongoing covid uncertainty, border restrictions and the introduction of the Traffic Light System.

Even with the move from 'orange' to 'red', there was little disruption across our regions, with open homes still able to operate as gatherings of 25 or 100, depending on the use of My Vaccine Pass. Under the Traffic Light System auctions were defined as 'events', falling under event rules, although changes were subsequently made which now allow an auction held on-site at a residential home to fall under the same rules as an open home.

The Government also introduced new regulations in December to the Responsible Lending Code and Centric has estimated the lending slowdown has amounted to almost \$2 billion. These changes combined with the common term of "buyer fatigue" has certainly seen a slower start to 2022 than what we saw in the early months of last year.

February, however, brought with it good numbers of quality listings and despite being a short month we marketed 85 homes in 28 days. So far, March has seen an increase in sales compared to February. However fewer buyers are attending open homes and the buying frenzy we saw last year in some of our regions, such as Canterbury, has settled into what we would call a more "normal market". While we certainly aren't experiencing the same hectic pace of 2021 we do anticipate more demand as the borders continue to open in stages.

If you are considering selling in the near future please talk to us - we have friendly, knowledgeable agents who are happy to give you honest market advice. We have branches in Invercargill, Dunedin, Christchurch, Rangiora, Kaikoura and Nelson. We pride ourselves on being leaders in the marketing of property, offering you a hassle-free experience and without a hefty fee attached.

Call us today - you'll be glad you did!



**Rachael Cone**  
Business Owner



CANTERBURY



DUNEDIN



INVERCARGILL



KAIKOURA



NELSON

## The Introduction of the Updated Responsible Lending Code

The "responsible lending code" was first put in place in June 2015 under the 2003 Credit Contracts and Consumer Finance Act (CCCFA).

The purpose of the code was to protect vulnerable borrowers from over indebting themselves - especially through the tactics of "loan sharks" and other easy money lenders who charge high interest rates and fees. The code largely put the responsibility on the lender to ensure the borrower could afford the loan (by gathering sufficient information about the borrower's financial position) and that the borrower wouldn't suffer any financial hardship as a result of the loan.

The code has recently been updated to be a lot more prescriptive on what information needs to be gathered from the borrower before a loan can be made. This includes not only detailed information on their financial position, income and expenses, but proof in the form of bank statements, credit card statements and payslips. Not only has the burden of proof been extended, severe financial penalties have been put in place for lenders who do not abide by the regulations, including fines of up to \$200,000 for individuals in breach (e.g. senior employees of lending institutions such as banks).

The side effect of these penalties is that banks have taken a very conservative interpretation of the regulations to the point that many people who would have been approved previously are now being declined a mortgage or a loan extension. Anecdotes from declined borrowers range from them being assessed as spending too much on take-aways per week, to not having a sufficient savings record.

Since the start of December 2021 when the new regulations came into force the loan application success rate has dropped from 36% down to 30% and the number of loans given per month from 30,000 down to 23,000.

These new rules will affect first home buyers the most as they generally have lower incomes, and fewer assets. Reduced demand could see a softening of real estate prices.



## Real Estate Law

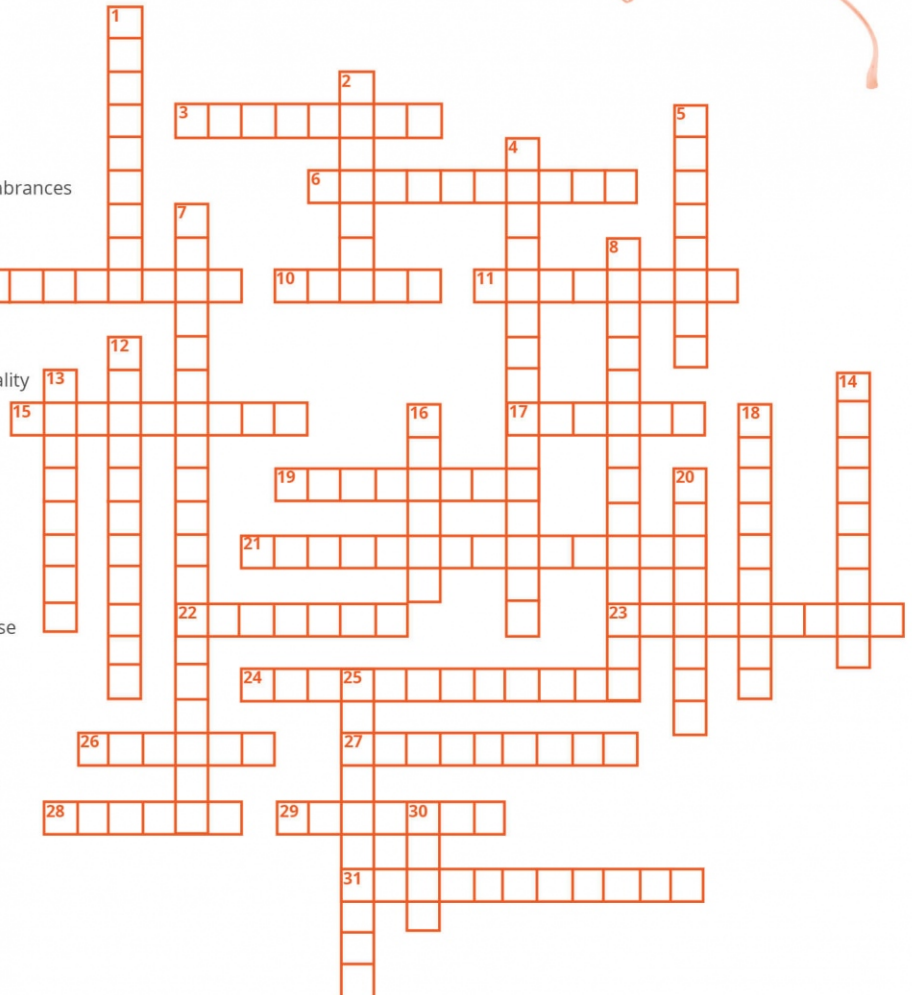
### Test Your Knowledge

#### ACROSS

3. Possessions that can be moved and are not attached to real property agreement
6. Something that is given as security until repayment of loan
9. Shortfall of money that remains owing in a power of sale after the principal, interest and costs have been paid in full
10. Ownership to real property
11. Possessions attached or affixed to real property
15. The sum of money borrowed from a mortgagee
17. The net value of property, after deducting the value of encumbrances
19. Property reverts to the crown
21. A mortgage payment that combines principal and interest
22. The amount of money that is left in a power of sale after the principal, interest and costs have been paid in full
23. The lender in a mortgage transaction
24. A building of structure that intrudes on someone else's land
26. The designated usage of land, as determined by the municipality
27. Not the owner, but responsible for the mortgage
28. Person or corporation, occupying a space while renting
29. Interests in land that also provide the right to exclusive possession
31. Court action where the borrower defaults

#### DOWN

1. Document registered on title when a mortgage is paid off
2. Paid by the buyer to the seller when an agreement of purchase and sale is negotiated
4. Right to use a portion of someone else's land for a specific purpose
5. The highest form of ownership
7. The right to the land and prevents others from using it
8. Written permission to build from municipality
12. Type of ownership of real property that combines fee simple ownership and shared ownership
13. First bank over second bank
14. Term used to describe a mortgage with constant blended payments that pay itself off over time
16. The process of obtaining a title
18. The borrower in a mortgage transaction
20. Percentage added to the loan to be paid
25. Right to use a portion of another's land for access purposes
30. The length of time to pay off a mortgage



## Looking to sell?



**Rachael Cone, AREINZ**  
Business Owner / Principal  
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## Our mission

- **The highest level of service at a fairer price, everytime - no exceptions!**
- With no franchise fees and other unnecessary expenses we've eliminated the costs that do not contribute towards selling your home, passing on the savings directly to you, our clients. But more importantly, our highly trained and experienced team work hard to get you the best price for your property.
- As a company we consistently sell more homes per annum than any other real estate branch and Trademe performance indicators show that we consistently outperform the market in number of days to sell and number of views per property.
- This year alone we have saved our clients \$15 million in commission. 'Consumer' magazine rated us the most cost-effective real estate agency when compared to other corporate real estate brands.

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