

# SHARP TUDHOPE LAWYERS

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Property Due Diligence  
Legal Services



## TOP FIVE TIPS FOR HOME BUYERS

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*Do your research and know what you are buying before you commit to a purchase.*

Sharp Tudhope Lawyers have an experienced property law team who can help you fully understand the property you are looking at buying before you sign on the dotted line.

**Listed below are our top five tips for home buyers:**

## 1. Sort your Finance

- If you are borrowing money from a bank, you need to get pre-approval from your bank in writing. This pre-approval will outline any conditions the bank wants you to meet as a requirement of giving you a loan and taking a mortgage.
- Some banks may require you to get a builder's report, weather-tightness report and/or registered valuation for a property, particularly for properties with particular types of cladding or design features, contamination or weather-tightness issues. It's better to know in advance if this is required, in case this gives the bank a reason to decline your finance approval.
- If you are planning to use your KiwiSaver for a first home or second chance withdrawal applications and Home Start grant, you need to check you are eligible and get pre-approval for this also.

## 2. Check the Certificate of Title

- The certificate of title for a property is the ownership document which shows important information, such as things called easements, encumbrances or other interests which might limit your ability to do certain things on your land.
- Like anything in life, some certificates of title are very simple and other are very

complicated. As an example, Tauranga has many cross-lease properties, which are a more complex form of title where the owners are bound by the terms in a registered lease document. It is important you understand the ownership structure of your property before you buy.

## 3. Check the LIM Report and/or Council File

- A LIM report is a report issued by the local council, which sets out information about the house and land you are buying. This report can tell you about important matters, such as:
- Is the house on the property compliant with building regulations?
- Are any of your neighbours planning to change the use of their properties, ie: open a day care centre?
- Are there any significant public works (ie: new schools, roading etc) proposed in the surrounding areas?
- Council property files contain information about the property, which are not included in a LIM report. As property files are inexpensive, it is best to view both a LIM and property file.

#### 4. Get a Builder's Report

- A builder's report is important to make sure the house you are buying is free of defects and complies with regulations (at the time it was built).  
Any house requires maintenance, but it pays to be aware of this in advance to avoid unwanted costs and surprises.

#### 5. Get a Meth Test

- Sadly, contamination of properties with methamphetamine is a growing problem in New Zealand. We recommend you get the property you are looking at tested first, or make the agreement conditional on obtaining a clear test result.
- If you unknowingly buy a contaminated property, this can impact on your ability to obtain bank finance, insurance, tenant the property and to sell the property in future. Of course there is also the additional cost to decontaminate.

## OTHER FACTORS:

**Depending on the type of property you are looking at, some of the above may not be relevant or there might be other factors to consider, such as:**

- Section purchases – if you are buying a section to build on, you may also need advice on any building covenants, along with advice on building, engineering and geotech matters.
- House and land packages – do your homework on the developer and make sure the company you are buying from is reputable. Also make sure the agreement details what is and isn't included with the build.
- Rental properties – if you are buying a rental property with tenants in place, review the tenancy agreement and bond documents etc. You should also familiarise yourself with the new law applying to landlords for insulation and smoke alarms.
- Unit titles – if you are buying an apartment, it's likely the Unit Titles Act will apply. It is essential you understand how body corporates operate and review the relevant body corporate rules, financial records and disclosure statements.
- Lifestyle block, orchards, farms and other rural properties – these types of properties are more complex and may require specific clause about GST, shares, licences and resource consents.

For more information [click here](#).