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BUYING AT MORTGAGEE SALE—THE DOWNSIDE

When looking to buy a property, every purchaser is trying to find that property which fits all the criteria while picking it up at the right price. If a purchaser happens to come across a mortgagee sale, they may hope this is the one they've been looking for.

While a purchaser may be lucky enough to purchase the property at a reasonable price, with this comes a potential downside which any purchaser should be aware of.

Quite often a mortgagee sale is by auction. Other methods of sale include by tender or private treaty. If bidding at auction, any offer accepted is unconditional (unless agreed otherwise). This means a purchaser must make all necessary enquiries beforehand (i.e. title, finance, LIM report, builders etc).

Each mortgagee sale is different but some of the terms often come across in the Sale and Purchase Agreement include:

- Possession - There may be no guarantee vacant possession will be provided on settlement. If the occupiers do not vacate the property by settlement, the owner may have to obtain a Possession Order which can be costly and could take some time;
- Insurance - Often the purchaser is responsible for insurance of the property immediately following acceptance of the offer. Ordinarily a purchaser would be responsible for insurance from the day of

settlement;

- Chattels - Chattels are not included in the sale. Whilst they might be present, they may be removed by the occupant as they are not covered by the mortgage;

- The Property is purchased 'as is where is' - As the mortgagee will most probably have no knowledge of consents issued, work undertaken or outstanding requirements, the usual vendor warranties covering these matters do not apply. The purchaser will need to check all of these matters before making an offer as they will have no recourse against the mortgagee;

- Cancellation / Delays - Often the Agreement will contain provisions allowing a mortgagee to cancel an agreement or delay settlement;

These are a few terms often part of a mortgagee sale. Of course every mortgagee sale is different. If you are thinking of purchasing at mortgagee sale, please do not hesitate to contact our team as we would be happy to review an Agreement before submitting the offer.

20 MINUTE FREE

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