

What to watch for when buying a house



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Wellington's housing market is hot. What does that mean if you're looking to buy? There is often a shorter marketing timeframe than there used to be. That means you need to decide quickly if you want to make an offer on a property.

It also means you have less time to do your homework about the property to make sure you don't have unexpected surprises later.

The current high demand on properties means sellers often get several offers on their property. The better your offer, the more likely you are to have your offer accepted. It's not all about price. A seller will often accept a lower offer if it is unconditional. An unconditional offer means it is not subject to conditions and that you are legally obliged to proceed with the purchase. You need to be certain it is the property you want to buy. You cannot change your mind or

raise any issues you discover about the property later.

You need to make sure you have done your due diligence. Before making an unconditional offer, it is vital you know all there is to know about the property. That will include:

- Having your legal adviser review the Agreement for Sale and Purchase documents.
- Having your legal adviser review the title and explain it to you. Often the title will restrict the way you can use the property. It could even say you can only paint your house a certain colour.
- Obtaining a builder's report. Often a seller will provide you with a builder's report. If so, you should be careful before you rely on that report. If you intend to rely on a report provided by a seller, we suggest you obtain legal advice about the risks in doing so first.

- Considering whether it is appropriate to obtain a methamphetamine ("P") or other drugs report to see if the property has been contaminated.

- Obtaining a LIM report. Again, often a seller will provide you with a LIM report from the council. It is important you ensure the property (and any renovations like removal of walls or a change of layout in a bathroom) have council consent. If not, this can cause problems with your insurance and your



Do your homework, don't rush in because the market is hot.

ability to obtain finance.

- Having your finance in place. Your finance needs to be an unconditional offer of finance, not just a pre-approval. That is because a pre-approval is still subject to the bank approving the house you are buying.

- Having your insurance in place. An insurance company will usually have additional requirements if the property in

question was built before about 1930. No insurance means no finance from the bank. Don't get caught out. Buying a property may be the largest single transaction you will be involved in.

Doing your due diligence will involve some cost. But when you compare that with the overall investment and risks involved, then it can be put into context.

Doing your homework will help you make informed decisions and will go a long way to ensuring you protect yourself.

Column courtesy of Rainey Collins Lawyers, phone 0800 733 484 or raineycollins.co.nz. If you an inquiry, email alan@raineycollins.co.nz. Our next free public seminar, for first home buyers will be on May 12, noon till 1pm. See our website.