

COLLINS & MAY } LAW

• Contacts

Lloyd Collins

lloyd@collinsmay.co.nz
DD: 576 1403

Paul May

paulm@collinsmay.co.nz
DD: 576 1400

Eugene Collins

eugene@collinsmay.co.nz
DD: 576 1407

Nicola Goss

nicola@collinsmay.co.nz
DD: 576 1404

Paul Whitmarsh

paulw@collinsmay.co.nz
DD: 576 1409

Davina Rowan

davina@collinsmay.co.nz
DD: 576 1411

Daniel Mumford

daniel@collinsmay.co.nz
DD: 576 1417

Camille Bell

camille@collinsmay.co.nz
DD: 576 1406

Amy McLennan

amy@collinsmay.co.nz
DD: 576 1405

NEWSLETTER

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Vendor Warranties under an Agreement for Sale and Purchase by Amy McLennan

Many New Zealanders will buy and sell a property at least once in their lifetime. As such, it is important to become familiar with the Agreement for Sale and Purchase of Real Estate. If you are selling a property, it is important to know what you have promised to do under the agreement.

Take Bob for example. Bob decided to build a deck off the house so he could sit in the sun and enjoy a nice cold beer after a long day at work. He didn't bother getting a permit for the deck because he loved his little house and he knew he wouldn't be moving any time soon. The deck turned out great and Bob spent many nights entertaining friends and having barbeques outside. Ten years later, Bob decided to move overseas and he entered into an Agreement for Sale and Purchase to sell his house. Bob had forgotten all about the permit for the deck and, therefore, he was in breach of one of his warranties under the Agreement for Sale and Purchase. As a result, the purchaser took Bob to Court and Bob had to pay the purchaser money because he didn't obtain a permit for the deck.



This scenario shows how important it is for the vendor (the person selling the house) to be aware of the warranties under an Agreement for Sale and Purchase. The vendor promises that they have done several things under the Agreement for Sale and Purchase. The person selling the property must make sure that they comply with their obligations, or the purchaser may be able to take them to Court and they may have to pay the purchaser money for their failure to comply.

The vendor makes the following guarantees under an Agreement for Sale and Purchase:

- The vendor does not owe any money for the property, such as money for rates or any money owing for the water meter;
- On the settlement date, the vendor will give the chattels, to the purchaser and the chattels will be in good condition. These include things

like the stove, blinds and light fittings;

- All the work done on the property will have a permit or resource consent;

- Any buildings on the property have a building warrant of fitness. If there is any reason why a building cannot get a warrant of fitness, the vendor must tell the purchaser.

If you are selling a property and you are unsure whether these conditions are complied with, talk to your local Council. The Council will be able to tell you if there is any outstanding money due and they can help you with building regulations. It is also a good idea to look at the Agreement for Sale and Purchase and check what chattels are included in the sale of the property. This will ensure that you give the purchaser all of the chattels on the possession date.

It is important to make sure that you have fulfilled all of these conditions for the sale so the purchaser cannot take you to Court and make you pay them money because you did not comply with the Agreement.

If you have any queries please do not hesitate to give us a call.

If you would like any of our previous newsletters or any of our free booklets on Wills, Family Trusts, Relationship Property of Business Law please email us.