



HELPFUL TIPS WHEN BUYING YOUR HOME

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**WE'RE HERE
TO HELP YOU**
HERE ARE OUR
THOUGHTS...

SHOULD YOU BUY FIRST OR SELL FIRST?

BY CRAIG LOWE

This is nearly always a bit of a juggling act. However, there are definitely ways to optimise the process.

After 15 years and nearly a thousand property transactions in which either a buyer or a seller was making this kind of decision I believe I have a unique perspective on the pros and cons of the different options. I have noticed that the right answer is often not the intuitive one. It is therefore my hope that this article will be helpful for anyone considering a sale.

There are three main ways to go about this:

- 1.** Buy a home “conditionally” and then try and sell your home within the “conditional period”.
- 2.** Buy a home “unconditionally” and then sell your home - potentially owning both houses for a short time.
- 3.** Sell first and then buy your next home.

Some people favour the idea of finding a house and negotiating to buy it before selling theirs by inserting a clause allowing them to sell their own house before they have to commit to the deal. They then have to sell their own home within an agreed time frame to complete both deals. There are certainly times when this can work. However, if you are looking to buy a home that is in demand, then this won't work. This is because agents and owners will quite rightly choose to negotiate with buyers who are



not encumbered with a house to sell. This means the owner may be able to use your offer to obtain a higher price from the market but you still miss out on the home.

The next option is to buy a house unconditionally and then sell. This can definitely work if you can afford it. But I would not recommend it unless you are certain this will not cause you any emotional or financial stress. Banks provide “bridging finance” for this purpose, but for many people selling a home is stressful enough without having to worry about having a huge loan to the bank if you struggle to sell. For the lucky few who can drop cash on their next home, it can work.

Finally, you can sell your home first. Here there is always the possibility of having to move twice. The key here is to negotiate the longest possible settlement/completion date (the date you hand over the keys to the new owner). This allows you ample time to find your next home and marry the two settlement dates up together. You also have the benefit of knowing exactly how much cash you have to spend because you have already sold.

And you are far more likely to be able to get a better deal as a cash buyer. In my experience people should not worry about finding their next home. Once you have sold you are usually ten times more active in your search - as your focus necessarily becomes greater - which means your opportunities actually rise and you soon find what you want.

I also think it is very important to remember that you can buy any house that is on the market, but you can only sell your house once. Your focus should first and foremost be on maximising your sale price. The reality is most people do get this right eventually. We looked at our sales data for the last several years and found that less than 3% of offers were subject to the sale of a house and the amount of those that were accepted was actually zero. We find that people usually get frustrated with missing out on homes and eventually decide to sell first anyway.

**Please bear in mind that this article is necessarily general in nature and individual needs can be complex, so you should seek specific professional advice.*

FOUR THINGS YOU MUST DO

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Buying a home is a big deal. It's likely to be the most expensive thing you buy, and it can be a complicated legal process.

It's even tougher in a hot market, where there is a lot of competition for limited number of properties. It might be tempting to take a few shortcuts, but failing to do things properly could cause more problems later.

Here are our top four tasks for home buyers.

Research the Property

The real estate agent selling the property acts on behalf of the seller, however they are also required to tell you everything they know about the property. They must respond professionally to all your inquiries and not withhold any details. Remember that you still need to do your own due diligence. That means getting a title search so you can find out all the facts about the property's ownership, boundary and access, as held by Land Information New Zealand (LINZ). It's a good idea to get a Land Information Memorandum (LIM), which shows information held by the local council about the property and land. For valuable feedback



on the property's condition, get a report done by an inspector who has professional indemnity insurance and carries out their work in accordance with the New Zealand Property Inspection Standard. Although this all costs money, it will save you more in the long term. Sellers may occasionally provide some of this information for you. If this happens, check that it is up-to-date.

Get Legal Advice

Buying property is expensive, and it can cost even more if something goes wrong. That's why it's important to get legal advice before you sign anything. A lawyer will handle all the paperwork involved in the process, including the title search, and offer impartial advice. If you don't have a lawyer, the New Zealand Law Society

can help you find one at propertylawyers.org.nz.

Understand the Sale Process

There are several methods of buying and selling property for example, tender or auction. It's important to understand the process for the property you are buying. Practices can vary between agencies so make sure you confirm details with them. The Home Buyer's Guide at buyingahome.reaa.govt.nz has more helpful advice.

Read the Sale and Purchase Agreement

The sale and purchase agreement is your contract with the seller. It is crucial to read it very carefully and get legal advice before you sign. You can negotiate the terms and conditions of an agreement, but once you sign it, there's no going back.

THE FOUR MAIN TYPES OF PROPERTY OWNERSHIP

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Most real estate advertisements are pretty straightforward. There's an attractive photo, a headline that screams the property's best features and a list of its vital statistics.

Dig a bit further though and things can get confusing. Everyone can decipher the bit that tells you the property is "A first home buyer's dream", and tick off the number of bedrooms, bathrooms and off-street parking spaces. But what if the fine print tells you it's freehold, or leasehold, or – even more confusing, cross-lease?

How a property is owned has a direct impact on your rights. While some methods of ownership are straightforward, others are slightly more complicated and it's worth doing your homework to understand their impact.

There are four main types of land ownership in New Zealand: freehold, leasehold, unit title and cross-lease.

Freehold

Freehold, also known as "Fee Simple", is the most common kind of ownership and the simplest to understand. If you have a freehold property, you have total ownership of the land and anything built on it.

Leasehold

With leasehold ownership, someone else owns the land and the leaseholder have the exclusive right to possession of the land and any buildings on it. If you buy a house or apartment that is built on leasehold land, you have to pay the freehold owner a

'ground rental', which is usually paid twice yearly in advance. You are also responsible for rates and other expenses relating to your property. Leasehold ownership is usually subject to terms and conditions that restrict what the leaseholder can do with the buildings or land. The lease will also set out conditions for when the ground rent can be reviewed (usually every seven years). At the end of the term it can be renewed or revert back to the freehold owner.

Unit Title

Unit title ownership is most common in building developments where there are multiple owners. It allows individual ownership of parts of a single building, or of separate buildings within one complex. Each unit title is made up of three parts: ownership of your particular apartment or unit and any 'accessory' units, like garages, private courtyards and storage areas; an undivided share of the ownership of the common property (lifts, laundries, lobby areas, gardens) and an undivided share of the ownership of the units if the unit plan is canceled.

Becoming a unit title holder means you automatically become a member of the complex body corporate, which consists of all the unit owners acting as a group. An annual fee is usually charged. A body corporate has a number of responsibilities relating to keeping the property in good order, organising and maintaining insurance, and making sure owners keep to the rules.

Cross Lease

If you hold a cross lease, you are a part owner of every building on the plot of land, not just the one you occupy, with the other leaseholders. Each cross lease holder is granted what is known as a registered leasehold estate of

the particular area and building that they occupy. These leases are usually for 999 years and each one will set out exclusive areas of occupation as well as any shared or common areas. In other words, your house or unit is set apart just for you and your family, but you have equal access to shared areas like a driveway or garages, or a common garden area). A cross lease title also includes a plan of the footprint of the property, so you can see if it matches the property you are looking at.

Cross lease ownership mean that any structural changes to the property or shared areas must be agreed upon by all the owners. Depending on the terms of the cross lease, you may need to get the other owners' consent for things like painting the exterior, building a deck or putting up a fence.

Do your homework

Whatever the type of title that a property has, it's absolutely crucial to do your homework before you sign on the dotted line to buy one. A title search will help you find out all the facts about the property's ownership, boundary and access, as held by Land Information New Zealand (LINZ). Remember to look out for easements or covenants that may differ from your understanding of the property, such as rules about who can live in it, car parking and access. A Land Information Memorandum (LIM) will also show you information held by the local council about the property and land.

It's a really good idea to get a lawyer who can help you navigate all these different documents and understand what they mean.

NAVIGATING THE MULTI-OFFER PROCESS

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Whether you're buying or selling a property it's a good idea to learn as much as you can about the different methods used in New Zealand.

One that confuses a lot of people is the multi-offer process, where all interested prospective buyers are encouraged to submit their best offer and the seller can choose whichever one looks most attractive.

"This process is designed to give all potential buyers an equal shot," explains Real Estate Agents Authority chief executive Kevin Lampen-Smith. "The process is not like an auction where an agreement is automatically formed with a successful bidder. The seller is not obliged or required to accept any particular offer in this situation; they may accept one offer, reject all offers, or choose to negotiate further with one particular party."

The actual form that a multi-offer process takes can differ from agency to agency - it's not defined in law or set by the Real Estate Agent Authority (REA). A multi-offer process can only be described as such when there is more than one offer in writing - a real estate agent is not allowed to pretend that there are genuine competing offers if they do not exist.

"Agents are expected to clearly explain the process and any relevant paperwork to all prospective buyers and sellers," Lampen-Smith says. "If you're unsure about anything, ask



the agent to clarify it or seek advice from your lawyer. It's far better to do this at the beginning than face confusion and disappointment further down the track."

All the offers are presented fairly in this process and a real estate agent must not favour one over another. All prospective buyers should know that they need to put their very best offer on the table, Lampen-Smith says.

Some real estate agencies will hold on to the first offer they receive while they check for others, effectively creating a multi-offer process. "This may feel unfair if you think that your offer should 'win' because it was in first, but it's worth remembering that the agent is working for the seller. Their primary responsibility is to get the seller the best outcome, considering both price and any conditions from buyers such as settlement date or being subject to finance."

If as a prospective buyer you are told that a sale is a multi-offer process but the situation later changes to stand-alone offer, you must be told about this and get a chance to review your offer and submit a new one.

How to give a multi-offer process your best shot

- Do as much homework on a property as you can before making the offer so you can minimise any risks. This is important for many reasons; not least because it may help you eliminate some conditions and help you determine what your 'best' offer will be.
- When thinking about the offer, it's worth considering how you would feel if you found out that a higher offer had been accepted ahead of yours. If you think you would be prepared to pay more, then it's better to make that decision at the start than when it's too late.
- There is often confusion around time frames in multi-offer process, especially if a potential buyer thinks they are the only people who are interested. Talk to the real estate agent marketing the property to make sure you are clear about any deadlines and about the sale process as a whole.
- Remember that the highest offer is not always the winner. If you were a seller, would you prefer a higher offer or one with fewer conditions? It's impossible to guess what kind of offer will suit a seller's particular circumstances, but it's a good idea to eliminate as many barriers to a swift and easy sale as you can.
- Want to get in early? Include an expiry date to your offer. This kind of sunset clause means the agent must present it to the seller so they can consider it before it expires.

5 THINGS THAT MAKE A GREAT INVESTMENT PROPERTY!

LOWE DOWN NEWSLETTER: NOVEMBER/DECEMBER 2016

How is it that some property investors can continually add to their property portfolio, getting increasingly wealthier and wealthier, whereas the vast majority of investors buy a few properties and then can't go any further?

One of the main things separating the really successful investors from the average investors is the properties they choose to buy.

So let's look at what makes a great residential investment property. Firstly, I'm going to assume that an investor's objective is something like: ***"To create a passive income stream that enables me to stop working if I want to... and to achieve this without excess risk or stress."***

Then, the following are qualities to look for in a superior investment property:

- 1. High income:** If you want to grow a substantial portfolio, you can't have properties that cost you money each month, as that limits how many you can own. If your property covers all costs of ownership (mortgage interest, rates, insurance and maintenance), it won't drain your cash flow, therefore making it easy to own. Over time, when rents increase, a property that covers its costs today, will produce a positive cash flow in the future, hence helping to grow your passive income stream.
- 2. High tenant demand location:** If the property is located in an area that is unappealing to tenants, you will have periods of vacancy, which equates to sleepless nights, which equates to "I've had enough of this game - I'm out!!!" This will jeopardise your investment career. But if the property is



in an area that is appealing to tenants, you will easily be able to replace tenants when they leave... amounting to sleeping at night, and low stress, both of which are distinct advantages!

- 3. Fee simple title:** A fee simple title is the best legal tenure you can get, and comes with the highest degree of control of your asset. For example, you can improve it, extend it or alter it, as you please, without consulting with neighbours, Body Corporates (as with apartments) or common leaseholders (as with cross-lease titles), subject to conforming with the local council rules, of course. This is also important because us Kiwis LOVE control. The more control and flexibility you have, the more appealing the property is to LOTS of people. Therefore, it will be easier to sell, and more likely to sell at a premium price, when it comes time to sell.
- 4. Traditional construction:** People do not like things they do not understand. Investors especially like the tried and tested... they don't want to experiment. Therefore, to make sure your property will appeal to the broadest range of potential tenants and purchasers in the future,

make sure it is built in the traditional way... this is what people know and trust.

- 5. Difficult to replace/in short supply:** If you are going to own an asset for a long time, try to own one that is most likely to increase in value faster than most... and this comes down to supply and demand. With an increasing population, demand for housing is increasing, but it is much easier to increase the supply of some kinds of housing than others. It is easier to increase the supply of apartments and townhouses, than it is to increase the supply of freestanding dwellings. Therefore, I recommend buying free standing properties if possible.

In summary

If you can buy a free-standing property, with a fee simple title, in a high demand location, built using time-tested construction methods, with a strong cash flow, then you are in property investment heaven!

Now, it is difficult to achieve all of these criteria, but the closer you can get to this ideal, the better. Next time you are tempted by a "good investment", compare it to this yardstick and see how it stacks up.

WHAT YOU NEED TO KNOW WHEN BUYING TO LET

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Buying a property is always a big deal, whether you're planning to live in it yourself or not.

Nearly 40 per cent of New Zealand property buyers already own multiple properties, according to recent data from Corelogic, but that doesn't make buying one as an investment any less of a bold move.

If you're thinking about buying an investment property it's crucial to do all your homework about the ups and downs of both investing in property and becoming a landlord. There's a lot to take into account, such as the tax implications if the property is resold within two years (or five, when the new Government implements its plans). Some councils levy rates differently depending on how property is used, which can add insuring a tenanted property can cost more because rentals are more subject to damage.

When you're buying a property that is vacant you are generally entitled to one opportunity to a final inspection of it before settlement (when you pay the balance of the money to the seller and get the keys). This inspection is to make sure that it's in the same or better order as when you viewed it and agreed to the sale. If you're buying a property with sitting tenants this process is more difficult and can raise all sorts of issues.

To make sure you can still conduct a final inspection, we recommend



asking your lawyer to ensure there is a 'final inspection' clause inserted in the sale and purchase agreement before you sign it. If you're buying a property by auction, you will have to negotiate this with the seller (through the real state agent) before the auction takes place. You'll also have to make this a condition of the sale if buying by tender or deadline sale, if not agreed prior. Your lawyer can help you navigate this process. You may also wish to seek advice about getting a methamphetamine test included as a condition of the sale.

A change of ownership also doesn't mean you have the immediate right to ask the current tenants to move out. Generally speaking, under the Residential Tenancies Act tenants must be given at least 42 days' notice to leave a property. If you want the property to be empty when you take ownership, you may need to negotiate a longer settlement period with the seller to enable this. If you're taking over the property with the tenants in place for the remainder of their tenancy

agreement, the previous owner must let the tenants know that you are the new owner and give you a copy of the existing tenancy agreement. When you take over ownership, you must tell the tenants your name and contact details, and advise them on how their rent is to be paid. If someone else is managing the property for you, let the tenants know who to contact in case of any issues.

Most tenancies require a bond to be paid as security in case of any damage or unpaid rent. When a tenanted property is sold, the seller cannot make a claim to any bond unless this is done before the property changes hands. It's a good idea to check with your lawyer that any bond conditions are spelled out in the sale and purchase agreement.

Lastly, don't forget to factor in that buying an investment property also requires you to become a landlord with a long list of responsibilities to your tenants. It's your investment, but it's their home.

Below are general Q & A's regarding the Bright-Line Rule. All potential sellers and purchasers are advised to seek advice from their Accountant or Tax Advisor.

What does "bright-line rule" mean?

A bright-line rule is a clearly defined rule that leaves no room for interpretation.

You can think of it as someone drawing a line in the sand. It's clear when you cross that line.

The bright-line property rule was updated on 29 March 2018. It says you'll pay tax when you buy and sell a residential property within five years, unless an exception applies. It's easy to know if this rule applies in your situation.

All existing property tax rules still apply. So even if the bright-line rule doesn't apply in your situation, that doesn't necessarily mean you won't need to pay tax on your property profits.

When does the bright-line rule apply from? The bright-line rule applies to the sale of any residential property you've bought on or after 1 October 2015 as follows:

- if you bought a residential property between 1 October 2015 and 28 March 2018 (inclusive) then the two-year bright-line rule applies.
- if you bought a residential property on or after 29 March 2018 then the five year bright-line rule applies.

But whenever you buy a property intending to resell it, you'll need to pay tax on any profit you make when you sell that property.

When does the bright-line period start?

Generally the bright-line period starts on the date the property title is officially transferred to you, which is the date the property transfer is registered with Land Information New Zealand (LINZ).

If the property is in another country, the bright-line period starts on the date the transfer was registered under that country's laws.

Different dates apply if you sell the land before your purchase was registered with LINZ or if you bought the land as a result of a subdivision of property (for example as a sale "off the plan").

What types of property does this rule apply to? The bright-line rule only applies to residential property.

A property isn't residential if it's mainly used for business or as farm land.

That means when you sell farm land or business property, the bright-line rule won't apply. But you'll still need to follow existing tax rules. Talk with your tax advisor if you need more information about this.

What if I sell my property after the relevant bright-line period has ended for me? Do I have to pay tax?

If you sell a property outside of the relevant bright-line period for you, the bright-line rule won't apply to your property sale. But the intention test may still apply.

The intention test says you must pay tax on property profits if you originally bought a property with the intention to resell it. The intention test isn't a new rule. It's been around for a long time.

What happens if I make a loss on a property sale, instead of a profit?

If a residential property that the bright-line rule applies to was sold at a loss (and no exceptions apply), these losses would be "ring-fenced".

If you owe income tax on another residential property sale in the future, you can subtract these "ring-fenced" property losses from the income you earned on this later sale. That means you'll pay less tax on the later sale.

Exceptions to the bright-line rule (aka when the bright-line rule won't apply to my property sale)

What does "main home" mean under the bright-line rule?

You could think of your main home as your "family home". Your main home is the property you have the greatest connection to.

To be eligible for the main home exception to the bright-line rule, you need to have used a property as your main home for 50% or more of the time that you've owned it.

You also need to use more than 50% of the area of the property as your main home. (The area that counts as your main home generally includes things like your yard, gardens and related buildings like the garage.)

This is an important point if you rent out a granny flat attached to your house or part of your house is used as a business. As an example, if you use 40% of a property as your home and 60% as a rental property, you can't use the main home exception if you sell that property.

If you live in more than one property, you'll need to decide which is your main home. To decide if a property you own qualifies as your main home, think about:

- where your personal property is kept
- the amount of time you spend living in each house
- where your immediate family lives
- where your social ties are strongest
- your use of the home
- what other ties (for example: employment, business, economic) you have with the community.

What's the main home exception to the bright-line rule? If you buy and sell your main home, the bright-line

rule won't apply. It's an exception to the bright-line rule. It means that you generally won't have to pay tax when you sell your main home.

But you can only use the main home exception twice over any two-year period. You'd have to pay tax on any profit you make from the sale of a third property in two years because you wouldn't be eligible for the main home exception.

You're also not eligible for the main home exception if you show a regular pattern of buying and selling residential property.

Who decides if the main home exception applies to me? The person selling a property decides if it's their main home. You'll do that based on the criteria listed above.

If you need help figuring out if an exception to the bright-line rule applies to you, talk to your tax advisor.

Can I have more than one main home? No, you can only have one main home. If you live in more than one house, your main home is the one that you have the greatest connection to. You'll find the criteria for helping you to decide which property is your main home listed above.

My main home is held in trust. Am I eligible for the main home exception if I sell it? Residential properties held in trust can use the main home exception under the bright-line rule if:

- the house sold was the main home of the principal settlor of the trust, or the principal settlor didn't have a main home, and
- it was the main home of a beneficiary of the trust.

The principal settlor of a trust means the settlor whose settlements to the trust have been greatest by market value.

In other words, the principal settlor is the person who has made the biggest financial contribution to the trust.

Talk to your tax advisor if you need advice.

What if I inherit a property? Does the bright-line rule apply to me?

The bright-line rule does not apply if you sell a property you inherited.

What if I received a property as a part of a relationship break-up? Does the bright-line rule apply to me?

If you receive a property as part of a relationship settlement agreement, you won't need to pay income tax on the property when it's transferred to you.

However, if you go on to sell this property within the bright-line period for this property, the relevant bright-line rule will apply.

MOVING HOUSE: TIPS FROM AN EXPERT

STUFF: JUNE 24, 2015. BY NICOLE ANZIA

Are you moving? Whether you're shifting to an apartment or a house, upsizing or downsizing, planning is the most important thing you can do.

Packing 101

Start early. Packing always takes longer than people expect, and doing a little each day is much less stressful than trying to do it all right before your movers arrive.

You're going to need a lot of boxes and packing materials, and I mean a lot. Whatever your estimate is for what you think you need, double it. Really. Check local e-mail groups for postings offering free moving boxes. If you are using a moving company, ask whether the boxes and packing supplies can be dropped off several weeks ahead of your scheduled move date, or order boxes and packing materials online. Make sure you have boxes in a variety of sizes, from book boxes to wardrobe boxes.

Once you're ready to pack, go room by room and pack similar things together. Start by packing the rooms and items that are not in daily use. Pack your kitchen last, and label each box clearly with the contents and where you want it in your new home. Be as specific about the contents of each box as possible, especially with kitchen items. It will make unpacking so much easier. And even though it should go without saying, don't pack keys, computers, jewellery or important paperwork. Take them over to the house yourself and put them somewhere safe and out of the way so they're not misplaced.

Clean out now

Nothing motivates people to de-clutter and purge more than having to wrap, pack and unpack all of their possessions. You probably won't have time to clean out every room or every closet, but if you haven't used or worn something in a long time or no longer like it, don't pay the movers to transport it. Set it aside to donate, give away or sell prior to your move.

Prepare the new home

Whether you are buying or renting your new home, put some thought into any cosmetic changes that can be made before you move in. (Actually carrying out these changes might depend on how close your new place is to your current one.)

Painting will be easier without furniture in the room. Schedule a carpet cleaning at the new place and send rugs out for cleaning a couple of weeks before you move. If you're considering refinishing hardwood floors, you need to do it before you move. And remember, you are going to need some kind of window treatments in bedrooms and bathrooms, so get started early if you need to have the windows measured and blinds or curtains professionally installed. Even if you're going to do very temporary window coverings to begin with, know how many and what size you'll need, especially in private spaces. And last but not least, thoroughly clean your new home before the move.

Once everything is in, it is much more difficult to do a comprehensive cleaning.

Plan the space

To save time on moving day and to give yourself some peace of mind, plot where you are going to put everything in your new place. If possible, take measurements, especially of key walls or spaces where big pieces, such as a sectional or media cabinet, could be placed. You probably will have to improvise a little on moving day, but you don't want to be debating furniture placement while the movers are being paid by the hour.

Think about the essentials

A couple of days before the movers arrive, buy the essentials: paper towels, toilet paper, laundry detergent, garbage bags and cans, and soap. Take them to your new home. Pack a couple of suitcases or boxes with clean sheets, blankets and pillows for each bed, bath towels and toiletries. That way you won't be scrambling to find your toothbrush and bedding at the end of your exhausting move day.

Organise the kitchen

Prioritise getting your kitchen unpacked and organised. From my experience, very few people — especially not families with

young children — can function without a working kitchen. Nourishment during such a stressful and exhausting process is important. The sooner you can cook a meal in your new home, the sooner it will begin to start to feel like home.

Before the move, take pictures of your new kitchen and think about where it makes most sense to put everything. For instance, plates and dishes can go in the appropriately sized cabinet nearest the dishwasher; glasses can go in an upper cabinet near the refrigerator, and pots, pans and spices should be near the stove. If you have time prior to the move, label the cabinets and drawers with sticky notes to indicate where you think the items will go. This is especially helpful if you have friends or family members who are helping you unpack.

The moving calendar

8 weeks out: Start researching moving companies. Get at least two price quotes.

6 weeks out: Start going through drawers, cabinets and closets to identify things you want to donate, give away or sell. Begin to think about the layout of your new home and whether you need to sell or buy any major pieces of furniture.

4 weeks out: Choose a moving company and confirm the date. Be sure to get a price quote, arrival times and other details in writing.

4 weeks out: Get moving boxes and other packing materials. Start packing!

3 weeks out: Recruit friends and family to help unpack at the new place.

2 weeks out: Schedule a thorough cleaning of your new home.

1 week out: Confirm your plans with moving company. Go to your new home and map out where everything will go in the kitchen. It's easier to unpack when you know where you want to put everything.

1 day out: Deliver essentials such as toilet paper, hand soap, garbage bags, garbage cans, shower curtains and toiletries to your new home. Also, take over valuables including jewellery, artwork and important paperwork.

HOME BUYER CHECKLIST

Use this list of features and amenities to prioritise what you need, would like to have, and don't need when searching for your new home.

Feature/Amenity	Need It	Would Like to Have It	Don't Need It
Asking Price			
Style of Home			
Neighbourhood			
Views			
Near Schools			
Near Work			
Near Parks			
Near Shopping			
Neighbourhood Restrictions			
Overall Feel/Look of House			
Number of Stories			
Number of Bedrooms			
Number of Bathrooms			
Garage Size			
Storage/Wardrobe Space			
Type of Heating			
Air Conditioning			
Green/Environmental Home			
Energy Conservation			
Living Room			
Fireplace			
Kitchen			
Master Bedroom			
Office			
Studio/Workshop			
Basement			
Attic			
Patio/Deck/Porch			
Backyard (pool, spa)			
Other:			

MOVE PLANNER CHECKLIST

Have you Discontinued or Redicted These Services?

- Newspaper delivery
- Telephone/Internet Lines
- Sky/Pay TV
- Gas and electricity
- Water

Notify Your Change of Address

- The post office for redirection of mail
- Your bank (to transfer your account)
- The electoral registrar
- Hire purchase company
- IRD
- Your insurance company to transfer your cover on house, contents and motor vehicles
- Your life insurance company
- Your health insurance company
- Obtain your children's school records
- Stores - where you have charge accounts
- Relatives, friends and regular correspondents
- Club memberships/Gym memberships
- Publications to which you subscribe
- Has your doctor or dentist recommended someone in the location to which you are moving
- Your solicitors and accountants
- Your church
- Credit card companies
- Airline frequent flyer programmes
- Cleaners and gardeners

In Preparation for Move Day

- Ensure your move is confirmed with your moving company as soon as moving dates are known
- Complete your transit insurance proposal and return to your moving company
- Spring clean - discard the things you no longer want, clean out expired medicines
- Dispose of inflammables or leave for new owners (i.e. paints, turps, kerosene, petrol etc.)
- Dismantle kit set furniture
- Have BBQ/heater gas bottles professionally purged
- Arrange for specialist to disconnct plasma TVs
- Plan to be available on move day or have an authorised person available

Keep Important Documents Together and With You

- Passport, travel visas and frequent flyer cards
- Pet vaccination records
- Medical and travel insurance

- Driver's licence
- Paperwork relating to your household goods removal
- Extra set of keys for car, luggage and house
- Jewellery
- Sunglasses

Do You Need To

- Have your car serviced?
- Book pet transport/boarding with your moving company?
- Arrange childcare for day(s) of moving?
- Collect any dry cleaning?
- Return school or library books?
- Empty golf club lockers?

The Day Before Your Move

- Defrost freezers
- Empty rubbish bins
- Drain fuel from mowers and petrol weed eaters
- Thoroughly clean garden tools, mowers, golf clubs, outdoor furniture and bikes
- Empty vacuum cleaners
- Identify items not to be packed and place in one area
- Ensure washing machine taps are turned off
- Identify the items for your "Priority Cartons" - those items you want first on delivery or the items for temporary use if going via storage
- Arrange a simple breakfast for move day and empty the dishwasher!
- Water plants being moved (for nationwide moves only)

Important Points to Know

- If you are storing your household goods, the following articles are classified as DANGEROUS GOODS and cannot be stored: ammunition, paint, linseed oil, turpentine, kerosene, petrol, cleaning fluids and aerosols of any kind
- Don't store perishable foods such as cereals, flour, vegetables, meat and fish
- Don't have your furniture French polished just before moving and if you are packing, don't put breakable items or liquids in drawers (i.e. perfume)
- Remember to identify any special or antique items of value on your insurance proposal

On Move Day...

- Ensure your fridge is empty and clean
- Check everything to be packed and moved has been loaded and sign and retian a copy of your inventory list for your records.

PRE-SETTLEMENT CLEANING CHECKLIST

Kitchen

- Dust on top of cabinets
- Wipe out cabinets and shelves
- Wipe out drawers
- Clean cabinet doors front and back
- Disinfect all handles
- Clean oven and stove top
- Wipe out and disinfect fridge inside and out
- Disinfect kitchen countertops
- Disinfect kitchen sink
- Wipe down pantry shelves
- Sweep and mop floor
- Pull out fridge and oven and clean under and behind them
- Clean rangehood/extractor fan

Living Spaces

- Dust walls and corners to remove cobwebs
- Dust vents and ceiling fans
- Dust/wash light fixtures
- Wash blinds/windows covering
- Wipe down window and door moldings and doors
- Disinfect door handles
- Clean skirting boards
- Vacuum and/or mop floors
- Wash windows
- Disinfect stair railings and banister
- Wipe heatpump and clean filters

Bathrooms

- Dust vents and bathroom fan
- Dust/clean vanity light fixtures
- Wipe out all cabinets and clean shelves
- Wipe out all drawers
- Clean cabinet doors front and back
- Disinfect all handles
- Disinfect countertops
- Disinfect sink(s)
- Disinfect bathtub/shower
- Clean shower head(s)
- Thoroughly clean the toilet
- Sweep and mop floor
- Clean or replace shower curtain
- Clean mirror

Bedrooms

- Wipe down walls (and ceilings if needed). Vacuum up any cobwebs
- Wipe down the light fixtures, switch plates as well as the ceiling fan if you have one
- Clean the windows and window tracks
- Wipe down the blinds
- Wipe down the baseboards
- Vacuum the floor making sure to get under the bed and other furniture and into the corners
- Deep clean carpets
- Wash any window treatments
- Clean and wipe down wardrobe area

Laundry Room

- Dust vents and fans
- Dust/wash light fixtures
- Wipe out all cabinets and clean shelves
- Wipe out all drawers
- Clean cabinet doors front and back
- Disinfect all handles
- Disinfect countertops
- Disinfect the sink
- Sweep and mop floor
- Ensure washing machine taps are turned off

Outdoors

- Sweep away debris and cobwebs from ceilings, walls and floors
- Rinse off concrete walkways and decking with a garden hose or power washer
- Wash away built-up residue
- Use a sponge, soft brush or cloth to scrub the surface, rinsing with a garden hose
- Use a ladder to remove built-up leaves and debris from gutters
- When cleaning, place debris on a tarp to avoid dirtying up the lawn
- Remove weeds and dead foliage with a shovel or hoe
- Trim overgrown trees and shrubs and remove dead or unruly branches
- Rinse away dirt and residue from windows and shutters
- Wash exterior lighting and replace burned-out bulbs

Can you buy a home in New Zealand to live in?

Most overseas people are not able to buy homes in New Zealand to live in, but some can apply to the Overseas Investment Office for consent.



You don't need consent if...

- You are a New Zealand, Australian or Singaporean citizen.
- You have a New Zealand, Australian or Singaporean Permanent Resident visa and live in New Zealand.*
- You have a New Zealand Resident visa and live in New Zealand.*

*You have lived in New Zealand for at least 183 days in the past 12 months.



You must apply for consent to buy one home to live in if...

- You have a New Zealand Permanent Resident or Resident visa and do not live in New Zealand.*
- You have an Australian or Singaporean Permanent Resident visa and do not live in New Zealand.*

*To get consent you'll need to live in New Zealand, and if you stop living here, you'll have to sell.



You can't buy one home to live in if...

- You have a Temporary visa, such as a visitor, student, working holiday, or work visa (you don't have a Permanent Resident or Resident visa).

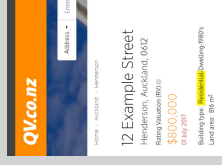
There are other ways you may be able to invest in property.

Check if you can buy

Visit the Ministry of Business, Innovation & Employment website at <https://www.newzealandnow.govt.nz/overseas>

What types of homes are affected?

These laws apply to homes that are classified as 'residential' or 'lifestyle' on the District Valuation Roll. You can check properties on websites, such as www.qv.co.nz, or ask the local council.



Everyone must make a 'Statement'

All buyers must complete a Residential Land Statement to say whether they are eligible to buy. Your conveyancer can help you do this.

If you must apply or cannot buy, it is especially important that you first talk to your conveyancer before you sign the sale and purchase agreement. If you need to sign it urgently, you can make the agreement conditional on the consent of the Overseas Investment Office.

If you need consent, but sign an unconditional agreement without it, you may face significant penalties. If you make a false statement, you could be fined up to \$300,000.

Apply for consent

To apply to the Overseas Investment Office for consent to buy one home to live in visit www.linz.govt.nz/oio/live.

Learn more

This leaflet gives general guidance for people who want to buy a home to live in. There are special rules for overseas people who want to invest in New Zealand property, but not live in it, including buying rental property or land that is rural or next to a lake, river, reserve or the sea.

These rules are complex, and you will need the help of a New Zealand property lawyer. Visit the Overseas Investment Office at www.linz.govt.nz/oio to learn more.

INVESTING IN NEW ZEALAND

From 22 October 2018

Buying one home to live in

Developing residential land

Buying forestry

Investing in significant business assets

Investing in other sensitive land

	New Zealanders and Residents who live here; and New Zealand-owned companies and trusts	Residents who live overseas; and businesses that are more than 25% overseas-owned or controlled	Australian and Singaporean: Citizens; and Permanent Residents who live in New Zealand	Other overseas people
Buying one home to live in	OK TO BUY	CONSENT REQUIRED	OK TO BUY	WON'T GET CONSENT
Developing residential land	OK TO BUY	CONSENT REQUIRED	OK TO BUY	CONSENT REQUIRED
Buying forestry	OK TO BUY	CONSENT REQUIRED	CONSENT REQUIRED*	CONSENT REQUIRED
Investing in significant business assets	OK TO BUY	CONSENT REQUIRED	CONSENT REQUIRED	CONSENT REQUIRED
Investing in other sensitive land	OK TO BUY	CONSENT REQUIRED	CONSENT REQUIRED	CONSENT REQUIRED

This is a general overview, and there are exceptions. Learn more at linz.govt.nz/oio

OVERSEAS INVESTMENT OFFICE

Land Information New Zealand
toitu te whenua

*Australian citizens can buy forestry rights without consent



ATTENTION

PROVING YOUR IDENTITY

From 1 July 2018, lawyers and conveyancers are required to verify the identity¹ of their clients in accordance with anti-money laundering legislation. If your lawyer cannot verify your identity in line with the legislation, they will not be able to act for you. If your lawyer cannot act for you, you may not be able to satisfy the conditions of your property purchase and will not be able to settle your property purchase or sale.

As identity verification can take days and sometimes weeks if a trust or company is involved, we **strongly recommend** that you contact your lawyer as soon as possible to have your identity verification completed.

The below gives an **indication** of some the documents your lawyer may ask you to present in person or as a certified document as part of this process:



Individuals:

Passport, NZ Firearms Licence or NZ Driver Licence with another document such as a bank statement or statement issued by a Government agency. You will also need to provide a document with your residential address (for example, a utility bill).



Trusts:

The Trust Deed and, for all trustees and settlors, the information required for individuals as noted above, together with information regarding the Trust's source of funds or wealth. Additional information may also be required for beneficiaries and appointers.



Companies:

Details of the company, together with the information for individuals noted above for every individual with more than a 25% shareholding, all individuals with effective control of the company and all individuals acting on behalf of the company. Information regarding source of funds or wealth may also be required.

Note: The above list is not exhaustive and is indicative only. Your lawyer will assist you with the specific requirements in relation to your situation.

DISCLAIMER: The material and information contained herein is for general information purposes only and is not intended to form professional legal advice. REINZ does not accept liability for any claim or other action that may arise directly or indirectly from the use of or reliance on the material and information provided herein. REINZ recommends you seek independent legal advice if you are unsure of your legal position.

¹ Lawyers are required to complete a "Customer Due Diligence" process in accordance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

CONGRATULATIONS YOU HAVE BROUGHT YOUR NEW HOME!

Contract

The contract will be emailed out to you and your solicitor by our administration team when the contract has been signed, dated and accepted by both parties.

Deposit

Usually payable on acceptance of the contract. You will note in your contract Clause 19 which states the deposit will be held by New Zealand Real Estate Trust. When you pay the deposit you must send a copy of the receipt of payment or screen shot to your Agent or their Property Co-ordinator who emailed the deposit details to you. The deposit will be held by NZRET for 10 working days or until the sale goes unconditional - whichever is longest. Upon the completion of the 10 working days the deposit is released minus the Agent's fees to Vendors Solicitors Trust Account.

Occasionally an Early Release of the Deposit maybe requested by the Vendor or due to the settlement being prior to the completion of the 10 working days the deposit is held for. Our Accounts department will be in contact with both solicitors to formal seek approval for this. Your solicitor should seek your authority for the early release as well prior to replying to our Accounts department email.

Keys

The keys to the property will be held by Lowe & Co Realty until we have received written notification from the Vendors solicitor that settlement has taken place and we are authorised to release the keys to the new owner. We can not pass on the keys to you until this notification has been received.

Settlement

Book your Pre-Settlement Inspection with your Agent
A signed Sale and Purchase Agreement allows the Buyer one



inspection prior to Settlement.

A pre-settlement inspection gives the Purchaser the opportunity to check that the property and chattels are in the same condition as when they signed the Agreement for Sale and Purchase.

It would be prudent to complete your pre-settlement inspection at least two working days prior to settlement. Please advise your Agent at the inspection of any concerns. Any concerns should also be noted to your Solicitor.

If you are unable to complete a pre-settlement inspection yourself that you nominate someone to do this on your behalf.

Talk to your Solicitor and Bank

Make sure all your financial dealings are in place for Settlement day and all documents have been signed. Legal and financial documents will need to be signed. Ensure you are communicating with your solicitor to ensure all documents are in order. There may be the possibility of a portion of the property you have purchased council rates that may be payable.

Try to transfer your funds as early as possible on settlement day. We can't authorise the release of the keys to your new home until the vendor's solicitor has received the funds from your solicitor and the necessary documentation has been arranged and authorisation to our office has been received in writing.

Don't forget too

Cancel utility suppliers to your previous home and set up for your new home. You'll need to contact your service providers to arrange to have all services at the property transferred into your name and turned on, on your move in date. Make sure you transfer any other services and organise your change of address.

Insurance

Make sure you have your house and contents insurance in order for the new property and ceased at your previous property. This should commence on possession day. If you have any further questions always make contact with your agent, who are they to help guide you through the process.

Real Estate 
Agents Authority

Home Buyers' Guide



Buying a home?

Buying a home is a big deal. It may be the most expensive thing you buy, and it's a complicated legal process.

This guide for property buyers lists four things we recommend you do before you purchase a property. You'll also find information about working with real estate salespeople.

4 important things to do before buying a property:

1. [Do your own research about the property](#)

The real estate salesperson represents the seller. He or she will tell you a lot about the property and will answer your questions, but you should do your own research as well. For example, we recommend you get a title search, a Land Information Memorandum (LIM) and a property and/or engineer's report.

2. [Get legal advice](#)

Buying property is expensive, and it can cost even more if something goes wrong. That's why it's important to get legal advice before you sign anything.

3. [Understand the sale process and method of sale](#)

There are several methods of buying and selling property, for example, tender or auction. It's important to understand the process for the property you are buying. Practices can vary between agencies so make sure you confirm details with them.

4. [Read the sale and purchase agreement and understand what it means for you](#)

The sale and purchase agreement is legally binding so it's important to read it carefully and get legal advice before you sign. You can negotiate the terms and conditions of an agreement, but once you sign it, there's no going back.

[Working with the real estate salesperson](#)

[Glossary](#)

[About REAA](#)

Do your own research about the property

It's important to find out as much as you can about the property before you commit to buying it.

The real estate salesperson represents the seller. He or she will tell you a lot about the property and will answer any questions, but you should do your own research too.

TIP: Researching a property takes time and costs money, but it's an investment that could save you a lot of time, money and headaches later.

Important things to know about a property before you buy

We recommend you get these key reports before placing a non-conditional offer on a property.

Title search

A title search gives you all the records about the property that are held by Land Information New Zealand (LINZ). It shows the legal owner of the property, the legal description and any rights and restrictions against the property title – such as a mortgage or access across the property (easements).

The real estate salesperson who listed the property should have a copy of the title search. If they notice any restrictions that may affect you as the buyer, they must pass this information on to you. If there are any issues raised, you can then get your own advice about any potential impacts.

How to get a title search

The real estate salesperson may give you a copy of the title search, or your lawyer can get a title search for you. You can also do your own title search through LINZ. We recommend that you ask your lawyer to check the title before you place an offer on a property.

Read more about titles and how to get a title search at [LINZ.govt.nz](https://www.linz.govt.nz).

BUYER BEWARE:

A title search is only current on the day it is obtained. If you are given a title search, for example, by the real estate salesperson, check the date. Be aware that it won't show interests registered after that date.

Land Information Memorandum (LIM)

The LIM is a comprehensive report provided by the local council about all the important current and historical information the council knows about the property. It's important to get a LIM because it provides you with information you need to know, including:

- potential erosion, subsidence or slippage, flooding of any type and possible presence of hazardous substances
- information on private and public stormwater and sewerage drains
- rates information
- any consents, notices, orders or requisitions affecting the land or buildings
- District Plan and other classifications relating to the land or buildings
- any other classifications on the land or buildings notified to the council by network utility operators in relation to the Building Act 2004.

How to get a LIM

Your lawyer can get a LIM for you or you can apply to the property's local council for a LIM. Sometimes a seller will provide a LIM for buyers. We recommend that you ask your lawyer to check the LIM before you place an offer on a property.

Find the local council at localcouncils.govt.nz.

TIP: A LIM may not show every piece of information the Council has on the property. You can ask the local Council for access to look through the physical property file they hold.

BUYER BEWARE:

- ▶ As with title searches, it is important to check how up to date a LIM is if it is provided to you, for example, by the real estate salesperson.
- ▶ You may not be able to rely on the LIM in court proceedings if you (or your lawyer acting for you) did not obtain it yourself.

TIP: You can ask the local Council for access to look through the physical property file they hold instead of applying for a LIM. But please discuss this option with your lawyer. This is not our recommended option.

Property inspection report

A qualified property inspector will tell you about the condition of the property.

It's a good idea to select a property inspector and/or engineer at an early stage of your home-buying process so you are ready to arrange an inspection when you find a property you want to buy.

We recommend you choose a property inspector who has professional indemnity insurance and carries out their work in accordance with the New Zealand Property Inspection Standards. This means they adhere to the Standards New Zealand requirements for residential property inspections.

Property inspectors are listed by the New Zealand Institute of Building Surveyors and Building Officials Institute of New Zealand.

Find a property inspector

Find a property inspector at buildingsurveyors.co.nz or boinz.org.nz.

Depending on the property, you may also want to hire other specialist advisors such as an engineer to help you decide whether you want to buy the property and how much you are willing to pay for it.

Find an engineer

Find an engineer at ipenz.nz.

BUYER BEWARE:

An experienced builder can check a property for you but there are risks with this approach. We recommend that buyers invest in a written report by a property inspector who has professional indemnity insurance and carries out their work in accordance with the New Zealand Property Inspection Standards.

Valuation report

Your financial lender may ask you to provide a valuation report for the property.

Find a property valuer

Find a registered property valuer at property.org.nz.

TIP: There are a number of websites that provide free property data. The data is based on local sales and Council data and is not as comprehensive as a valuer's report. A valuer will visit a property and will take unique factors and condition into account.

Get legal advice

Buying property is expensive, and it can cost even more if something goes wrong. That's why it's important to get your own legal advice before you sign anything.

We recommend you engage a lawyer to help you through the buying process. Choose a lawyer before you set out to buy a property – buying can be a fast-moving process.

Sale and purchase agreements are legally binding documents, and you should consult your lawyer before signing them.

How to find a property lawyer

- Get recommendations from friends, family or work colleagues.
- Contact the local branch of the New Zealand Law Society.
- Find a lawyer at propertylawyers.org.nz.

TIP: The New Zealand Law Society has an excellent [fact sheet](#) about buying and selling property.

Understand the sale process and method of sale

There are several methods of buying and selling property in New Zealand:

- Buying at an advertised price
- Buying by tender
- Buying by deadline sale
- Buying at auction

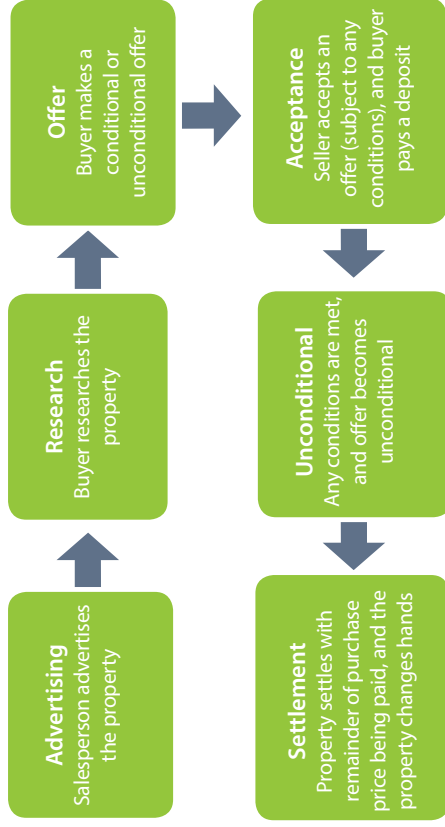
It's important to understand the process for the property you are buying.

Practices vary from salesperson to salesperson and from sale to sale. Make sure you confirm the details with the salesperson and get legal advice before you sign anything.

Whatever the process, it's important to do your research about the property by getting a title search, a Land Information Memorandum (LIM) report and having the property inspected by a property inspector and/or engineer before you place a non-conditional offer.

Buying at an advertised price

The buyer can make an offer at any time when a property is being sold at an advertised price with no time limit.



Advertising

A property's price may be listed in several ways (for example, price guide, buyer enquiry over (BEO) or buyer budget over (BBO)) to indicate the lowest price the seller hopes to sell the property for.

Research

We recommend you get a title search, LIM and property inspection report before you make an offer. Your lawyer should check these for you.

Read more about [the important things to know before you buy](#).

Offer

The salesperson may draw up your offer in a sale and purchase agreement, which you will sign. We recommend you ask your lawyer to review the sale and purchase agreement before you sign it. Alternatively, you can ask your lawyer to draft the offer.

Read more about [sales and purchase agreements here](#).

Presenting an offer to the seller

The salesperson will present your offer to the seller to consider the amount offered and any conditions attached. It is entirely the seller's decision whether to accept your offer or not. The property remains available for sale and is open to other buyers during this process. The seller may receive more than one offer to consider.

Conditional offers

It is common for a buyer to make a conditional offer, which means the offer is subject to a number of conditions being met. For example, the offer may be subject to:

- the buyer selling a property
- a property and/or engineer's inspection report
- a lender's valuation of the property
- a LIM
- finance.

The seller may also attach conditions. Your lawyer can advise on these.

Both buyer and seller can negotiate the terms in a sale and purchase agreement

If the offer or conditions are not acceptable to the buyer or the seller, the salesperson can negotiate between them on price and/or conditions with the aim of reaching a mutual agreement.

Changing the sale and purchase agreement

The price and conditions in the sale and purchase agreement may be changed during the negotiation process. The salesperson will ask the buyer and seller to initial any changes (amendments) to show they agree with them. Read any changes first, and make sure you understand and agree with them before initialling. Your lawyer can advise you during this process and should check the agreement before you sign it.

Deposit

The buyer is asked to provide a deposit. This is usually 5–10% of the purchase price but can be negotiated. Details of a deposit are set out in the sales and purchase agreement.

Acceptance

The buyer and seller are in contract when the price and conditions have been agreed and both have signed the sale and purchase agreement. All contact between the buyer and the seller continues to be through the salesperson.

Unconditional

After the sale and purchase agreement is signed, the process of working through any conditions begins. When all conditions have been met, the contract becomes unconditional.

Settlement

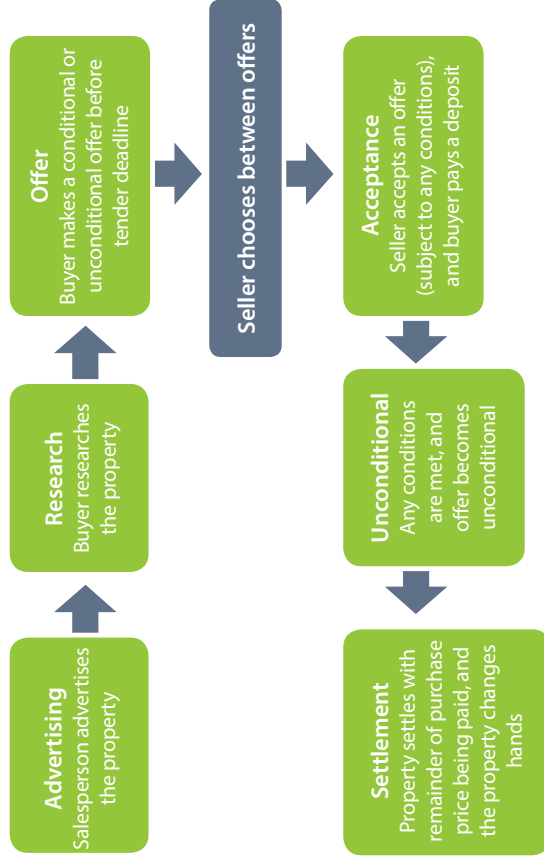
The settlement date will be stated in the sale and purchase agreement. This is the date when the buyer pays the rest of the amount agreed for the property, usually through their lawyer. It is usually also the date when the buyer takes possession of the property.

Buying by tender

When a property is being sold by tender, prospective buyers make confidential written offers to the salesperson before a deadline. Buyers prepare their best offer for the seller to consider.

There will be a closing date and time for all tenders to be presented, usually to the real estate agency offices.

A buyer will not know what other buyers are offering in advance of the tender.



Advertising

There is usually no reserve price, but a property may be marketed with a buyer budget over (BBO) or buyer enquiry over (BEO) or a pricing guide. You may make an offer below this guide price if you wish. Sellers aren't obligated to accept any of the offers.

Buying or selling a property before the tender date

A property may also be advertised as "for sale by tender (unless sold prior)", which means it can be sold before the tender date. The marketing material and tender documents must make it clear that this is the case.

This gives you the option to make an offer before the tender date, or you can register your interest with the salesperson and ask them to inform you if someone else makes an offer before the tender date.

Research

We recommend you get a title search, LIM and property inspection report before you make an offer. Your lawyer should check these for you.

Read more about [the important things to know before you buy](#).

Offer

If you want to present a tender, you need to ask for a copy of the tender documents from the salesperson. These will include a sale and purchase agreement. Be sure to read them carefully.

The salesperson may draw up your offer in a sale and purchase agreement, which you will sign. We recommend you ask your lawyer to review the sale and purchase agreement before you sign it. Alternatively, you can ask your lawyer to draft the offer.

Read more about sales and purchase agreements [here](#).

Conditional offers

It is common for a buyer to make a conditional offer, which means the offer is subject to a number of conditions being met. For example, the offer may be subject to:

- the buyer selling a property
- a property and/or engineer's inspection report
- a lender's valuation of the property
- a LIM
- finance.

The seller may also attach conditions. Your lawyer can advise on these.

Both buyer and seller can negotiate the terms in a sale and purchase agreement

If the offer or conditions are not acceptable to the buyer or the seller, the salesperson can negotiate between them on price and/or conditions with the aim of reaching a mutual agreement.

Changing the sale and purchase agreement

The price and conditions in the sale and purchase agreement may be changed during the negotiation process. The salesperson will ask the buyer and seller to initial any changes (amendments) to show they agree with them. Read any changes first, and make sure you understand and agree with them before initialling. Your lawyer can advise you during this process and should check the agreement before you sign it.

Deposit

Each buyer (known as a "tenderer") is asked to provide a deposit. This is usually 5–10% of the purchase price but can be negotiated. This will be returned if their tender is not successful.

Seller chooses between offers

After the tender deadline, the salesperson will give all the tender offers to the seller. Offers may have conditions. The seller will consider the offers and decide which, if any, they wish to accept. Sellers have five working days to accept a tender, but a buyer may find out earlier whether their tender has been successful.

When a tender is rejected

If none of the tenders reflect the price the seller is willing to accept or conditions are unacceptable to them, they can reject all tenders. If a tender has been rejected, the buyer is under no legal obligation and is free to look at other properties. Make sure you ask for your tender offer to be returned to you.

Negotiating with unsuccessful buyers

The seller may negotiate with a buyer who presents a tender, through the salesperson, to try and reach an agreement. It is up to the buyer whether they wish to do this.

Acceptance

The buyer and seller are in contract when the price and conditions have been agreed and both have signed the sale and purchase agreement. All contact between the buyer and the seller continues to be through the salesperson.

Unconditional

After the sale and purchase agreement is signed, the process of working through any conditions towards settlement now begins. When all conditions have been met, the contract becomes unconditional.

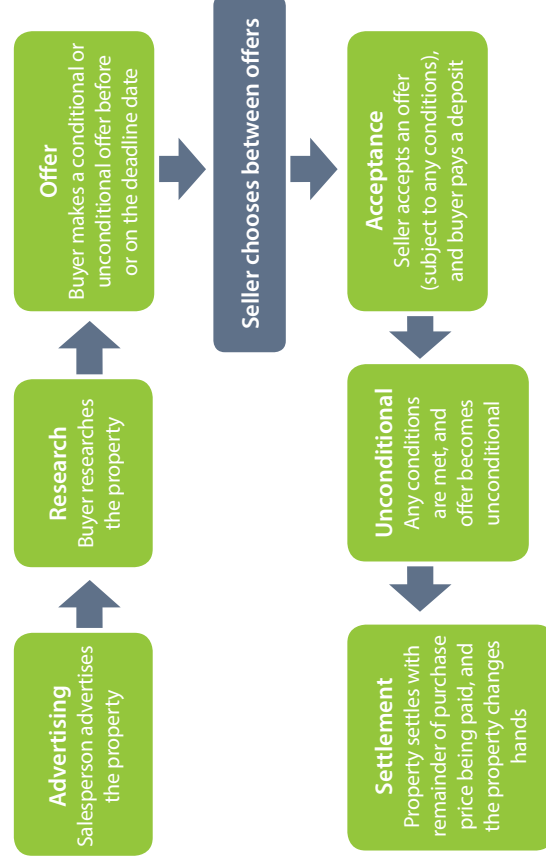
Settlement

The settlement date will be stated in the sale and purchase agreement. This is the date when the buyer pays the rest of the amount agreed for the property, usually through their lawyer. It is usually also the date when the buyer takes possession of the property.

Buying by deadline sale

In a deadline sale, a property is marketed for a set period with an advertised end date.

The seller is not obliged to accept any offers and can choose to accept an offer at any point during the listing period. As with a tender process, deadline sales do not require a property to have an advertised price.



Advertising

There is usually no reserve price, but a property may be marketed with a buyer budget over (BBO) or buyer enquiry over (BEO) or a pricing guide. You may make an offer below this guide price if you wish. Sellers aren't obligated to accept any of the offers.

Buying or selling a property before the deadline sale date

A property may also be advertised as "for sale by deadline sale (unless sold prior)", which means it can be sold before the deadline date. The marketing material and documents must make it clear that this is the case.

This gives you the option to make an offer before the deadline date, or you can register your interest with the salesperson and ask them to inform you if someone else makes an offer before the deadline date.

Research

We recommend you get a title search, LIM and property inspection report before you make an offer. Your lawyer should check these for you.

Read more about [the important things to know before you buy](#).

Offer

You can make an offer at any point up to the end date. Offers are made on a standard sale and purchase agreement. Because vendors can choose to accept an offer at any point, it's important to register your interest with the salesperson.

The seller can either wait until the end date has been reached and consider all the offers together before making a decision, or they can accept an offer at any point during the listing period.

How is it different from a tender process?

Sellers have more flexibility in a deadline sale than in a tender process because they can choose to accept what they want, when they want. Offers are made on standard sale and purchase agreements rather than on specific tender documents. Buyers are able to include whatever terms they wish on their offer.

Seller chooses between offers

The seller is not bound to accept the highest offer. They reserve the right to accept any or none of the offers and may start negotiations with anyone who submit offers.

Acceptance

The buyer and seller are in contract when the price and conditions have been agreed and both have signed the sale and purchase agreement. All contact between the buyer and the seller continues to be through the salesperson.

Unconditional

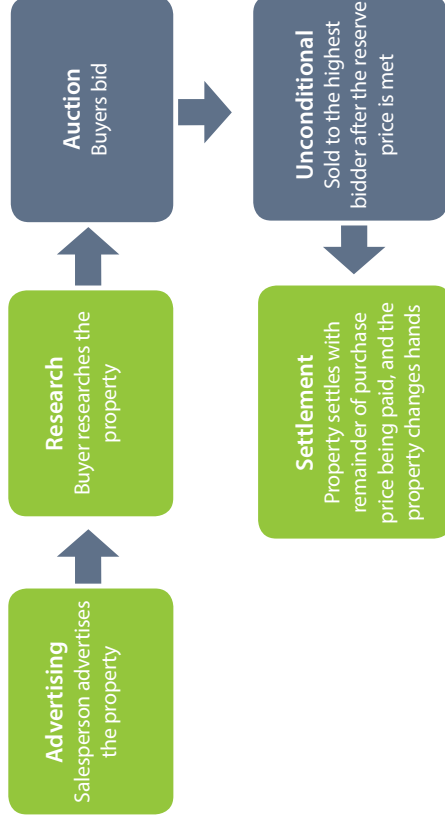
After the sale and purchase agreement is signed, the process of working through any conditions towards settlement now begins. When all conditions have been met, the contract becomes unconditional.

Settlement

The settlement date will be stated in the sale and purchase agreement. This is the date when the buyer pays the rest of the amount agreed for the property, usually through their lawyer. It is usually also the date when the buyer takes possession of the property.

Buying by auction

An auction is an open process where buyers bid against one another to purchase a property.



Advertising

A property's price may be listed in several ways (for example, price guide, buyer enquiry over (BEO) or buyer budget over (BBO)) to indicate the lowest price the seller hopes to sell the property for.

Research

We recommend you get a title search, LIM and property inspection report before the auction. Your lawyer should check these for you.

You will also need to arrange any finance before the auction.

Read more about [the important things to know before you buy](#).

If you haven't attended an auction before

Auctions are often fast-moving events. A buyer will need to register to take part in the auction. Ask the salesperson who is marketing the property to explain the process.

TIP: It's a good idea to attend and observe another property auction before you take part in the auction for a property you want to buy.

Auction

The auctioneer works for the seller to get the highest bid possible. Bidding usually starts below the reserve price. If bids reach or exceed the reserve price, the highest bidder will win the auction and be immediately legally committed to buy the property.

Reserve price

The seller will establish a reserve price (the lowest price they are willing to accept for the property) with the salesperson before the auction. The reserve price is confidential to the seller.

Pre-auction offers

The property can be sold before the auction if the auction terms and conditions allow it.

When the seller accepts a pre-auction offer, the auction may be held sooner than the advertised date and the pre-auction offer becomes the first bid at the auction. If the seller accepts a pre-auction offer, it does not necessarily mean the auction will be cancelled.

It's important to check the auction terms and conditions and carefully read any pre-auction offer documentation you are given. Potential buyers can register their interest with the agent and ask to be informed if an offer is made.

Vendor bidding

Sometimes the terms and conditions of the auction will state that vendor bidding may take place at the auction. Vendor bidding is when the vendor or their representative (usually the auctioneer) bids on the property. This can be used to start the bidding and to raise the bidding to get the bids closer to the reserve price. You must be told if vendor bidding is allowed at the auction. Vendor bids are only allowed when:

- the property has a reserve price
- the reserve price has not been reached
- the bid is clearly identified by the auctioneer as a vendor bid.

The auctioneer must clearly state that a vendor bid is about to be made and must not use confusing terms like "the bid is with me".

If bidding does not reach the reserve

If bidding does not reach the reserve price, the auctioneer may pause the auction and ask the seller for further instructions.

Auction jargon

If the bidding has stopped close to the reserve price and the seller agrees to accept the last bid, the auctioneer may say the property is now "on the market". This means the reserve price no longer applies.

The last bidder before the auction was paused will be held to their bid, and the auctioneer will continue from that point. The auctioneer will accept the highest bid that is made when the auction resumes, even if the reserve price is not reached. The highest bidder will then be committed to purchasing the property.

Alternatively, the auctioneer may say the property is being "passed in", which means the auction is being concluded without the property being sold as the reserve price has not been reached.

Negotiating after the auction

If you were the highest bidder at the auction but the reserve price was not reached, the seller may approach you after the auction to negotiate a sale.

Unconditional

Auction sales and purchases are unconditional. A buyer cannot attach conditions to an auction purchase. When the bid has been accepted and the auctioneer's hammer has fallen, the sale is unconditional. The successful bidder should be prepared to pay a deposit on the day of the auction.

Settlement

The settlement date will be stated in the sale and purchase agreement. This is the date when the buyer pays the rest of the amount agreed for the property, usually through their lawyer. It is usually also the date when the buyer takes possession of the property.

Read the sale and purchase agreement and understand what it can mean for you

The sale and purchase agreement is legally binding, so it's important to read it carefully and get legal advice before you sign anything. You can negotiate the terms and conditions of an agreement, but once you sign it, there's no going back.

We publish a [sale and purchase agreement guide](#). The salesperson must give you a copy of the guide before you sign a sale and purchase agreement. We recommend reading the guide early in the buying process.

What is included in the sale and purchase agreement?

The sale and purchase agreement sets out all the agreed terms and conditions. These include:

- the price
- chattels (for example, fixed floor coverings, whiteware or curtains) included in the sale
- the type of title (for example, freehold or leasehold)
- any conditions the buyer or seller wants fulfilled before the contract is agreed
- the date the agreement will become unconditional
- the settlement date
- any deposit the buyer must pay.

Clauses included in the agreement

The agreement will also include clauses that set out obligations and conditions that the buyer and/or seller must abide by. These may include what access the buyer can have to inspect the property before settlement and ensuring the property remains insured until the settlement date.

Default by buyer or seller

Clauses are also likely to cover what happens if the buyer or seller defaults. This covers compensation costs that must be paid by the buyer or seller if either defaults on the terms of the agreement, for example, by delaying settlement. Your lawyer can explain these clauses to you.

You cannot change your mind after you have signed the agreement

In general, when you have signed the agreement and the conditions set out in the agreement have been met, you have to go ahead with the purchase of the property.

Buyer's deposit

When the buyer and seller have signed the sale and purchase agreement, the offer is accepted. The buyer must pay a deposit – usually 5–10% of the purchase price. The deposit details will be set out in the sales and purchase agreement.

The buyer can negotiate when the deposit is paid, for example, when the (conditional) offer is accepted or when the agreement becomes unconditional.

TIP: Remember you can negotiate the terms and conditions of an agreement, but once you sign it, there's no going back.

Working with the real estate salesperson

The salesperson always works for the seller

The salesperson works for the seller and is paid by the seller when the property sells.

You can choose which salesperson to deal with from the agency

As a buyer, you do not have to deal with the salesperson a property is listed with. You can approach another salesperson with the agency that is marketing the property and ask them to show you the property. It's important to remember that any salesperson who works for the listing agency is also working for the seller.

Find out about the salesperson

Check that any salesperson you are dealing with is licensed, even if it is someone you know or who has been recommended by a friend. It is illegal to carry out real estate agency work without a licence. If you deal with an unlicensed person, we will not be able to do anything about it if things go wrong.

Contact details for all licensed real estate salespeople are on our public register at reaa.govt.nz.

The public register also shows if a salesperson has had any complaints upheld against them.

Ask the salesperson about the property

You should ask the salesperson questions about anything you want to know about the property. Licensed salespeople are bound by the Code of Professional Conduct and Client Care and have to deal fairly and honestly with all parties. They are not allowed to withhold any information they know about a property and they must tell you if they think there might be something wrong with the property that you should check out. The salesperson can't make statements about the property they can't back up with evidence.

You can find the Code of Professional Conduct and Client Care at reaa.govt.nz.

Don't rely only on the salesperson for advice or assistance

However friendly and helpful the salesperson is, they are representing the seller. The salesperson must not mislead buyers, but you should not rely only on the salesperson for advice or assistance.

Read about other places to get advice and assistance [here](#).

Conflict of interest

The salesperson must tell you in writing if they are selling a property or business in which they or someone connected to them has a financial interest.

Using a buyer's agent

Sometimes a buyer – for example, someone living overseas – will use a buyer's agent to source properties and oversee the purchase process. Buyer's agents must be licensed.

A buyer's agent is engaged and paid by the buyer. If you decide to use a buyer's agent, you should ask in advance about cost, what services are provided as part of the cost and whether any additional expenses may be charged.

Find our information sheet [about buyer's agents](#).

Glossary

Advertised price	Selling at an advertised price means that a property is marketed with an asking price – the amount the seller wants to be paid for it.
Agent or real estate agent	A general term that refers to an agent, branch manager or salesperson (these are different types of real estate licences).
Auction	An auction is a sale method in which buyers publicly bid until the highest price is reached.
BBO (buyer budget over)	An indication of the minimum price that the seller will sell the property for.
BEO (buyer enquiry over)	An indication of the minimum price that the seller will sell the property for.
Builders report or property inspection	An inspection by a qualified property inspector who can check the property for defects and maintenance issues.
Code of Professional Conduct and Client Care	The Real Estate Agents Authority maintains this Code of Conduct, which sets out the minimum standards of professional competence and conduct salespeople must follow.
Conditional offer	An offer to buy a property subject to stated conditions being met.
Conditional sale	Where a buyer and seller have agreed to buy and sell a property subject to stated conditions being met.
Freehold (or fee simple)	Freehold title gives the owner full ownership of the land.
GV (government valuation)	The official estimation of a property's worth on the market at the time it was valued, under the Rating Valuations Act 1998. A GV is now called an RV (rateable value).
LIM (Land Information Memorandum)	This provides prospective buyers with important current and historical information the local council knows about the property and land.
Leasehold	Leasehold title does not give the owner full ownership of the land. It is only leased, and the owner will only own what is on the land.

On the market	At an auction, a property is "on the market" if the highest bid will now be successful and any reserve no longer applies.
Passed in	At an auction, a property is "passed in" if the auction is closed without the property being sold.
Reserve	At an auction, a "reserve" is the lowest price the seller is willing to sell the property for.
RV (rateable value)	The official estimation of a property's worth on the market at the time it was valued, under the Rating Valuations Act 1998. An RV used to be called a GV (government valuation).
Sale and purchase agreement	A legally binding contract between the seller and buyer for the sale and purchase of a property. A sale and purchase agreement provides certainty to both the buyer and seller, and it sets out in writing all the agreed terms and conditions.
Settlement	Settlement is when the sale and purchase of a property is completed with exchange of property and payment.
Tender	A tender is a sale method where prospective buyers submit confidential written offers by a certain deadline.
Title search	A title search gives you all the records about the property that are held by Land Information New Zealand (LINZ). A lawyer can check who the legal owner of the property is and that no one else has any claim over it.
Unconditional agreement	Where a buyer and seller have agreed to buy and sell a property without any conditions. A conditional sale becomes unconditional once all conditions are met.
Unconditional offer	When the buyer offers to buy a property without any conditions.
Valuation report	An estimate of a property's worth on the current market. A buyer's bank or lender may request this.

About the Real Estate Agents Authority (REAA)

We're independent, and we're here to help buyers and sellers

The Real Estate Agents Authority (REAA) is an independent government agency. We inform, guide and protect people who are buying and selling property, and we advise, educate and regulate real estate licensees.

Find more information at reaa.govt.nz

We publish information about working with real estate salespeople and the sale and purchase process. Our guides are available in a number of languages at reaa.govt.nz.

Find out about a salesperson

We have an online public register of licensed real estate salespeople that includes information on any complaints upheld against them. The public register is available at reaa.govt.nz.

Complaints

Contact us if you have an issue with a real estate salesperson. We are responsible for dealing with complaints – we run an independent, fair and open complaints process.

Contact REAA

Email: info@reaa.govt.nz

Mail:

PO Box 25371 Featherston Street
Wellington 6146
New Zealand



DISCLAIMER

This booklet is an introductory guide. Buying property is a complex and sometimes fast-moving legal process. Every transaction is different, and we recommend you get legal advice.

February 2017

Source: www.rea.govt.nz

Here are some of the most common terms you'll come across when buying or selling real estate

A

Advertised price sale

Selling at an advertised price means that the seller has declared the amount that they expect to be paid for it.

Agency agreement

If you are using a licensed real estate agent to sell your property, you'll need to sign an agency agreement (also known as a listing agreement). This is a legal contract between the seller and the agent that sets out what the agent will do and what they will be paid. Remember you can negotiate the conditions, such as who pays for marketing and how much the commission is. Make sure you get legal advice before you sign.

Agency Agreement Approved Guide

This guide contains the key things you need to know about agency agreements. The real estate agent must give you a copy of this guide before you sign an agency agreement.

Agent or real estate agent

This is the general term for a real estate agent, agency branch manager or salesperson (these are different types of real estate licences). In New Zealand, real estate agents are licensed by the Real Estate Authority (REA).

Amenity

A feature of real property that enhances its attractiveness and increases the occupant's or user's satisfaction, eg: scenic views, proximity to public transport or recreational facilities.

Appraisal

An assessment of a property's likely sale price. An agent must give the seller a written appraisal that is realistic and based on market conditions and information from recent sales of similar properties.

Asking price

The listed price of the property but may not always be the final price the property sells for.

Assignment

The transfer of a mortgage or lease from one person to another.

Auction

An auction is a sale method where buyers publicly bid until the highest price is reached.

B

Beneficiary

A person designated to receive the income from a trust, estate, or a deed of trust.

Body corporate

An administrative body made up of all the owners within a group of units or apartments. The owners elect a committee, which handles administration and maintenance of the site.

Boundary

The lines that define the borders of a property.

Branch manager

This person is licensed to carry out real estate agency work on behalf of an agent and may supervise salespersons carrying out real estate agency work.

Bridging Loan

A short term loan (usually at a higher rate) taken out to cover the financial gap between buying a new property and selling an existing property.

Building report

This is an expert assessment of a building's condition and identifies any current or future problems. It's very useful to get one of these if you're thinking of putting in an offer. REA recommends getting a building report done by a qualified building inspector who has professional indemnity insurance, understands the legal requirements and carries out their work in accordance with the New Zealand Property Inspection Standard.

Building code

Local Council regulations that control how buildings are designed and built.

Buyer budget over (BBO) or Buyer enquiry over (BEO)

If either of these terms are used it means the price listed on the advertisement is the minimum the seller will accept. The seller must seriously consider any offer over the figure advertised so it needs to be chosen carefully.

Buyer's agent

An agent who has a signed agency agreement with the buyer. The buyer will pay their agent a commission.

C

Caveat

A notice on a title that a third party might have some interest or right in the property.

Certificate of Title (Title)

A legal document evidencing a person's right to or ownership of a property.

Chattels

Moveable and removable items of personal property. In real estate transactions, chattels included in the sale usually include the stove, television aerial, carpets, blinds, curtains, drapes and light fittings. However, unless chattels are specified in the agreement, they are not sold as part of the property.

Commission

Real estate agents are usually paid a commission by the seller when a property sells. This is their fee for selling the property and it is detailed in the agency agreement the seller signs with the agent. Commission rates vary and can be negotiated.

Common property

Area of building, land or amenities within a unit title property that is shared by all owners, eg: a shared driveway.

Company title

This is a type of ownership more common when properties are grouped together. An owner automatically becomes an owner of a company that administers, manages and maintains the property in which the owner's flat is registered. The Directors of that company are elected each year at the Annual General Meeting from owners involved only with that company, i.e. owners in that block.

Complaints Assessment Committee (CAC)

This is the preliminary panel who determine complaints about agents. They can make determinations and orders under the Real Estate Agents Act 2008 (REAA 2008) and can file disciplinary charges in the Real Estate Agents Disciplinary Tribunal (READT).

Conditional offer

An offer to buy a property subject to stated conditions being met.

Conjunctional agreement

An agreement that allows an agent from an agency that is not the listing agency to do real estate agency work on behalf of the seller. Usually this will be by introducing

a buyer, and the non-listing agent, referred to as the selling agent, will receive a share of the commission.

Continuing education

Verifiable and non-verifiable education requirements all licensee are to complete yearly by Decemeber 31st.

Covenant

Terms, conditions and restrictions regarding the use of the property which are noted on the title. A covenant may affect future plans or resale of the property.

Cross lease

This type of ownership is common where there is more than one home on a block of land. You are all owners of the land and you each lease your home. The lease will usually provide for an exclusive use area for each cross-lessee. It's like owning a freehold property but there are some restrictions.

D

Deadline sale

This sale method is when a property is marketed for a set period with an advertised end date. The seller isn't obliged to accept any offers and can choose to accept an offer at any point during the listing period.

Default

Failure to make mortgage payments on time or to comply with other requirements of the mortgage.

Deposit

A percentage of the purchase price paid in advance to secure the sale of real estate.

Dux Quest plumbing

Dux Quest was a plastic piping used in houses in the late 1970s to early 1980s. The product was discontinued after reports of pipes and fittings bursting throughout New Zealand.

E

Early resolution

The alternative to a complaint going to a CAC in the REA's complaint process. The purpose of early resolution is to give the parties to a complaint the opportunity to work together to resolve the complaint.

Easement

A right to use land belonging to another, eg: a water authority may have a sewerage easement across part of your property.

Eligible officer

An officer of an agency who holds an agent's class of licence. They are responsible for supervising agents and enable a company to carry out real estate agency work. All companies have an eligible officer, and that will be the person REA contacts when we receive a complaint.

Encroachment

Part of a house or structure illegally overhanging the street or a neighbour's property.

Encumbrance

An impediment to the use or transfer of the property in the form of an interest or right in the property.

Equity

The amount of an asset actually owned, i.e. the difference between the market value of the property and the amount still owed on its mortgage.

Estate

The combination of all the real estate and personal property owned by an individual at the time of death.

Executor

A person named in a will to administer an Estate.

F

Fee simple (or freehold)

The exclusive ownership of the land and any associated buildings, subject to any interests registered on the title.

Fixtures

Fixed items that cannot be removed without damaging either the property or the fixture itself, eg: cupboards.

Freehold (or fee simple)

The exclusive ownership of the land and any associated buildings, subject to any interests registered on the title.

G

Guarantor

A person who agrees to pay a loan or a portion of the unpaid principal balance in case of default by the borrower.

I

Interest

The fee charged for borrowing money.

Interest only loan

A loan where only the interest is repaid throughout the course of the loan. The original loan amount is repaid at the end of the term of the loan, rolled over by the same bank or the owner re-mortgages.

Investment property

A property that is not occupied by the owner, but provides a financial return to the owner through letting or leasing to a tenant.

J

Joint tenancy

A form of co-ownership that gives each tenant equal shares and rights in the property including the right of survivorship, eg: in the event of death of one of the owners, ownership passes to the surviving owners automatically.

L

Leasehold

An interest in land that includes ownership of the buildings and a lease of the land for a certain time. You pay rent to the landlord for the land. You can sell the lease if you want to move on. There may be restrictions on your use of the property.

Lender

An organisation or person that lends money.

Lessee

A person leasing a property.

Lessor

The owner of a property that is leased to another person.

Life estate

Also called Tenancy for Life. A freehold interest (in real property) that expires upon the death of the owner or some other specified person.

LIM (Land Information Memorandum)

A LIM contains relevant information that the local council knows about a property, such as any issues with drainage and plumbing, erosion or permits. A LIM will also record any unpaid rates. For a fuller explanation of the contents of a LIM you should contact your local council.

Listing agent

An agent who is the seller's point of contact with the agency, and acts on behalf of the seller to advertise and sell the property.

Listing agreement

A written contract between an owner and an agent, authorising the agent to perform services for the owner (also known as an agency agreement).

Loan

A sum of borrowed money.
Loan to valuation ratio (LVR)
The amount of the loan financed as a proportion of the property value, expressed as a percentage.

M

Mortgage

A legal document that pledges a property to the lender as security for payment of a debt.

Mortgage broker

An individual or company that brings borrowers and lenders together. Mortgage brokers typically require a fee or a commission for their services, which is usually paid by the lender.

Mortgagee

The lender in a mortgage agreement.

Mortgagor

The borrower in a mortgage agreement.

Multi-offer process

This is a method of sale where prospective buyers are encouraged to submit their best offer and the seller can choose whichever one looks most attractive to them. There has to be more than one offer in writing (real estate agents aren't allowed to pretend there are genuine competing offers if they don't exist).

N

Nominee

A person who, in a limited sense, acts for or represents another. In a sale and purchase agreement it could mean the person who the buyer appoints to take over the buyer's right to own the property on settlement.

O

Off the plan

To purchase a property before a structure or dwelling is built on the site, after having only seen the plans.

Offer

A proposal to purchase a property. To make an offer, the agent will usually draw up a sale and purchase agreement and ask you to sign it. You can make your offer subject to certain conditions, such as finance, the

sale of your current property or a satisfactory building report.

P

Passed in

Where the highest bid fails to meet the reserve price of a property at an auction and the property consequently does not sell.

Project information memorandum (PIM)

A report that tells you relevant information that a council knows about a piece of land, such as the location of underground pipes, natural hazards, soil types and other ground conditions, and whether any building project on it will be subject to any resource consents or bylaws.

Price on application (POA)

A pricing method used by some agencies. Prospective buyers can find out the asking price by enquiring.

Power of attorney

A legal document which authorises a person (the attorney) to act on another person's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.

Principal

The loan amount borrowed or still to be repaid. The part of the monthly payment that reduces the balance of the mortgage.

Private sale

The sale of property by the owner without the services of a real estate agent.

Private treaty sale

The sale of property, through a real estate agent, by negotiation.

R

Rateable value (RV)

This is a value used to calculate local body rates, formerly known as Government Value or GV. This is not a market value for a property for sale, because it may be several years old. An RV doesn't reflect local market changes and may not reflect any recent renovations to a property.

Real estate agency

A company performing real estate work through its agents, branch managers and salespersons.

Real estate agent

A person licensed to negotiate and transact the sale or lease of real estate on behalf of the property owner.

Refinance

The process of paying off one loan with the proceeds from a new loan using the same property as security.

Real Estate Agents Act 2008 (REAA 2008)

This is the Act that provides for the regulation of the real estate industry in New Zealand.

Real Estate Authority (REA)

Real Estate Authority, the Government regulator of the New Zealand real estate industry.

Real Estate Agents Disciplinary Tribunal (READT)

Hears and determines disciplinary and licensing cases involving licensees. The READT is independent from REA and is part of the Ministry of Justice.

Real Estate Institute of New Zealand (REINZ)

Membership organisation that represents real estate agents throughout New Zealand.

Requisitions on title

A process where the buyer requests additional information about the title of the property from the vendor.

Reserve

At an auction, a 'reserve' is the lowest price the seller is willing to sell the property for.

Resource consents

Resource consents are necessary when a group or individual wishes to carry out an activity or development that is not permitted by the District or Regional Plans. Resource consents relate directly to the rules set out in the District or Regional Plans and the Resource Management Act 1991 and are different to Building Consents.

Right of first refusal

A provision in an agreement that gives a party the first opportunity to purchase or lease the property before it is offered for sale or lease to others.

Right of way

The legal right to access or cross another property via a specific route.

S

Sale and purchase agreement

This is a legal contract between the buyer and seller for the sale/purchase of a property that sets out all the agreed terms and conditions in writing. It's important to get legal advice before you sign an agreement - and that you read and understand what it means.

Sale and Purchase Agreement Approved Guide

This guide contains the key things that buyers and sellers should know about sale and purchase agreements. If there is a licensed real estate agent involved in a sale, they must give this guide to the seller and prospective buyers before any agreement is signed.

Salesperson

A person who is licensed to carry out real estate agency work on behalf of an agent.

Second mortgage

A mortgage that, on the sale of a property, is paid off only when the first mortgage is paid.

Selling agent

An agent who is working on behalf of the seller, but is not the listing agent. They may have introduced a buyer, and will be working with the listing agent to sell the property.

Semi-detached

A type of construction where two buildings are joined together by a common wall.

Settlement

This is the end goal in a property transaction, when the sale and purchase is completed by the exchange of property and payment.

Settlement statement

A breakdown of the payments involved in the property transaction, prepared by the lawyer/conveyancer. It will include payments such as the deposit, agent's commission, outstanding rates, loan payments.

T

Tenants in common

A type of joint ownership in a property where two or more purchasers own a property separately in specified shares. If one dies, his or her share of the property forms part of their Estate. Shares can be sold without consulting the other owner(s).

Tender

A sale method where prospective buyers submit confidential written offers by a specified deadline. Usually there is no minimum price, but properties are often listed with a BEO or BBO price. The seller can then choose the offer that is most acceptable to them, based on the price and any attached conditions. The most attractive tender is likely to be one that combines a good price with few conditions. Sellers are allowed to negotiate with any one or more of the tenderers after tenders close.

Title search

A title search will help you find out all the facts about the property's ownership, boundary and access. This information is held by Land Information New Zealand (LINZ).

Townhouse

A dwelling unit, generally having two or more floors and attached to other similar units via party walls.

Trust account

A bank account administered by a law firm or real estate agency to hold funds on behalf of others. When a buyer pays a deposit, it's held in a trust account by the real estate agent until the sale and purchase agreement becomes unconditional.

Trustee

A person who holds or controls property for the benefit of another.

U

Unconditional agreement

Where a buyer and seller agree to buy and sell a property without including any conditions. A conditional sale becomes unconditional once all conditions are met.

Unconditional offer

This is when someone offers to buy a property without attaching any conditions to the sale.

Unit title (stratum estate)

A title to a unit or lot on a plan of subdivision associated with townhouses, units and blocks of flats and based on the horizontal and vertical subdivision of air space. Owners have a certificate of title, are absolute owners of a freehold flat and have an undivided share of the common property.

Utilities

The private or public service facilities such as gas, electricity, telephone, water and sewer that are provided as part of the development of the land.

V

Valuation report

An estimate of a property's worth on the current market which can be provided by a registered valuer.

Valuer

A person qualified by education, training, and experience to estimate the value of real property and personal property. You can tell someone in New Zealand is accredited by the use of "B Prop" or "Dip Valuation" after their name.

Vendor

The person or entity legally authorised to sell a property.

Verifiable

Licenses have to complete 10 hours of verifiable continuing education each year (as well as 10 hours of non-verifiable continuing education). This is delivered by one of our approved providers.

Non-verifiable training

Licenses have to complete 10 hours of non-verifiable continuing education each year (as well as 10 hours of verifiable continuing education). Non-verifiable continuing education is structured professional development such as training courses.

Z

Zoning

Local authority guidelines that indicate the permitted use of land.

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