

Tips for pre-settlement inspections

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When purchasing a property, the standard agreement for sale and purchase gives the purchaser a right to do a pre-settlement inspection before the settlement date.

A pre-settlement inspection gives the purchaser the opportunity to check that the property and chattels are in the same condition as when they signed the agreement for sale and purchase.

The things a purchaser should look for as part of a pre-settlement inspection include:

- Checking that the property is in the same condition as when the agreement was signed;
- Ensuring that all the same chattels listed on the agreement – for example light fittings, stove, heat pumps, dishwasher – are still in the property and are in reasonable working order;
- That all keys to the property including electronic door openers are available and are in working order;
- Checking to see if any damage to the property has occurred since signing of the agreement, which may include damage during

- moving out;
 - That any agreed maintenance or repairs have been completed;
 - That no earthquake or storm damage has occurred since the agreement was signed;
 - And that the property is free of any rubbish.
- When do you complete your pre-settlement inspection? If**

any issues arise as a result of completing your pre-settlement inspection, then under the Agreement for Sale and Purchase the purchaser needs to serve notice on the vendor before 5pm on last working day prior to settlement. Accordingly, it would be prudent to complete your pre-settlement inspection at least two

working days prior to settlement. Please bear in mind that if your settlement date is a Monday, the last working day before settlement is Friday.

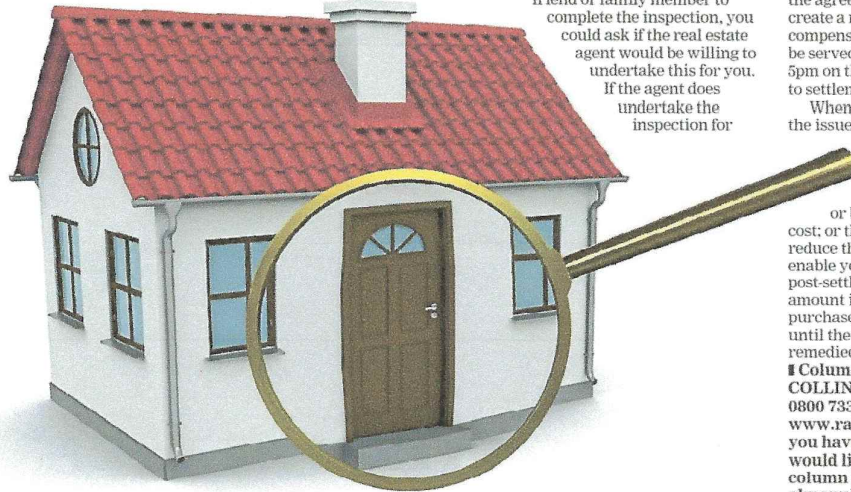
What if you are out of town and cannot complete a pre-settlement inspection? We strongly recommend that you nominate someone to do this on your behalf. If you do not have a friend or family member to complete the inspection, you could ask if the real estate agent would be willing to undertake this for you. If the agent does undertake the inspection for

you, we recommend that you obtain written advice as to the outcome of the inspection.


What rights do I have if there are any issues? If the property and chattels have been damaged or if any chattels are not in reasonable working order then you need to tell your legal adviser as soon as possible. This would not give you the right to cancel the agreement, however it does create a right to compensation. A compensation notice will need to be served on the vendor before 5pm on the last working day prior to settlement.

When negotiating a remedy of the issues the following options are usually considered: The vendor agrees to remedy the issues on or before settlement at their cost; or the vendor agrees to reduce the purchase price to enable you to remedy the issues post-settlement; or an agreed amount is retained by the purchaser's lawyer on settlement until the issues have been remedied post-settlement.

■ Column courtesy of **RAINEY COLLINS LAWYERS** phone 0800 733 484, www.raineycollins.co.nz. If you have a legal inquiry you would like discussed in this column please email Alan on aknowsley@raineycollins.co.nz



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