

In brief from
RAINEY COLLINS
LAWYERS

AGENT CARE

Summer 2010/11

Welcome to the AGENT CARE edition of Rainey Collins' newsletter

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Changes to the Unit Titles Act – Vendors need to be prepared to disclose...

Anne and Kevin own an apartment in the central city which they purchased through Murray, a real estate agent. When they first purchased it they were provided with the title and body corporate rules by their lawyer. However, they had not really looked at them again. Under the new Unit Titles Act, set to come into force in the coming months, when they choose to sell the apartment they will need to disclose a number of documents to prospective purchasers before purchasers even sign a contract to buy it.

Agents will need to be prepared for this as it will mean contracts to buy or sell apartments will need more work than they currently do, both before signing and before settlement.

The new laws will come into force once new regulations to go alongside it are drafted. The Act puts in place these new disclosure rules, mainly for when people are selling Unit Titled properties, but the changes also apply to developers once they have sold 25% of their entitlements in a complex.

New disclosure to be required

There are 4 types of disclosure under the new proposed regulations (please note however, these regulations are yet to be finalised):

1. Pre-contract disclosure

A Vendor will need to provide to a prospective purchaser copies of:

- Certificate of Title
- Unit plan and unit entitlements
- Easements or other restrictions on the title
- LIM report
- Body Corporate rules
- Claims settled or currently with the Weathertight Homes Resolution Service (notably, not similar claims with the High Court)
- A list of documents that are included in the pre-settlement disclosure and what will be available in the additional disclosure.

2. Pre-settlement disclosure

It is proposed that this type of disclosure include:

- The contribution required to be paid by a unit owner and the manner and time of payment of those contributions
- Whether the contributions relating to the unit are currently paid and if outstanding, the amount outstanding
- Whether the Body Corporate has entered into any contracts for repair and maintenance which will result in a levy being charged to owners
- Whether the Body Corporate has received notice of any Court proceedings against it
- The Body Corporate operational rules
- The long term maintenance plan (which will be a compulsory requirement under the new Act).



CLAIRE COE

3. Additional Disclosure

If requested, it is proposed that a Vendor must provide a Purchaser with:

- Balances of all accounts held by the Body Corporate
- Minutes of AGMs
- Key details of contracts between the Body Corporate and the committee
- Contact details for the body corporate and the Body Corporate committee
- Ground Lease details (if any)

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Our Guarantee

When buying or selling residential property we provide a risk free guarantee.

We guarantee that your clients will be absolutely delighted with our service.

If our service lets them down in any way we will fix the problem promptly at our cost.



JAMES JOHNSTON

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Changes to the Unit Titles Act *continued...*

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4. Disclosure statement

Agents need to make themselves familiar with the changes to disclosure and other changes as there will be new potential for deals to be cancelled and agents liabilities with respect to their clients may be increased. These changes may affect how quickly sales and purchases of apartments occur.

Remember that the new changes have not yet been implemented so watch this space for further updates.

Full article available at
www.raineycollins.co.nz

Rainey Collins Online with QV Valuations

Rainey Collins is now able to order online QV valuations. This online system allows us to enter details for properties anywhere in New Zealand and instantly the information will be sent to the relevant QV valuer in that area for a report.

We are able to track the progress online and advise you once the report has been completed.

We are pleased that the property services we can assist your clients with are now even broader.



RONETTE DRUSKOVICH

Differences in REINZ Form

We draw to your attention the fact that the Agreement for Sale and Purchase of Real Estate Eighth Edition 2006 (3) made available to Real Estate Agents via the REINZ online package, is different to the form available at the NZ Law Society. The differences on the REINZ form are:

1. The copyright symbol on the centre of each page reads January 2008 instead of August 2010
2. The bullets on the back page of the Agreement are shown as arrows as opposed to arrowheads, and
3. The spacing and format of the front and back pages is slightly different to the approved form.

It is important to note that the content of the REINZ form is correct and reflects the official August 2010 version. We also understand REINZ is currently correcting the form available through their online package to match the official law society version.

Christmas and New Year Settlement Dates

Both Agreements for Sale and Purchase are clear when settlement can take place.

- The **last day** to settle in 2010 is **Thursday 23 December 2010**.
- The **first day** to settle in 2011 is **Thursday 6 January 2011**.

We hope this is helpful. Please remember the days between 23 December 2010 and 6 January 2011 are not "working days" when writing special conditions.

Please also note that at Rainey Collins we will be closed from **5:00pm** on **Thursday 23 December 2010** and will reopen to assist with your legal needs from **8:00am** on **Monday 10 January 2011**.

Need Help?

We are happy to field calls of a general nature to answer those little queries that come up from time to time, or to accept ideas for an issue you would like covered in our next edition.

We value your feedback and invite you to call us on 0800 RC AGENT (0800 722 4368) and ask for Claire Coe, or email Sarah Blaney on sblaney@raineycollins.co.nz with any questions or ideas you may have.

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SARAH BLANEY