



# ATTENTION

## PROVING YOUR IDENTITY

From 1 July 2018, lawyers and conveyancers are required to verify the identity<sup>1</sup> of their clients in accordance with anti-money laundering legislation. If your lawyer cannot verify your identity in line with the legislation, they will not be able to act for you. If your lawyer cannot act for you, you may not be able to satisfy the conditions of your property purchase and will not be able to settle your property purchase or sale.

As identity verification can take days and sometimes weeks if a trust or company is involved, we **strongly recommend** that you contact your lawyer as soon as possible to have your identity verification completed.

The below gives an **indication** of some the documents your lawyer may ask you to present in person or as a certified document as part of this process:



### Individuals:

Passport, NZ Firearms Licence or NZ Driver Licence with another document such as a bank statement or statement issued by a Government agency. You will also need to provide a document with your residential address (for example, a utility bill).



### Trusts:

The Trust Deed and, for all trustees and settlors, the information required for individuals as noted above, together with information regarding the Trust's source of funds or wealth. Additional information may also be required for beneficiaries and appointers.



### Companies:

Details of the company, together with the information for individuals noted above for every individual with more than a 25% shareholding, all individuals with effective control of the company and all individuals acting on behalf of the company. Information regarding source of funds or wealth may also be required.

*Note: The above list is not exhaustive and is indicative only. Your lawyer will assist you with the specific requirements in relation to your situation.*

**DISCLAIMER:** The material and information contained herein is for general information purposes only and is not intended to form professional legal advice. REINZ does not accept liability for any claim or other action that may arise directly or indirectly from the use of or reliance on the material and information provided herein. REINZ recommends you seek independent legal advice if you are unsure of your legal position.

<sup>1</sup> Lawyers are required to complete a "Customer Due Diligence" process in accordance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

**Table 1: Residential risk assessment based on age of home, presence of asbestos-containing materials and activities that could increase or decrease risk to people**

Building age	Possible asbestos-containing materials present	Status of asbestos-containing materials if present	Activities impacting asbestos-containing materials and exposure	Risk level
Pre-1940 unrenovated	None likely			None or negligible risk
Pre-1940, renovations performed 1950–1985	Exterior – corrugated cement roofing, Fibrolite or Hardiplank cladding, Fibrolite eaves	Cracks, chips or breaks in roofing or exterior cement sheeting (walls and eaves)	Materials wet during removal, not sanded or drilled, OR materials sealed/encapsulated	Extremely low risk
			Present when damaged materials were sanded or drilled	Possible short-term exposure – very low risk
		Materials undamaged and well-maintained (sealed and painted)		Extremely low risk
	Interior – textured ceilings, wall linings, vinyl flooring	Decorative ceiling crumbling or removed, vinyl flooring uplifted or old wall board crushed or drilled	Present during removal, but clean-up thorough	Possible short-term exposure – very low risk
			Home furnishings contaminated with dust, not cleaned or removed	Low risk but possible ongoing low-level exposure*
		Materials intact		Extremely low risk
1940–1990	Exterior – corrugated cement roofing, Fibrolite or Hardiplank cladding, Fibrolite eaves	Cracks, chips or breaks in roofing or exterior cement sheeting (walls and eaves)	Materials wet during removal, not sanded or drilled, OR materials sealed/encapsulated	Extremely low risk
			Present when damaged materials were sanded or drilled	Possible short-term exposure – very low risk
		Materials undamaged and well maintained (sealed and painted)		Extremely low risk
	Interior – textured ceilings, wall linings, vinyl flooring	Decorative ceiling crumbling or removed, vinyl flooring uplifted or old wall board crushed or drilled	Present during removal but clean-up thorough	Possible short-term exposure – very low risk
			Home furnishings contaminated with dust, not cleaned or removed	Low risk but possible ongoing low-level exposure*
		Materials intact		Extremely low risk
Post-1990	None likely			None or negligible risk

□ = possible presence of a hazard but probable low risk, ■ = minimised risk, ■ = ongoing presence of the hazard and higher risk.

\* 'Risk' depends on the amount of asbestos-containing materials and extent of disturbance/works carried out. Although the risk is low in absolute terms, it will increase with time if steps are not taken to remove the asbestos fibres after work has been completed.



# Can you buy a home in New Zealand to live in?

**Most overseas people are not able to buy homes in New Zealand to live in, but some can apply to the Overseas Investment Office for consent.**

**You don't need consent if...**



- You are a New Zealand, Australian or Singaporean citizen.
- You have a New Zealand, Australian or Singaporean Permanent Resident visa and live in New Zealand.\*
- You have a New Zealand Resident visa and live in New Zealand.\*

\*You have lived in New Zealand for at least 183 days in the past 12 months.

**You must apply for consent to buy one home to live in if...**



- You have a New Zealand Permanent Resident or Resident visa and do not live in New Zealand.\*
- You have an Australian or Singaporean Permanent Resident visa and do not live in New Zealand.\*

\*To get consent you'll need to live in New Zealand, and if you stop living here, you'll have to sell.

**You can't buy one home to live in if...**



- You have a Temporary visa, such as a visitor, student, working holiday, or work visa (you don't have a Permanent Resident or Resident visa).

There are other ways you may be able to invest in property.

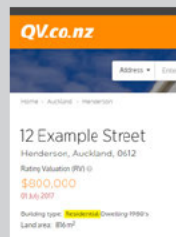
## Check if you can buy

Visit the Ministry of Business, Innovation & Employment website at <https://www.newzealandnow.govt.nz/overseas>



## What types of homes are affected?

These laws apply to homes that are classed as 'residential' or 'lifestyle' on the District Valuation Roll. You can check properties on websites, such as [www.qv.co.nz](http://www.qv.co.nz), or ask the local council.



## Everyone must make a 'Statement'

All buyers must complete a Residential Land Statement to say whether they are eligible to buy. Your conveyancer can help you do this.

If you must apply or cannot buy, it is especially important that you first talk to your conveyancer before you sign the sale and purchase agreement. If you need to sign it urgently, you can make the agreement conditional on the consent of the Overseas Investment Office.

If you need consent, but sign an unconditional agreement without it, you may face significant penalties. If you make a false statement, you could be fined up to \$300,000.

## Apply for consent

To apply to the Overseas Investment Office for consent to buy one home to live in visit [www.lin.govt.nz/oio/live](http://www.lin.govt.nz/oio/live).

## Learn more

This leaflet gives general guidance for people who want to buy a home to live in. There are special rules for overseas people who want to invest in New Zealand property, but not live in it, including buying rental property or land that is rural or next to a lake, river, reserve or the sea.

These rules are complex, and you will need the help of a New Zealand property lawyer. Visit the Overseas Investment Office at [www.lin.govt.nz/oio](http://www.lin.govt.nz/oio) to learn more.



# Buying or selling your property?



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New Zealand Residential Property  
Sale and Purchase Agreement Guide





## This guide tells you...

what a sale and purchase agreement is

what's in a sale and purchase agreement

what happens after you sign the sale and purchase agreement

what happens if you have a problem

where to go for more information

### Where to go for more information

This guide is available in other languages. You can find translated copies of this guide on [rea.govt.nz](https://rea.govt.nz) and [settled.govt.nz](https://settled.govt.nz).

The New Zealand Residential Property Agency Agreement Guide is also available on [settled.govt.nz](https://settled.govt.nz). The guide tells you more about the agreement you sign with the agency helping to sell your property.

**We welcome any feedback you have on this publication.**

The information in this guide was accurate when published. However, the requirements this information is based on can change at any time. Up-to-date information is available at [rea.govt.nz](https://rea.govt.nz).

# Key things to know about sale and purchase agreements

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- A sale and purchase agreement is a legally binding contract between you and the other party involved in buying or selling a property.
- You must sign a written sale and purchase agreement to buy or sell a property.
- You need to read and understand the sale and purchase agreement before you sign it.
- Even if a standard sale and purchase agreement is being used, you should always get legal advice before you sign the agreement and throughout the buying and selling process.
- You can negotiate some of the terms and conditions in a sale and purchase agreement.
- You can include additional clauses, such as what to do if there are special circumstances. Your lawyer plays an important role in providing advice on what the sale and purchase agreement should say.
- A sale and purchase agreement becomes unconditional once all the conditions are met.
- In most cases, the real estate professional is working for the seller of the property, but they must treat the buyer fairly.
- If your real estate professional or anyone related to them wants to buy your property, they must get your written consent to do this. They must also give you a valuation of your property by an independent registered valuer.
- The sale and purchase agreement is only available in English. You may need assistance interpreting it if English is not your primary language.

## What a sale and purchase agreement is

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A sale and purchase agreement is a legally binding contract between you and the other party involved in buying or selling a property. It sets out all the details, terms and conditions of the sale. This includes things such as the price, any chattels being sold with the property, whether the buyer

needs to sell another property first or needs a property inspection and the settlement date.

A sale and purchase agreement provides certainty to both the buyer and the seller about what will happen when.





# What's in a sale and purchase agreement

Your sale and purchase agreement should include the following things.

## Basic details of the sale

Different sale methods like tender or auction might mean the sale and purchase agreement can look different, but all sale and purchase agreements should contain:

- the names of the people buying and selling the property
- the address of the property
- the type of title, for example, freehold or leasehold
- the price
- any deposit the buyer must pay
- any chattels being sold with the property, for example, whiteware or curtains
- any specific conditions you or the other party want fulfilled
- how many working days you have to fulfil your conditions (if there are any conditions)
- the settlement date (the date the buyer pays the rest of the amount for the property, which is usually also the day they can move in)
- the rate of interest the buyer must pay on any overdue payments (such as being late on paying the deposit or the remaining amount at the settlement date).

## General obligations and conditions you have to comply with

The sale and purchase agreement includes general obligations and conditions that you will need to comply with. For example, these may include:

- access rights – what access the buyer can have to inspect the property before settlement day
- insurance – to make sure the property remains insured until the settlement date and outline what will happen if any damage occurs before settlement day
- default by the buyer – the buyer may have to compensate the seller if they don't settle on time, for example, with interest payments
- default by the seller – the seller may have to compensate the buyer if they don't settle on time, for example, by paying accommodation costs
- eligibility to buy property in New Zealand – people who have migrated to New Zealand may not be permitted to immediately buy property or may need to get consent from the Overseas Investment Office.

Your lawyer will explain these clauses to you.

### Check...

Always check your sale and purchase agreement with a lawyer before signing.

Buying or selling a property where the owner isn't able to participate, like a mortgagee sale or deceased estate, can mean the real estate professional has limited information about the property. It pays to allow for this when deciding what conditions the buyer and seller might need.

### Remember...

Before you sign a sale and purchase agreement, whether you're the buyer or the seller, the real estate professional must give you a copy of this guide. They must also ask you to confirm in writing that you've received it.



## Specific conditions a buyer may include

Some buyers will present an unconditional offer, which means there are no specific conditions to be fulfilled. Some buyers will include one or more conditions (that must be fulfilled by a specified date) in their offer such as:

- title search – this is done by the buyer's lawyer to check who the legal owner of the property is and to see if there are any other interests over the property such as caveats or easements
- finance – this refers to the buyer arranging payment, often requiring bank approval for a mortgage or loan
- valuation report – a bank may require the buyer to obtain a valuation of the property (an estimate of the property's worth on the current market) before they agree to a loan
- Land Information Memorandum (LIM) – provided by the local council, this report provides information about the property such as rates, building permits and consents, drainage, planning and other important information
- property inspection – a buyer paying for an inspection provides an independent overview of the condition of the property rather than relying on an inspection that has been arranged by the seller

- engineer's or surveyor's report – similar to the above but more focused on the entire section and the structure of the property
- sale of another home – the buyer may need to sell their own home in order to buy another.

The real estate professional helps the buyer and the seller to include the conditions they each want. Even though the real estate professional works for the seller, they also have to deal fairly and honestly with the buyer. While they're not expected to discover hidden defects, they can't withhold information and must tell the buyer about any known defects with the property. If a buyer needs time to check a property for defects, including a property inspection condition may be important.



# What happens after you sign the sale and purchase agreement

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Signing the sale and purchase agreement is not the end of the sale or purchase process.

## Both parties work through the conditions until the agreement is unconditional

A conditional agreement means the sale and purchase agreement has one or more conditions that must be met by a specified date and before the sale goes through.

The buyer pays the deposit. Depending on what the sale and purchase agreement says, the buyer may pay the deposit when they sign the agreement or when the agreement becomes unconditional. If the deposit is made to the real estate agency, it must be held in their agency's trust account for 10 working days before it can be released to the seller.

## An agreement for sale and purchase commits you to buy or sell

Once you've signed the sale and purchase agreement and any conditions set out in it have been met, you must complete the sale or purchase of the property.

The length of time between the conditions being met and the settlement date varies. Settlement periods can be lengthy if the property hasn't been built yet or the sale and purchase agreement includes conditions for one party to buy or sell another property. The real estate professional has obligations to keep you informed of important updates that come up during this time.

## Pre-settlement inspection

This is the chance for the buyer to check the property and chattels are in the same condition they were when the sale and purchase agreement was signed and to check that the seller has met any conditions, for example, there is no damage to walls or chattels haven't been removed from the property.

It's important to raise any concerns you find at the pre-settlement inspection with your lawyer and the real estate professional as soon as possible to allow enough time for an issue to be resolved. If it's less than 24 hours before settlement, the vendor may not be obligated to set things right.

## Payment of a commission

Once the sale is complete, the seller pays the real estate professional for their services. The real estate agency usually takes the commission from the deposit they're holding in their trust account. The seller should make sure the deposit is enough to cover the commission. The real estate professional cannot ask the buyer to pay for their services if they have been engaged by the seller.

## The buyer pays the rest

The buyer pays the remainder of the amount for the property on the day of settlement, usually through their lawyer.

## Buying a tenanted property

If the property is tenanted, the agreement for sale and purchase should specify this. It may also contain a specific date for possession that may differ from the settlement date.

If the buyer requires the property to be sold with 'vacant possession', it is the seller's responsibility to give the tenant notice to vacate in accordance with the tenant's legal rights.

It is recommended that you seek legal advice if you are buying a property that is currently tenanted.

## What happens if you have a problem

If something has gone wrong, first discuss your concern with the real estate professional or their manager. All agencies must have in-house procedures for resolving complaints.

If you can't resolve the issue with the real estate agency or you don't feel comfortable discussing it with them, you can contact the Real Estate Authority (REA). We can help in a number of ways if your complaint is about the real estate professional. For example, we can help you and the real estate professional or agency to resolve

the issue and remind them of their obligations under the Real Estate Agents Act 2008. When you contact us, we'll work with you to help you decide the best thing to do.

Call us on **0800 367 7322**, email us at [info@rea.govt.nz](mailto:info@rea.govt.nz) or visit us online at [rea.govt.nz](http://rea.govt.nz)

## About settled.govt.nz



### Settled.govt.nz guides you through home buying and selling.

Buying or selling your home is one of the biggest financial decisions you will make. It's a complex and sometimes stressful process with potentially significant emotional and financial impacts if things go wrong.

**Settled.govt.nz** provides comprehensive independent information and guidance for home buyers and sellers. You can find information about the risks and how they can impact you and get useful tips on how to avoid some of the major potential problems.

**Settled.govt.nz** will help to inform and guide you through the process from when you're thinking of buying or selling right through to when you're moving in or out. You'll find valuable information, checklists, quizzes, videos and tools. From understanding LIMs, to sale and purchase agreements, to when to contact a lawyer, **settled.govt.nz** explains what you need to know.

**Settled.govt.nz** is brought to you by the Real Estate Authority – Te Mana Papawhenua (REA).

### For more information

For more information on home buying and selling, visit [settled.govt.nz](http://settled.govt.nz) or email [info@settled.govt.nz](mailto:info@settled.govt.nz)





# About the Real Estate Authority – Te Mana Papawhenua (REA)

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REA is the independent government agency that regulates the New Zealand real estate profession.

Our purpose is to promote and protect the interests of consumers buying and selling real estate and to promote public confidence in the performance of real estate agency work.

## What we do

Our job is to promote a high standard of conduct in the real estate profession and protect buyers and sellers of property from harm.

- We provide independent information for people who are buying and selling property through our [settled.govt.nz](https://settled.govt.nz) website.
- We provide guidance for real estate professionals and oversee a complaints process.
- We license people and companies working in the real estate industry.

- We maintain a Code of Conduct setting out the professional standards real estate professionals must follow.
- We maintain a public register of real estate professionals that includes information about disciplinary action taken in the last 3 years.

The Real Estate Agents Authority is a Crown agent, established under the Real Estate Agents Act 2008. The Real Estate Authority is the operating name of the Real Estate Agents Authority.

## For more information

To find out more about  
REA, visit [rea.govt.nz](https://rea.govt.nz),  
call us on 0800 367 7322  
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