

**RayWhite**



# Buyer's Guide



CHAIRMAN'S ELITE  
**BUSINESS  
LEADER**  
21-22

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# Buying a house is one of the biggest decisions you will ever make.

**It's not just a financial consideration but also a lifestyle one; you want to make the right decision for your finances, your loved ones and yourself.**

Buying your first home will be an exhilarating and rewarding experience. At the end of your property buying adventure, you'll have the keys to a home to call your own and an investment for your future.

**But where do you start?** This guide will start you off on the right foot and provide practical tips and advice to help you along the way.

**If you are not from New Zealand:** The rules for overseas people buying or building residential property in New Zealand changed in October 2018. In general, only residents and citizens can buy homes to live in, but other investment opportunities are available. The New Zealand [Immigration website](#) has a helpful tool which explains who is able to buy and who needs to apply for consent.

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Take the first  
steps towards  
your new home.

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## Research

Once the decision has been made to buy a home, the majority of people turn to the internet for their research. There can be an overwhelming amount of information to wade through online, but there are ways you can narrow down the search.

# What are your non-negotiables?

**Before you even turn to Google, sit down and write out your property deal-breakers.**

- In which suburbs would you most like to live?
- Do you like the neighbouring suburbs?
- Are local schools a consideration?
- What's the proximity to shops, sports facilities, cafes, restaurants etc?
- What are the dream features of your home?
- Is a garden or balcony important?
- How many bedrooms do you need?
- Do you need a garage?
- Do your desirables fall within your budget?

**Once you've decided on the non-negotiables, it will be much easier to narrow down your search parameters, giving you a good list with which to start your hunt.**



Tip

## Use Technology

Most online real estate agents and portals give you the option to set up alerts for houses that match your parameters. Look out for the ones where it's possible to add inspection times and auctions to your digital calendar.



## Open Homes

You've set up the alerts on your phone, planned out the calendar and resigned yourself to giving up your Saturday morning sleep-in. Bring on the open homes. What's the best way to approach them? Firstly, go to as many as you can. Open homes are about more than just the house. It's a chance to see the rest of the street, explore the neighbourhood and check out the 'competition' - other potential buyers.





# What should you be looking out for at an inspection?

**As you're walking through and around the property, take note of the following:**

- Does everything open and shut?
- Do doors close smoothly or do they stick?
- Do lights turn on and off without flickering?
- Do taps work and is the water flow adequate?
- Are there signs of water damage (i.e. peeling or bubbled paint work, mould, stained ceilings)?
- Do the floors slope or bounce? This may mean piles need replacing.
- Are there cracks in the walls, which could be an indication of subsidence or earthquake damage?
- Is there any fretting (cracked) brickwork that could indicate major structural problems?
- Don't forget to walk around the outside of the property to check fences and the condition of the building's exterior including gutters and downpipes.

Tip

## Get digital help

Keep all your inspection notes and checklists on your phone using an app like Evernote or Quip. Evernote also lets you add photographs into your notes.

# How much does it cost to buy property?

## Deposit

How much are you willing to pay upfront to secure your home?

The simple truth is that the more deposit you pay, the more likely you are to get a loan.

Of course, it depends on your lender and their rules, as well as your financial situation.

You may be eligible for government help if you're buying your first home.

## Other Costs

Property inspection reports are not compulsory, but it is a good idea to get a house inspection to uncover any likelihood of hidden costs you have to pay once you've bought the property.

We recommend you choose a property inspector who has professional indemnity insurance and carries out their work in accordance with the New Zealand Property Inspection Standards.

## Finance

Buying a house is a major investment, and it's important to make sure your finances are in order before starting the process. Once you have started to gain an understanding of the market, the next step is to start thinking about how you're going to pay for it. So how much money do you need?



Tip

## First home buyer?

Check to see if you're eligible for the KiwiSaver HomeStart grant  
[www.kiwisaver.govt.nz/new/benefits/home-sub/](http://www.kiwisaver.govt.nz/new/benefits/home-sub/)

**Lauren Banks**  
Loan Market Mortgage Adviser



In association with

**Loan  
Market™**

# Your home loan

Buying a new home? It's an exciting decision, but it can quickly become overwhelming if you're not prepared.

A large number of Kiwis who take out property finance use a broker to do the hard work for them so you'll be in the right position to secure your new home.

## How it works?

A mortgage broker can compare hundreds of loans – from big name financial institutions you know and trust, to small banks and credit unions – and works with you to match the right loan to your goals and financial position.



For loan advice contact  
**Lauren Banks**  
027 829 0006  
lauren.banks@loanmarket.co.nz

## A good broker will:

- Assess your needs and financial position and recommend competitive loan options.
- Take the time to explain the full process, from application to settlement.
- Do most of the leg work, acting as an intermediary and negotiating with the lender.
- Complete mountains of paperwork, leaving you to simply review and add your signature.
- Liaise with key parties, including solicitors and real estate agents (and you!) to ensure a smooth settlement.
- Perform ongoing reviews for you after settlement to make sure you are always on a competitive loan.

# Four steps to securing your home loan

## 01 Set your goal

Once you know the type of property you want, and have a rough idea of what it's likely to cost, set yourself a target for saving a deposit. Remember, if your deposit is less than 20% you may need to pay Lenders Mortgage Insurance, or get a guarantor to offer their property as security – be sure to factor this into your plans.

## 02 Talk to a broker

Before you start actively looking for a property, it's worth speaking with a broker. They'll give you an accurate assessment of your borrowing capacity (more accurately than an online calculator) and determine your eligibility for government grants. Your broker will explain all the government fees and charges and ensure you'll be eligible for a loan when the time comes to buy.

## 03 Get the green light

Whether you're bidding at auction or placing an offer with an agent, you're in a stronger position with a pre-approval. Pre-approval is essentially a green light from a lender to spend up to a certain amount. This means you'll know how much you've got to work with. You'll usually receive preapproval within a few days of application. It's generally valid for three to six months, and assumes your financials stay the same.

## 04 Close the deal

Whether you buy at auction, by private treaty or off-the-plan, securing a property is cause for celebration. But before you pop the champagne, you'll need to move fast to organise a few important things:

- A deposit - usually 10% of the purchase price, which is held in a Trust account.
- A solicitor/conveyancer – your broker can recommend someone they trust to take care of the legal work
- Notify your broker – so they can quickly move you to formal approval.

Tip

### Final credit assessment

During the time when you are closing the deal, the lender will value the property, process your application and make a final credit assessment. If you haven't already, you'll also need to pay the full deposit at this point.





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# Auctions

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**The excitement and anticipation of an auction is probably the way most people imagine they will buy a property.**

The idea of bidding at auction can be daunting or thrilling depending on the individual. Most likely it will be a little of both. Of course, the best way of approaching an auction is to take the emotion out of it, but that's easier said than done.

## **Preparation**

Before you get hold of that paddle, it's a good idea to do some field research. Attend as many auctions as possible to understand how they work and observe bidding behaviour. The experience will go towards informing your 'game plan' for auction. Begin taking note of the recently sold prices in your area of choice so you know what price range to expect.

Ahead of the auction, thoroughly read the contract of sale and get all of your questions answered by the agent before the big day.

An auction is an unconditional offer on the property. Make sure you do your due diligence and seek legal advice prior to bidding.your goals and financial position.

# Buying

You're satisfied that there are no major problems with your chosen property and have explored the local area to ensure it meets all of your non-negotiable requirements. The next exciting step is to think about buying and the buying process.

# Bidding

It can be easy to get caught up in the moment when the auction is in full swing, so it's important that you set yourself some limits and goals.

- Consider your top bid while you're in a calm and rational state of mind and stick to it.
- Stand right at the front with a good view of the crowd and auctioneer - ask a question right at the start to show you mean business.
- Start with a strong bid, then increase by smaller increments.
- Record the bids so you don't lose track.
- Keep calm and be aware of your body language - give the impression you know what you're doing.
- If you don't trust your emotions, consider employing a buyer's agent to bid for you.

### General Information

Apart from in auctions, sellers don't have to accept the highest offer. Sometimes a clean offer with no conditions is preferable to a slightly higher one that could fall through. There are times as well where human factors come into play and the seller chooses an offer they prefer for reasons other than money.

#### Tip

### Set your limit as an uneven number

People tend to think in round numbers so it could give you an edge. For example, instead of \$700,000 set your limit to \$703,000.

### Private treaty sale

A sale by private treaty is a property listed for sale with an asking price and has no specified closing date and is usually negotiated between a buyer and seller with the assistance of an agent or legal representative.

### Expressions of interest

Similar to a private treaty sale except that a formal written offer is submitted for the property by a specific date.

### Tender

A real estate tender is a method of buying a property through the process of private and confidential offers made by a set deadline.





It's not all about auctions. There are other ways to buy a house.

Tip

### Make a pre-auction offer

If you're unwilling to wait until the auction date, it might be worth making an offer to the seller to see if they would be willing to accept it.

# Congratulations!

Your offer or bid has been accepted. So what happens next? Your purchase now begins the conveyancing process which is formalised into two parts.

**1** The *exchange* of the **contract of sale**

**2** The *settlement* of the **contract of sale**

At this point, it's highly recommended to employ the services of a professional conveyancer or lawyer to ensure the process goes as smooth as possible.

**They will help you with:**

- Undertaking title searches to determine if there are any liens, restrictions, encumbrances, or taxes against the property.
- Meeting all special conditions in the contract of sale.
- Ensuring that council and water rates are up to date in payment, and that any other rates are similarly paid and adjusted as needed.
- Paying any other fees or charges, including registration fees.
- Preparing all legal documents required to transfer the property's title from the seller to the buyer.

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# What is a contract of sale?

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**An agreement for sale and purchase of real estate is between the buyer and the seller of the property and is a legally binding contract.**

It sets out all the details, terms and conditions of the sale. This includes things such as the price, deposit payable, any chattels being sold with the property, whether the buyer requires finance and the settlement date.

A sale and purchase agreement provides certainty to the buyer and the seller about what will happen when.

- It's a legally binding contract so you'll need to get it checked by a lawyer or conveyancer before you sign it.
- You can negotiate the conditions in a sale and purchase agreement.
- A sale and purchase agreement becomes unconditional when all the conditions are met.
- The agent helps the buyer and the seller to include the conditions you both need/want. Even though the agent works for the seller, they also have to deal fairly and honestly with the buyer.
- Before you sign a sale and purchase agreement, the agent is required to give you a copy of the REA New Zealand Residential Property Sale and Purchase Agreement Guide. They must also ask you to confirm in writing that you've received it.



**To make the settlement period a smooth process, there are a few items to check off the list:**

### Funding

One of your top priorities after signing the sale and purchase agreement is to get your funding in place - failure to do this is one of the major reasons that a sale can fall over or settlement can be delayed. An alternative to this is to find a bank that will pre-approve the loan, so you don't have to worry as you go into the settlement phase. (See the finance section, page 10).

### Pre-settlement inspection

A pre-settlement inspection provides the chance for you to check the property and chattels are in the same condition they were in when you signed the sale and purchase agreement to buy the property and that the seller has met any conditions listed in the agreement. The inspection is not an opportunity to uncover problems that existed when you signed the agreement.

A pre-settlement inspection should be carried out at least 2 working days before the settlement date so there is time for the seller to address any issues.

### Insurance

Full insurance is usually a condition of the property finance. You must arrange insurance before settlement day so the property is insured from the day you take possession. Your lawyer or conveyancer and lender will ask for proof that the property will be insured.

### Legalities

Your lawyer or conveyancer will work with your bank or lender to make sure all the paperwork and payments happen on settlement day. You will need to visit your lawyer or conveyancer before settlement to complete paperwork such as the transfer of title and your bank's home loan and finance agreements if you are borrowing money.

Important: In accordance with the AML/CFT Act 2009 a lawyer or conveyancer will need to verify your identity before they can act for you.

For any questions about the buying process,  
visit our office.



## Moving

Finally, the big day has arrived. All the paperwork has gone through and you have the keys in your hand. Moving into your new home should be the exciting and easy part, right? Some people rate moving house as one of the most stressful experiences you can go through, but if you get yourself organised in advance and keep it flexible on the day, moving will go with a breeze. Follow these tips and you'll be cracking open that bottle of sparkling at the end of the day to congratulate yourself on a job well done.

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# Pre-move

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- Throw away, recycle or donate all your unwanted items in advance. You'll be amazed at how much easier it will be to pack (and unpack) when you're not taking all that junk with you.
- Book the removalists and boxes in advance. Once this is done, you have a schedule to work towards and your move is imminent.
- Make a note of all the mail you get and gradually change your address with all your received mail.
- Clear your schedule for at least a couple of days. If you are moving mid-week, book days off work.
- Pack and label your boxes by room. Resist the temptation to pack similar items together from different rooms.
- Have plenty of stationery equipment - you can never have enough tape, scissors and black markers for moving.

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# On the day

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- Finish packing your boxes before the removalists arrive.
- Have plenty of water and snacks throughout the day. Staying hydrated and energised is essential on moving day. It's also a good idea to keep some cash handy for unexpected items like taxis and pizza.
- Pack a box or suitcase of items you'll need for the first night. You don't want to be trawling through your boxes looking for your PJs and toothbrush.

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# Post-move

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- Organise the collection of used boxes, either back to the box company or to be recycled.
- Book the cleaner for the day after moving, rather than on the day to give yourself more time to clear everything out.

# Checklist

## Research

- Suburbs .....
- Schools/amenities .....
- Property features .....

## Finance

- Deposit .....
- Home loan .....
- Pre-approval .....
- Additional costs .....

## Inspections

- Doors .....
- Lights .....
- Taps .....
- Water damage .....
- Floor damage .....
- Wall cracking/fretting .....
- Exterior - gutters, pipes, fencework .....

## Buying

- Auction .....
- Private treaty sale .....
- Expression of interest .....
- Tender .....

## Conveyancing

- Lawyer .....
- Loan approval .....
- Contract of sale .....
- Settlement date .....

## Moving

- House clear out .....
- Book removalists .....
- Book boxes .....
- Amenities .....
- Mail .....
- Buy stationery .....
- Pack & label boxes by room .....
- Pack an overnight suitcase .....
- Collection of boxes .....



# Glossary of real estate terms

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## A

### **Acceptance**

Consent by the person receiving the offer to be bound by the terms and conditions of the person making the offer. Acceptance of an offer constitutes an agreement.

### **Advertised PriceSale**

Selling at an advertised price means that the seller has declared the amount that they expect to be paid for it.

### **Agency Agreement**

If you are using a licensed real estate agent to sell your property, you'll need to sign an agency agreement. This is a legal contract between the seller and the agent that sets out what the agent will do and what they will be paid. Remember you can negotiate the conditions, such as who pays for marketing and how much the commission is. Make sure you get legal advice before you sign.

### **Agency Agreement Guide**

This guide contains the key things you need to know about agency agreements. The real estate agent must give you a copy of this guide before you sign an agency agreement.

### **Agent or real estate agent**

This is the general term for a real estate agent, agency, branch manager or salesperson (these are different types of real estate licences). In New Zealand, real estate agents are licensed by the Real Estate Authority (REA) [www.rea.govt.nz](http://www.rea.govt.nz)

### **Agreement**

The written contract for the sale and purchase of property between the seller (vendor) and the buyer (purchaser).

### **AML/CFT Act 2009 - Anti-money laundering and countering financing of terrorism**

From 1 January 2019 real estate agents are captured under the AML/CFT Act 2009 and are required to collect documents and identify clients before signing an agency agreement and carrying out real estate agency work on behalf of the client.

### **Appraisal**

An assessment of a property's likely sale price. An agent must give the seller a written appraisal that is realistic and based on the market conditions and information from recent sales of similar properties. The listed price of the property may not always be the final price the property sells for.

### **Appraiser/Valuer**

A person qualified by education, training, and experience to estimate the value of real property and personal property. You can tell someone is accredited in NZ with the "B Prop" or "Dip Valuation" after their name.

### **Asking Price**

The listed price of the property but may not always be the selling price. The owner may be willing to negotiate.

### **Auction**

A public sale of a property or real estate that is sold to the highest bidder when the owner's reserve is reached.

## B

### **Beneficiary**

The person designated to receive the income from a trust, estate, or a deed of trust.

### **Body Corporate**

An administrative body made up of all the owners within a group of units or apartments of a strata building. The owners elect a committee, which handles administration and upkeep of the site.

### **Bond**

A sum of money paid by a tenant and held by the Tenancy Services to ensure against defaulting on payment and damage to the property.

### **Boundary**

The lines that define the borders of a property.

### **Branch Manager**

A person licensed to carry out real estate agency work on behalf of an agent and may supervise salespersons carrying out real estate agency work.

### **Building Code**

Local Council regulations that control design, construction and materials used in construction.

### **Building Report**

An expert assessment of a building's condition and identifies any current or future problems.

### **Business Day**

A standard day for conducting business. 9.00am - 5.00pm. Excludes weekends and public holidays.

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## C

### **Caveat**

A notice on a title to a purchaser that a third party might have some interest or right in the property.

### **Caveat Emptor**

A Latin phrase for "Let the buyer beware", i.e.: the onus is on the buyer to be satisfied with any item before purchasing.

### **CDD (Customer Due Diligence)**

CDD information comprises the facts about a customer that should enable an organisation to assess the extent to which the customer exposes it to a range of risks. These risks include money laundering and terrorist financing.

### **Certificate of Title**

A description of a property with the name of the registered owner, encumbrances, i.e.: mortgages or easements on the property. It must be produced by the vendor before the sale of the property.

**Chattels**

Moveable and removable items of personal property. In real estate transactions, chattels included in the sale usually include the stove, television aerial, carpets, blinds, curtains, drapes and light fittings. However, unless chattels are specified in the agreement, they are not sold as part of the property.

**Special Conditions in a Sale & Purchase Agreement**

Cash out clause

Conditional upon a Specialist Report

Conditional upon the sale of the purchaser's property

Conditional upon an existing agreement

Conditional upon a LIM report

Conditional upon Finance

**Clear Title**

Is a title without any kind of lien or levy from creditors or other parties and poses no question as to legal ownership.

**Commission**

A proportion (usually a percentage) of the sale price of a property paid to a real estate agent for negotiating a real estate transaction.

**Company Title**

A company owner has a certificate of title and the owner automatically becomes a member of a company that administers, manages and maintains the property in which the owner's flat is registered. The Directors of that company are elected each year at the Annual General Meeting from owners involved only with that company, i.e. owners in that block.

**Complaints Assessment Committee (CAC)**

Preliminary panel who determine complaints about the agents. They can make determinations and orders under the Real Estate Agents Act 2008 and can file disciplinary charges in the Real Estate Agents Disputes Tribunal.

**Conditional Agreement**

This is a legally binding contract, but it is subject to conditions being satisfied, usually by the purchaser. The conditions will be detailed in the agreement and may, for example, require that you are able to sell your existing home by a set date or to arrange finance by a certain date. Conditions can also be included by the purchaser that require the seller to do something by a specified date - for example, that settlement will take place only on the condition that the house is painted, the windows repaired or that rubbish around the section is removed. Note: Purchasers' conditions usually do not prevent the sale-taking place, but may allow the purchaser to delay settlement without penalty or claim damages if the conditions are not met in time.

**Contingency**

Contingency. See Special Condition.

**Contract of Sale**

An agreement in writing setting out the terms and conditions relating to the sale or purchase of a property. Also known as an Agreement for Sale and Purchase of real estate.

**Covenant**

Terms, conditions and restrictions noted on the title. A covenant may affect future plans or resale of the property.

### **Cover Note**

A document issued by an insurance company giving temporary insurance until a formal policy is issued.

### **Cross Lease**

This type of ownership is common where there is more than one home on a block of land. You are all owners of the land and you each lease your home. The lease will usually provide for an exclusive use area for each cross-lessee. It's like owning a freehold property but there are some restrictions. Another form of ownership for more than one home on a block of land is a unit title.

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## **D**

### **Deadline Sale**

This sale method is when a property is marketed for a set period with an advertised end date. The seller isn't obliged to accept any offers and can choose to accept an offer at any point during the listing period.

### **Deposit**

A percentage of the purchase price paid in advance to secure the sale of real estate.

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## **E**

### **Easement**

A right that someone has to use the land belonging to another, eg: a water authority may have a sewerage easement across part of your property.

### **Encroachment**

Part of a house or structure illegally overhanging the street or a neighbour's property.

### **Encumbrance**

An impediment to the use or transfer of the property in the form of an interest or right in the property.

### **Estate**

The total of all the real estate and personal property owned by an individual at the time of death.

### **Exclusive Agency Listing/Sole Agency Listing**

A written contract that gives a licensed real estate agent the exclusive right to sell a property for a specified time.

### **Executor**

A person named in a will to administer a deceased estate. 'Executrix' is the feminine form.

## F

### **Fee Simple (or Freehold)**

The exclusive ownership of the land and any associated buildings, subject to any interests registered on the title.

### **Fiduciary**

A person who essentially holds the character of a trustee. Real Estate agents and salespersons are considered by law to be fiduciaries, thus they have a duty to act primarily for the benefit of the principal (the person who employed them) and not their own. A fiduciary must act with the highest degree of care and good faith in relations with the principal and on the principal's business. Penalties for failing in fiduciary duties may be quite severe.

### **First Mortgage**

A mortgage that is the primary lien against a property.

### **Fixed Rate Mortgage**

A mortgage in which the interest rate does not change during the term of the loan.

### **Fixtures**

Fixed items that cannot be removed without damaging either the property or the fixture itself, eg: built-in cupboards.

### **Freehold**

An estate in real property which continues for an indefinite period of time. Freehold estates may be inheritable or non-inheritable. Inheritable estates include the fee simple absolute, the qualified fee, and the fee tail. Non-inheritable estates include various life estates which are created by acts of parties, such as an ordinary life estate, or by operation of law.

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## G

### **Guarantor**

A person who agrees to indemnify the holder of a loan all or a portion of the unpaid principal balance in case of default by the borrower.

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## H

### **Home Inspection**

A thorough inspection that evaluates the structural and mechanical condition of a property.

## I

### **Insured Mortgage**

A mortgage that is protected by private mortgage insurance. If the borrower defaults on the loan, the insurer must pay the lender the lesser of the loss incurred or the insured amount.

### **Interest**

The fee charged for borrowing money.

### **Investment Property**

A property that is not occupied by the owner, but provides a return to the owner through letting or leasing to a tenant.

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## J-K

### **Joint Tenancy**

A form of co-ownership that gives each tenant equal shares and rights in the property, including the right of survivorship, eg: ownership of a property passes to the surviving owners automatically.

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## L

### **Landlord**

A person who rents property to another, a lessor. A property owner who surrenders the right to use property for a specific time in exchange for the receipt of rent.

### **Leasehold**

You buy the right to own the home and lease the land for a certain time. You pay rent to the landlord for the land. You can sell the lease if you want to move on. There may be restrictions on your use of the property.

### **Lessee**

A person leasing a property.

### **Lessor**

The owner of a property that is leased to another person.

### **LIM Report (Land Information Memorandum)**

A LIM contains relevant information that the local council knows about a property, such as any issues with drainage and plumbing, erosion or permits. A LIM will also record any unpaid rates. For a fuller explanation of the contents of a LIM you should contact your local council.

### **Listing (or Listing Agreement)**

Another term for agency agreement. A written contract between an owner and a real estate agency, authorising the agent to perform services for the owner.

## M

### **Market Value**

The price at which a seller is happy to sell and a buyer is willing to buy. This assumes that there is sufficient activity in the marketplace to generate enough buyers and sellers so that neither party controls the price. Establishing the market value is the objective of an appraisal.

### **Mortgage**

A legal document that pledges a property to the lender as security for payment of a debt.

### **Mortgage Broker**

An individual or company that brings borrowers and lenders together for the purpose of loan origination. Mortgage brokers typically require a fee or a commission for their services. Usually paid by the lender.

### **Mortgagee**

The lender in a mortgage agreement.

### **Mortgagee Sale**

The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually results in the selling of the property by auction and the proceeds being used to service the mortgage debt.

### **Mortgagor**

The borrower in a mortgage agreement.

### **Multi Offer Process**

A method of sale where prospective buyers are encouraged to submit their best offer and the seller can choose whichever one looks most attractive. There has to be more than one offer in writing.

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## N

### **Negotiation**

Make an offer and we will attempt to negotiate a concluded contract between the parties.

### **Net Income**

Income after taxes are deducted.

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## O

### **Off The Plan**

To purchase a property before it is completed after having only seen the plans.

### **Offer**

Conveyed intent by one party to form a contract, which may have conditions and stipulations, with another party.

### **Offers**

A process of calling for offers on the property, usually required by a certain date.

## P

### **Passed In**

The highest bid fails to meet the reserve price of a property at an auction and consequently does not sell.

### **PIM (Project Information Memorandum)**

A report giving information on items such as potential erosion, subsidence, hazardous contaminants, stormwater. It may also include classifications under organisations such as the Dept. of Conservation or Historic Places Trust, as well as authorisations required by the Resource Management Act.

### **Power-of Attorney**

The person who has authority to execute documents on behalf of the grantor of the power. Also a legal document which authorises another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.

### **Pre-qualification**

The process of determining how much money a prospective home buyer will be eligible to borrow before he or she applies for a loan.

### **Principal**

The amount borrowed or still to be repaid. The part of the monthly payment that reduces the balance of the mortgage.

### **Private Treaty Sale**

The sale of property, through a real estate agent, by negotiation.

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## Q

### **Qualified Buyer**

A buyer who has satisfied a lender that he or she is financially able to qualify for a loan. Qualifying the buyer is one of the primary steps taken by the lender as part of the loan process.

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## R

### **Rateable Value (RV)**

A value used to calculate local body rates (formerly known as Government Value or GV).

### **Real Estate Agency**

A company performing real estate work through its agents, branch managers and salespersons.

### **Real Estate Agent**

A person licensed to negotiate and transact the sale or lease of real estate on behalf of the property owner.



**Real Estate Agents Act 2008 (REAA 2008)**

The Act that provides for the regulations of the real estate industry in New Zealand.

**Real Estate Authority (REA)**

The Real Estate Authority, the Government regulator of the New Zealand real estate industry [www.rea.govt.nz](http://www.rea.govt.nz)

**Real Estate Institute of New Zealand (REINZ)**

National representation body of real estate agents [www.reinz.co.nz](http://www.reinz.co.nz)

**Record of Title**

A legal document evidencing a person's right to or ownership of a property.

**Requisitions on Title**

A process where the buyer requests additional information about the title of the property from the vendor.

**Reserve Price**

The minimum price which a seller will accept at auction.

**Resource Consents**

Resource consents are necessary when a group or individual wishes to carry out an activity or development that may have some effect on the environment. Resource consents relate directly to the rules set out in the District or Regional Plans and the Resource Management Act and are different to Building Consents.

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## S

**Sale and Purchase Agreement (or Contract of Sale)**

A legal contract between the buyer and seller for the sale/purchase of a property that sets out all the agreed terms and conditions in writing.

**Salesperson**

A person who is licensed to carry out real estate agency work on behalf of an agent.

**Second Mortgage**

A mortgage that, on the sale of a property, is paid off only when the first mortgage is paid.

**Security**

The property that is pledged as collateral.

**Seller's Market**

When demand for property is greater than supply. The result is greater opportunities for owners who may find someone willing to offer the asking price or even a figure greater than the asking price.

**Semi-detached**

Also called Duplex. A type of construction where two buildings are attached together by a common wall.

**Settlement**

The sale of a property is finalized by the legal representatives of the vendor and the purchaser, mortgage documents come into effect, costs are paid and the new owner takes possession of the property and receives the keys.

**Settlement Statement**

A breakdown of the payments involved in the property transaction, prepared by the lawyer/conveyancer.

**Sole/Exclusive Agency**

A sole or exclusive agency precludes all other agents from working on the disposal of the property, although another agent may approach the sole agent if the former has a suitable client. But even then the sole agent would finalise the deal.

**Special Condition**

A condition that must be met before the contract is legally binding. For example, if buying a home the purchaser may specify that the contract is not legally binding until the purchaser has obtained a building inspection and been satisfied by the report.

**Strata Title**

A title to a unit or lot on a plan of subdivision associated with townhouses, units and blocks of flats and based on the horizontal and vertical subdivision of air space. Owners have a certificate of title, are absolute owners of a freehold flat and have an undivided share of the common property.

**Subdivision**

A tract of land divided into individual lots for a housing development.

**Survey**

A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.

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**T****Tenancy**

The right to occupy a property under agreed terms and conditions.

**Tenants in Common**

A type of joint tenancy in a property where two or more purchasers own a property in unequal shares. If one dies, his or her shares pass to his or her beneficiaries under the terms of the will. The shares can be sold without consultation of the other owners.

**Tender**

A process of selling, calling for purchasers to make their best offers in writing for that property by a given date.

**Title**

A legal document evidencing a person's right to or ownership of a property.

**Title Search**

A check of the title records to ensure that the seller is the legal owner of the property, legal description and the rights and restrictions registered against the property title, eg: a mortgage, easement or covenant.

**Townhouse**

A dwelling unit, generally having two or more floors and attached to other similar units via party walls. Can be Strata or Cross lease titled.

**Trust Account**

A bank account administered by a law firm or real estate agency to hold funds on behalf of others.

## U-V

### **Unconditional Agreement**

The legal contract that binds both the purchaser and the seller to settle on the agreed date at the agreed price. It is either not subject to any conditions or those conditions have already been satisfied. You should only consider entering an unconditional agreement if and when you are absolutely sure you want to buy a particular property and you already have the full purchase price or 'pre-approved' loan finance from a lender. You should also be confident that there are no other issues or requirements that must be satisfied before you are committed to purchase the property. An unconditional agreement commits you to purchasing the property.

### **Unconditional Offer**

This is when someone offers to buy a property without attaching any conditions to the sale.

### **Unit Title (stratum estate)**

A title to a unit or lot on a plan of subdivision associated with townhouses, units and blocks of flats and based on the horizontal and vertical subdivision of air space.

### **Valuation**

A written analysis of the estimated value of a property prepared by a qualified valuer.

### **Valuer**

A person qualified by education, training and experience to estimate the value of real property and personal property.

### **Vendor**

The person or entity legally authorised to sell a property.

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## W-X-Y-Z

### **Zoning**

Local authority guidelines for the permitted use of land.







# What's next?

**Now you know a little more about the buying process.**

But if you have more questions that we haven't answered, it's worth talking to your local Ray White office. They'll have more information and advice to give you on the next steps towards your new home.

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relax in your  
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