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## EFFECTS OF RECENT EARTHQUAKES— IMPORTANT NOTICE TO PURCHASERS

Due to the recent earthquakes, we have been notified of extra lender requirements before loans can be advanced for a purchase. We also understand insurance companies are not currently issuing new policies so purchasers could have difficulties arranging new insurance cover.

### **Additional lender requirements**

No doubt each individual bank's requirements are different. We would suggest contacting your bank to check their requirements. We have been notified this week of new lender requirements such as:

1. Requirement to arrange a pre-settlement inspection of the property and/or a full builder's report or structural engineer's report;
2. Additional checks with the insurer to ensure the property is fully insured on settlement and there is no stand down period for earthquake/natural disasters;
3. If there is pre-existing damage, the existing insurance claim to be assigned to the purchaser.

If there is any damage, the property may not be acceptable as security.

### **What you should do:**

#### If you are looking at buying:

Your offer should be conditional upon:

1. Finance (regardless of whether you have preapproval ). You will need to ensure your bank is satisfied with the condition of the property before proceeding;
2. Arranging insurance cover. You will need to make enquiries with insurers as soon as possible. Another option is to contact the vendor's insurer as they may agree to transfer the existing policy;

3. A satisfactory builder's report.

On the standard form of Agreement, the vendor has an obligation to provide you with the property in the same condition it was in when the offer was accepted. If your offer is accepted after the damage was caused, the vendor has no obligation to attend to any repair. Furthermore any existing damage is unlikely to be covered by the new insurance policy.

An additional clause should be included in the agreement where the vendor agrees to lodge a claim for any damage caused and assign this to the purchaser by settlement.

We would recommend you do not purchase at auction, irrespective of any insurance clause.

### Unconditional purchase contracts

1. Contact your lender as soon as possible to check their requirements;
2. Arrange for a pre-settlement inspection and/or builder's report. Don't leave this until the day before settlement. The vendor will need to lodge a claim for any damage and assign this to you as purchaser;
3. Urgently make enquiries for new insurance cover or contact the vendor's insurer to transfer the existing policy.

We do not know at this stage how long these extra requirements will be in place of whether these will change. We will keep you updated as to changes in the coming weeks.

**20 MINUTE FREE**

**WANT to review your Family Trust structure? THEN call us and take advantage of our 20 Minute Free interview**