



TERMINOLOGY SHEET

<b>Agreement :</b>	The written contract for the sale and purchase of a property. Its full title is "Agreement for Sale and Purchase". The Agreement is a binding document: once signed by are bound by its conditions.
<b>Auction</b>	Potential buyers bid against each other to buy a property at a public sale. Auction sales are always unconditional and usually a 10% deposit is required on the fall of the hammer.
<b>Body Corporate</b>	Used in relation to apartment blocks, the body corporate is the owners' group that supervises the building maintenance, collects and pays the insurance premiums, runs the block, supervises the use of common areas etc
<b>Caveat</b>	A warning notice registered against the title to the land that another party may have an interest or right on that property will prevent title to the land being transferred to anyone else.
<b>Caveat Emptor</b>	A Latin phrase meaning 'Let the Buyer Beware'.
<b>Certificate of Title</b>	An electronic document showing legal ownership of a block of land or an interest in land. Also known as a 'CT' or simply 'title'.
<b>Chattel</b>	An item of moveable property, such as carpets, curtains, stove, etc which are included in the sale price of a property. Chattels to be included in the house sale must be listed individually in the Agreement. A property valuation is usually made without taking the value of the chattels into account.
<b>CCC (Code Compliance Certificate)</b>	Issued by a local authority building officer or other official, stating the building work complies with the provisions in the Building Act and the building permit issued for the work.
<b>Conditional/Unconditional</b>	The Agreement allows for both 'conditional' and 'unconditional' contracts. An unconditional agreement is not bound by any conditions such as finance approval, LIM Report, etc. A conditional contract has conditions attached to it, such as finance being confirmed.
<b>Contract</b>	Also known, in this context, as 'the Agreement'. A contract is a binding and enforceable agreement between two or more parties. See 'Agreement'.
<b>Conveyancing</b>	In this context, the work carried out by lawyers to transfer property from one person or entity to another.
<b>Covenant</b>	An agreement to abide by a particular condition, for example, an undertaking not to fence the front portion of a plot of land. This is registered on the title to the land.
<b>Cross-lease</b>	Where a number of people share in the ownership of a piece of land and the houses built on the land are leased from the other land owners.
<b>Deposit</b>	A proportion of the purchase price (usually 5-10%) is paid by the buyer when either the Agreement is signed or the Agreement conditions are met.
<b>Disbursements</b>	Disbursements are out-of-pocket expenses (such as title search and registration fees) incurred by a lawyer, on a client's behalf, and reimbursed to the lawyer by the client.
<b>Discharge</b>	When a mortgage is discharged, it is repaid in full and formally removed from the title (hence 'clear' title).
<b>Easement</b>	A right over the property of another, such as a drainage easement over a neighbouring property, or a right-of-way.
<b>E-dealing</b>	The term given to electronic land registration in New Zealand. Since 2009 all land registrations have been carried out electronically.
<b>Encroachment</b>	An unauthorised extension over a boundary of land, for example, by building on the property of a neighbour.
<b>Equity</b>	The amount of the property value that the owner actually owns outright, rather than owes to a lender. For example, a property may be worth \$500,000; the mortgage owed is \$150,000; therefore the owner's equity is \$350,000.
<b>Fee Simple</b>	Title to a property where there are no restrictions in the manner in which it can be held, kept or inherited.

<b>Fixtures and Fittings</b>	A fixture is an item that cannot be removed from the land or building without damage, such as a built-in bookcase. A fitting is an item that can be removed from a property without causing damage, such as lampshades.
<b>Freehold</b>	Usually refers to land on which there is no mortgage or other debt.
<b>GV</b>	The abbreviation for 'Government Valuation', now replaced with 'Rating Valuation'.
<b>Joint Tenancy</b>	Two or more people own the property. On the death of one of the owners, that person's share automatically passes to the surviving owner/s.
<b>Landonline</b>	Website providing property professionals with secure access to New Zealand's titles register. It is maintained by Land Information New Zealand (LINZ) – <a href="http://www.landonline.govt.nz">www.landonline.govt.nz</a> .
<b>Leasehold</b>	Land which is rented (or leased) from an owner.
<b>Licence to occupy</b>	The occupier of a property does not actually own the property, although has the right to occupy it by signing a licence. Frequently used in retirement homes.
<b>LIM Report</b>	A Land Information Memorandum Report is issued by a local authority giving details about the property such as rates owing, consents and drains. The council will release a property's LIM Report on payment of a fee which varies from district to district. A LIM Report is used for a property with an existing building.
<b>LINZ</b>	Land Information New Zealand (LINZ) is a government department responsible for land titles, geodetic and cadastral survey systems, topographic information, hydrographic information, managing Crown property and a variety of other functions. All titles to land are registered at LINZ.
<b>Mortgage</b>	A charge over the property of another given as security for a loan; usually required by a lender as security for a loan. 'Mortgage' is the commonly used term for a home loan. There are various types of mortgages: table, reducing or interest-only. The mortgage instrument will be registered on the title to the land.
<b>Mortgagee</b>	The lender taking a mortgage.
<b>Mortgagor</b>	The borrower giving the mortgage.
<b>Nominee</b>	The person nominated by a buyer to complete the purchase and buy the property. Under the Agreement form currently used, the buyer named is personally liable to complete the contract.
<b>Possession Date</b>	The date on which the buyer physically takes possession of the property. The possession date can be different from the settlement date.
<b>Purchaser</b>	Buyer.
<b>Rating Valuation (RV)</b>	The new name for the old 'Government Valuation' issued by Quotable Value New Zealand or a similar agency.
<b>Right-of-way</b>	Access to one property over another property. The right-of-way will be recorded on the title of both properties often in an easement. See 'Easement'.
<b>Settlement Date</b>	The date on which a property is fully paid for. It is usually also the date of possession, but not necessarily so.
<b>Tenants in Common</b>	A form of land ownership in which several owners have undivided possession of the land so that none of them is entitled to exclusive possession of any part of the land. On the death of one of the owners, that person's share passes according to their Will. If there is no Will, the property is disposed of according to the rules of intestacy.
<b>Tender</b>	Prospective buyers make written bids, however the seller is not required to accept any of the bids. In an 'open tender' the bids are opened when received – there is no deadline. A 'closed tender' has a due date and none of the bids are opened until the specified date and time. Sometimes the bids in a closed tender are called 'sealed bids'.
<b>Tenure</b>	The manner in which property is held, for example, leasehold or fee simple.
<b>Term</b>	The period over which a loan is to be repaid to the lender or the length of time of a lease.
<b>Unconditional</b>	An offer made on a property with no conditions, or when all the conditions have been met in an Agreement the property goes 'unconditional'. Auction sales are made on an unconditional basis.
<b>Unit Title</b>	Where apartments or flats are individually owned as a unit title, but common areas (driveways etc) are owned and administered by the body corporate.
<b>Vendor</b>	Seller.

COUNTDOWN FOR HOME BUYING

**A. Before you sign the Agreement**

1.	Talk with us:	Buyer	
	• Check the Title	Buyer's Lawyer	
	• Obtain provisional finance approval from your bank	Buyer	
	• Talk about future plans for prospective property	Buyer's Lawyer/Buyer	
	• Conditional/Unconditional offer?	Buyer's Lawyer/Buyer	
	• Check chattels	Buyer	
	• Any potential difficulties – unit title/cross lease, access, restrictive covenants, etc?	Buyer's Lawyer	
	• Discuss whether KiwiSaver funds are to be used	Buyer's Lawyer/Buyer	
2.	Develop moving budget	Buyer	
3.	Decide if you need a LIM, Building Report	Buyer's Lawyer/Buyer	
4.	If the property has a tenant, check the tenancy agreement	Buyer's Lawyer	
5.	Sign the Agreement	Buyer	

**B. Offer is accepted**

1.	Ten working days to check the title (only if not checked before signing the Agreement)	Buyer Lawyer	
2.	Confirm finance within Agreement time limits and complete documentation	Buyer's Lawyer/Buyer	
3.	Obtain LIM Report or Building Report (if this is a condition)	Buyer's Lawyer/Buyer	
4.	Check any other conditions in Agreement	Buyer's Lawyer/Buyer	
5.	Pay deposit	Buyer	
6.	Satisfy any outstanding conditions	Buyer's Lawyer/Buyer	
7.	Get quotes from removal company	Buyer	



Buyer's Lawyer








Buyer









Seller's Lawyer


**C. Four weeks before**

1.	Make booking for removal company/truck hire, confirming settlement day	Buyer	
2.	Discuss your moving arrangements with the seller to ensure that their moving company and yours do not attempt to operate at the same time on settlement date	Buyer	
3.	Arrange for transfer of gas and/or electricity supply to new home	Buyer	
4.	Begin to sort out packing	Buyer	
5.	Arrange to sign KiwiSaver First Home Withdrawal documentation.	Buyer's Lawyer/Buyer	

**D. One week before**

1.	Settlement statement received from the seller's lawyer (rates will be apportioned to settlement day)	Buyer's Lawyer	
2.	Arrange insurance for new home	Buyer	
3.	Banks/Mortgagee's interest must be noted on the insurance policy	Buyer's Lawyer/Buyer	
4.	Confirm arrangement with removal company	Buyer	
5.	Ensure house contents are insured in transit	Buyer	
6.	Arrange with your lawyer to sign loan documentation	Buyer's Lawyer/Buyer	





**E. Four days before**

1.	Do a final sort of items to be packed by removal company	Buyer	
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**F. Two days before**

1.	Pre-settlement inspection (if required)	Buyer	
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**G. On the day**

1.	Receive any cash contribution from Buyer	Buyer's Lawyer	
2.	Moneys received from the Lender	Buyer's Lawyer	
3.	Keys handed over to buyer from agent	Buyer	
4.	Transfer (and mortgage) registered at LINZ	Buyer's Lawyer	

**H. After settlement**

1.	Copy of new title to new owner	Buyer's Lawyer	
2.	Copy of new title to lender	Buyer's Lawyer	
3.	Local authorities notified	Seller's Lawyer	



Buyer's Lawyer



Buyer



Seller's Lawyer