

# Buying a house

Buying a house is probably one of the biggest decisions you'll ever make. It's important to understand what you're buying before you make an offer to ensure you're getting what you expect and offering a price that corresponds to that. It's also important to know that you're buying a house you'll be able to insure.


## Things to check

### LIM (Land Information Memorandum) report

A LIM report is a copy of all the information the local council holds on a particular property.

A LIM report may contain

- copies of the plans for any buildings
- valuation data
- yearly rates payable for the property – including whether any rates remain unpaid
- information about water charges
- information in regard to whether it is a protected or historic building, or site, and whether there are any protected trees
- planning issues or planning zones that impact the property
- Resource Consents issued in the immediate neighbourhood
- information on subdivisions and developments affecting the property and the immediate area
- drainage information relating to both private and public sewers and storm water on the property
- special land features including potential hazards or hazardous substances
- consents, certificates, notices, orders or requisitions affecting the land or buildings.
- District Plan classifications that relate to the land or buildings.




**TIP**

Your LIM report might be incomplete. Councils aren't required to hold information about a property that was issued before 1991 and sometimes won't add information to a LIM report if it isn't legally required.

If you have questions about the contents of a LIM report, talk to the council that issued it.

Compare the plans and consents in the LIM report with what you can see on the property. Are there any buildings or features which aren't shown in the LIM report? Do the plans for the house match with the current layout? If you have any concerns, talk to the seller, the local council, a registered builder or your lawyer.



**TIP**

Not all building work has to be consented. If the work is low risk and meets the exemption requirements set out in the building act then a consent doesn't need to be sought.

To find out more, talk to your local council or check out MBIE's Building Performance website:  
<https://www.building.govt.nz/projects-and-consents/planning-a-successful-build/scope-and-design/check-if-you-need-consents>.

LIM reports contain important information about the land you're looking at buying, including potential hazards like

- flooding
- erosion
- contamination
- subsidence
- wind risk.

Your insurer will want to know if any of these are noted in your LIM report.

### Title

If the LIM report doesn't include one then it's important to get a copy of the record of title for the property you're looking at buying.

A record of title will show

- what kind of ownership structure the property has (fee simple, cross lease, unit title or freehold)?
- any covenants or easements on the property
- any notices made under the Building Act (such as Section 72 notices)
- who currently owns the property and any interests in that ownership (such as mortgages)?
- other important information.

**TIP**

You can find out more about

- records of title at <https://www.linz.govt.nz/land/land-records/types-land-records/record-title-current>
- types of property ownership in New Zealand at <https://www.settled.govt.nz/buying-a-home/finding-a-property/understanding-types-of-ownership/>
- easements and covenants at <http://www.cab.org.nz/vat/hle/ho/Pages/Landtitles.aspx#8>
- Section 72 notices in our consumer guides at <https://www.icnz.org.nz/understanding-insurance/consumer-guides/>.

### *Building report or pre-purchase inspection*

You may want to commission a building report or pre-purchase inspection to find out what condition the house and other buildings on the property are in and what sort of maintenance you may need to do.

You should use a registered, qualified builder or surveyor to do your building report. It's also a good idea to check they have public liability insurance.

### *Electrical installation work*

It's important to make sure any electrical work done on any building you're considering buying has been properly completed and certified.

If the seller does not have certifications, it's a good idea to have an electrician check the property for you before you buy it. Ask them if they're able to certify the condition of the wiring for you, especially if there's any work that needs to be done.

**TIP**

If getting electrical work done is a condition of sale, make sure it's clear in the sale conditions that work has to be carried out and certified by a registered electrician in order for the sale to proceed. If the electrician selected does not offer a certification, it might be worth choosing a different electrician.

To find a registered Master Electrician in your area, visit [www.ecanz.org.nz](http://www.ecanz.org.nz).

### *Insurance*

Always arrange house insurance before you make an offer on a house. That way, if your offer is accepted, you'll know the house is insurable. If you can't then put a clause in your sale and purchase agreement that says the sale is "subject to insurance".

Most insurers will give you a certificate of insurance dated the day your sale and purchase agreement goes unconditional if they're willing to insure your property. If the sale doesn't go through, you can simply ring them and cancel the insurance.

**TIP**

If you can't arrange insurance before putting in an offer, make it a condition of your sale and purchase agreement. Your lawyer or real estate agent will know how to do this.

Banks require that customers with mortgages keep adequate house insurance as a condition of their mortgage. Failing to get or keep house insurance may put you in breach of your mortgage conditions.

### **Arranging home insurance**

To insure your new house, or to provide a quote, your insurer will need information about the house and the land it's on, who'll be living in it, what it will be used for, whether it's mortgaged and who to.

### *The house and land*

You'll need to tell them

- the address of the property
- when the house was built
- what the house is built of – such as brick or wood cladding, timber frame, metal roof
- the floor area of the house and what you estimate it will cost to rebuild if it's destroyed
- any high-value or special features – such as pools or tennis courts
- if your house is attached to another house or is part of a multi-unit complex or body corporate
- if your house has a heritage listing
- whether there's any pre-existing or unrepaired damage (including details of any open insurance claims).

**TIP**

Check out our consumer guides to help you work out your floor area and sum insured:  
<https://www.icnz.org.nz/understanding-insurance/consumer-guides/>.

If you're buying an older house, your insurer will also need to know whether the home has been

- re-wired
- re-plumbed
- re-piled
- when this work was carried out.

Some insurers may also require a building report confirming the condition of the house.

**TIP**

Always be honest with your insurer and tell them as much as you can in answer to their questions, as well as anything else you can think of that they may need to know. If you don't, it might affect how much cover you have when something goes wrong.

Deliberately giving your insurer incorrect or incomplete information is insurance fraud and it's a crime.

### *Occupants and intended use*

Your insurer will ask what your home will be used for. They'll want to know whether you'll be living in it yourself or whether it will be tenanted or be rented out to regular guests.

They'll also want to know if you or any tenants will be working out of the property – even if you're just doing your office job from the couch every now and then.

You should tell your insurer if the house will ever be unoccupied for 60 days or more in a row.

### *Information about financial interest*

You need to tell your insurer if there's a mortgage on the property and which bank it's with.

**TIP**

Your insurance can only begin on the day you become the legal owner of the house – settlement day. Before then, the seller needs to maintain their house insurance in case anything goes wrong between the sale and purchase agreement going unconditional and settlement day.