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THE FIVE THINGS YOU MUST CHECK BEFORE SIGNING A REAL ESTATE CONTRACT

Before signing a contract to purchase real estate, it is important to read through the document thoroughly and check the terms are correct. It is also advisable to check the contract with a solicitor before signing, if this is practical.

Before proceeding with a purchase you should check the following:

1. **Purchase Price**
If your offer is too low, the vendor may cross the purchase price out and replace it with a higher figure, initialling any changes. Once the changes have been initialled by all parties, the offer is accepted.

2. **Deposit**
The amount of deposit payable is located on the front page of the standard Agreement for Sale and Purchase of Real Estate. You can choose the amount of deposit payable. Most commonly it is 10% of the purchase price, but it can be less. The deposit clause provides when the deposit is payable and who it is payable to. It is usually payable once the contract becomes unconditional to the Real Estate Company.

If you are using Kiwisaver funds towards your purchase, it is important to note that the Kiwisaver contribution is usually paid by settlement directly to your solicitor and is unable to be paid as the deposit which is usually due once the contract becomes unconditional. It is important to ensure you have access to the deposit funds as soon as the deposit is payable.

3. **Chattels**
It is important to read through the chattels list in the contract thoroughly to ensure all of the chattels are included and check all chattels are in working order when you inspect the property. The vendor only has an obligation to provide you with chattels as listed in the contract. If in doubt, include the chattel in the list!

4. **Conditions**
Unless conditions are inserted into the contract, the offer is unconditional. This means if the offer is accepted, you are unconditionally obliged to complete the

purchase.

Some of the most common conditions inserted into a contract include:

- (a) Title. This is most commonly worded that the contract is conditional upon the purchaser's solicitor approving the title;
- (b) Finance. Even if you have pre-approved finance, this may be subject to certain conditions. It is important to receive unconditional written finance approval from your lender before proceeding with the purchase;
- (c) Valuation. If you are obtaining finance, your lender may require a valuation to be obtained;
- (d) LIM Report. We recommend all purchasers obtain a LIM report. This is a full report from various branches of the Local Council in respect of the property being purchased;
- (e) Builder's Report. This will ensure that if there are any structural issues or repairs needed, you can negotiate with the vendor (i.e. seek a reduction in the purchase price) before proceeding with the purchase;
- (f) Checking Council records. This allows you to examine all the information held by the Council for the property and inspect the floor plans and any permits issued.

5. **Settlement Date**
The contract must state the date upon which settlement is to be completed. If circumstances change and you wish to delay settlement or move settlement forward, this can be negotiated with the vendor.

Should you have any further queries in relation to signing a Real Estate Contract, please do not hesitate to contact the Collins & May Law Team.

Next Issue: Income Tax Debts