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PURCHASING - FIVE THINGS YOU NEED TO KNOW

Open-homes

Prior to putting an offer on a property, you should do a thorough inspection of the property. By thorough inspection, we mean checking under any rugs, pictures etc to ensure there no holes, stains etc, and checking the chattels (dishwasher, lights, security systems etc) are working. Once the agreement is signed, you accept the property in the condition it was in at the time of signing. So if there is a hole in the wall, then the vendor has no obligation to fix it, even if you only discover it in your pre-settlement inspection.

Auctions and Tenders

When purchasing a property via auction or tender, we suggest getting your solicitor to search the title prior to the auction or submitting the tender. As in these situations you are deemed to have accepted title and if there are any issues then when you come to sell the property you will have to bear the cost of fixing the issue, which could be significant.

We also suggest doing builder's report, LIM report, etc prior to bidding at the auction, as you are purchasing the property as is where is.

Kiwisaver and HomeStart Grant

If you are a first home buyer, then you can withdraw your Kiwisaver to assist you in your purchase. Kiwisaver providers can take up to 10 working days, from when the agreement goes unconditional, to process a withdrawal application. If you wish to withdraw your Kiwisaver funds, then when considering a settlement date you should ensure that there are at least 10 workings between the date the agreement is to go unconditional and settlement.

If you meet certain criteria, you may be eligible for the Housing NZ HomeStart Grant. Depending on how long you've been contributing to Kiwisaver, you can receive \$3,000-\$5,000 for an existing home and \$6,000-\$10,000 for a new build. Housing NZ require at least 20 working days to process an application. Housing NZ are very stringent with this timeframe and will not process applications that are made within a shorter timeframe. We suggest applying for pre-approval once you start looking for a property, to make the process quicker.

Pre-settlement Inspection

The standard sale and purchase agreement gives the purchaser the right to inspect the property prior to settlement. This is a chance to ensure that no damage has occurred and none chattels or fixtures are missing. We recommend arranging for an inspection before settlement day to check the

property is in order.

If any of the chattels are missing or damage has taken place since the agreement was signed, then you are obliged to settle and can only retain funds if the vendor agrees. If the vendor does not agree to retention of funds, you can go to the disputes tribunal following settlement.

Settlement Day

We can provide no guarantees of what time settlement will take place on the day, as it depends on a number of factors:

- (a) Your bank transferring the loan advance into our trust. Most banks will do this early on settlement morning. However if loan documents are only signed the day before or on settlement then this may not happen till the afternoon, as the banks need time to process the loan documents;
- (b) The vendor's solicitors letting us know they are ready to settle, in particular that they will provide clear title and keys once we transfer the money.
- (c) You transferring the funds you are contributing to the purchase. We suggest these are transferred into our trust account a few days before settlement to ensure there are no issues.

If there is a real estate agent involved, then the keys will be available at the real estate agent's office. The keys will be released upon the vendor's solicitors advising the real estate agent that settlement has taken place. As your solicitors we will call you once settlement is complete to let you know the keys should be released shortly and for you to contact the agent.

If there is no real estate agent, ie private sale, then you and the vendor will need to discuss keys arrangements. Keys can either be handed over by the vendor directly or uplifted from the vendor's solicitor's office.

20 MINUTE FREE

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