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## Terms & Phrases

- **Agreement for Sale and Purchase.** This is also known as a contract. For sales and purchases of land the agreement must be in writing. This document drawn records the terms of the sale/purchase between the Vendor and Purchaser. This can be drawn by the agent, solicitor or a private individual. It set out the details of each party, the purchase price, deposit, terms and conditions of sale. It is strongly recommended that you seek professional assistance in preparation of this document as it is binding on both parties and imposes serious obligations. You do not want to give warranties or be bound to attend to matters that are beyond your control or you cannot quantify.
- **Buyer.** The party who is purchasing the property to be sold. May also be referred to as a Purchaser.
- **Certificate of Title.** Land in New Zealand has a title which defines its type of ownership. The title to the property will most likely be one of the following:-
  - **Fee Simple.** Often referred to as "an estate in fee simple" or "freehold" (freehold not to be confused with having no mortgage) is an absolute estate in land. A fee simple title is considered to be the title that has the greatest benefit to the owner in respect of enjoyment and use.
  - **Leasehold.** A leasehold estate is an ownership of a temporary right to hold land or property in which a lessee or a tenant holds rights of real property by some form of title from a lessor or landlord.
  - **Cross Lease (freehold and leasehold).** A cross lease is where a number of people own an undivided share in a piece of land and the homes that they build on the land are leased from the other land-owners (normally for a term of 999 years). The houses are usually flats or townhouses.
  - **Unit Title.** Unit title owners own a defined part of a building, such as an apartment, and share ownership in common areas such as lifts, lobbies or driveways. The Unit Titles Act 2010 is the law governing building developments where multiple owners hold a type of property ownership known as a unit title.

- **Conditions of sale or further terms of sale.** These are specific items that are included in an Agreement for Sale and Purchase which record “subject to” matters that must be completed by either the Vendor or Purchaser and which the contract remains conditional on.
- **Contract.** This is the point in the transaction where the Purchaser and Vendor are committed to the sale and purchase under the terms of the Agreement for Sale.
- **Conveyancing.** The process of transferring legal and financial ownership of property or land from one person to another.
- **Deposit.** A deposit is payable under a contract. It is in part payment of the purchase price. Traditionally the deposit is 10% although it does not have to be 10%. It is an amount agreed by the parties.
- **Due Diligence.** The process of systematically researching matters pertaining to a property in preparation for a proposed purchase.
- **Indebtedness.** Amount owing to a Lender or Bank. The terms of indebtedness are recorded in a Loan Agreement or Facility Agreement. Such documents record the terms of the lending between a borrower and lender and will include the principal sum, the term of the loan, the interest rate and other terms and conditions.
- **Land Agent.** A real estate engaged by the Vendor to act on the Vendors behalf to procure a sale of the property.
- **Mortgage.** Security document registered on the title. A Bank will register a mortgage on the title to notify third parties of its interest in the property. The mortgage secures what is owed by the owner of the property to the Bank. Once the debt is repaid the mortgage isn’t automatically discharged. A mortgage may be on the title even if there is no money owing to the Bank.
- **Occupation Licence or Licence to Occupy.** An occupation licence is a personal right only. It gives you the right to occupy your residential unit and to use the village facilities. It sets out the obligations of the Village, your obligations together with the financial arrangements and terms of occupancy agreed by you both. That right is secured on your behalf. Unlike normal property ownership, you are not usually able to mortgage the property or register any other interests such as a caveat against the certificate of title. You cannot sell or transfer the right to occupy.
- **Offer.** Negotiating the terms of the contract. It remains an offer and counter-offer until agreed and accepted by both parties (Vendor and Purchaser). Once the offer is signed by both parties without further alteration by either party it is a contract and both parties become bound by the terms of the contract.

- **Possession Date.** This is the day you will move out of your property and move into your property.
- **Private Treaty.** An Agreement for Sale and Purchase arranged directly between the Vendor and Purchaser without the assistance of a real estate agent.
- **Pre Auction Offer.** This is an offer that is made to a Vendor prior to a scheduled auction that has been arranged by a Real Estate agent. Generally, if the pre-auction offer is accepted by the Vendor this becomes the reserve price and is the accepted bid. Currently auctions are then brought forward to two working days after acceptance of the pre-auction offer although this time period can vary. This becomes the starting bid at the auction. If no other bids are made this becomes the sale price and the parties proceed to settlement as auction contracts and pre-auction contracts are generally unconditional by nature.
- **Purchaser.** The party who is purchasing the property to be sold. May also be referred to as a buyer.
- **Search.** Refers to a search of the Certificate of Title to the property and any encumbrances registered against the title.
- **Seller.** The party selling a property. May also be referred to as the Vendor.
- **Settlement date.** This is the day you pay for your property and title to the property is transferred.
- **Terms of Sale.** These are set out in the Agreement for Sale and Purchase. All Agreements have standard conditions which set out the procedure that must be followed during the course of any sale.
- **Title Search.** Land in New Zealand has a title allocated to it. Searching a title discloses the owner of the property together with any encumbrances, easements and interests.
- **Transactional Conveyancing.** Refers to the steps in the conveyancing process from offer, contract to settlement and possession.
- **Unconditional.** A contract is unconditional once all the terms of sale and purchase have been met. Once a contract is unconditional then all parties are obligated to complete settlement. There are serious consequences for failure to complete settlement.
- **Vendor.** The party selling a property. May also be referred to as the Seller.