



Buying a house

A checklist to help home buyers make informed decisions

Buying a house is the biggest investment most of us make, so it is important to get it right.

Home buyers need to remember that the seller's real estate agent works for the seller. However, they also need to be aware that real estate agents licensed under the Real Estate Agents Act, and their salespeople, are also bound by a number of statutory and ethical obligations which require them to provide the buyer with information of material importance, and to fully answer buyers' questions. Information of material importance is any information about the property that could impact on your decision about buying it. Buyers and sellers alike should know that sellers of real estate who are not covered by the Real Estate Agents Act are not bound by the same requirements.

Friends and family are often keen to offer free advice, but spending money on professional advice before you buy may save you spending a lot more money in future fixing problems you didn't know about.

Knowing the right questions to ask and engaging expert advice will help you make a sound investment for your future – whether you're buying a home to live in with your family or to rent to tenants.

Is the seller or their agent aware of any problems with the property?

Ask both the real estate agent and the seller if there is anything a buyer should be aware of with the house, particularly around weathertightness concerns if it's a modern design or had additions done since the early 1990s. Write down what you are told.

Most apartments and townhouses are unit title properties, with a body corporate governing the use of common areas and administering the body corporate rules. Always ask the seller to authorise the body corporate secretary to provide full records, such as meeting minutes and financial reports, to identify any financial liabilities you need to know about, or problems such as leaks or subsidence.

What needs to be checked?

For all properties, regardless of age and design, basic checks should include:

- the condition of the roof (rust, broken tiles, patching)
- plumbing, including water pressure – check all taps and showers
- the condition of drainage systems – are there any signs of flooding from a partially blocked sewer or stormwater drain?
- electrical wiring – check the switchboard and powerpoints for any discolouration
- the condition of the piles (underfloor supports)
- insulation – in the ceiling space, in the walls, under the floor
- the condition of fences, paving and driveways
- evidence of house movement, such as cracked window sills and doors that don't close properly
- any alterations that do not appear on the plan (plans usually can be obtained from the local council for a small fee).

All houses are capable of leaking if not built correctly. However, if a house was built or had major renovations after the early 1990s, some features are known to increase the risk of leaking, including:

- monolithic claddings, including texture coated fibre-cement, EIFS (polystyrene boards with a plaster and paint finish), and stucco
- more than one cladding system used on the house
- lack of roof overhang or eaves
- complicated roof design
- balconies, particularly above rooms
- internal gutters
- wall claddings in contact with the ground
- lack of flashings (waterproofing strips) to windows, doors and chimneys
- parapets without sloped tops or adequate cap flashings.

Check the property yourself for potential signs of leaking, including: visible water damage; cracks in the external cladding; mould on ceilings and internal walls; walls and skirtings showing signs of bulging and staining. Check any balconies on upper floors where water cannot freely drain away.

Ask for furniture, floor rugs and pot plants on balconies to be moved, if necessary, to ensure you can thoroughly check for signs of potential leaks and rot.

Older homes can have weathertightness problems if additions or renovations have been undertaken since the early 1990s, or if maintenance of roofs and walls has not been carried out.

Is a pre-purchase building inspection advisable?

A pre-purchase building inspection is advisable for all properties, but essential for homes that may be at risk of leaking. If the property has any potential signs of leaking, engage an experienced building expert with weathertightness expertise to inspect it. If the house you are thinking of buying has any obvious weathertightness risks, ask the building expert to report specifically on this. If the property is an apartment or in a townhouse complex, ensure the whole complex is inspected for weathertightness and not just the unit you are interested in. If other parts of the complex are leaking then you will be liable for a share of their repair, even if your own unit is weathertight.

The following groups can help you find a qualified building expert with weathertightness expertise in your area: the New Zealand Institute of Building Surveyors (www.buildingsurveyor.co.nz or 0800 113400); the New Zealand Institute of Architects (www.nzia.co.nz or 09 623 6080); and the Institution of Professional Engineers New Zealand (www.ipenz.org.nz or 04 473 9444).

Can you check if a house has had weathertightness problems?

Weathertight Services, Department of Building and Housing, can let you know if the property is or has been subject to a claim – call 0800 324 477. In Land Information Memorandum (LIM) reports councils are obliged to identify properties that are or have been subject to Weathertight Services claims. However properties that have been subject to weathertightness claims through the courts or private actions do not have to be identified. Homes requiring re-cladding require a building consent from your local council.

What about newly built houses?

People planning to build a new house should discuss weathertightness matters with the architects, designers and builders involved. If any concerns arise, seek advice from an experienced, qualified consultant with weathertightness expertise. Money spent at the planning stage can avoid costly problems in the future. Visit www.consumerbuild.org.nz for detailed information about what you need to be aware of when buying or building a home.

What can the council tell you about the house?

For a small fee you can view the property file on any house, including original specifications and drawings. You can also obtain a Land Information Memorandum (LIM) report, which provides information your local council holds about a property. While a LIM is more expensive than viewing the property file and can take up to 10 working days to obtain, it is a valuable pre-purchase check to protect your investment. The LIM outlines any permitted alterations that have been made to the house and any proposed local authority zoning or other changes to the area or the property. Make sure you allow for time to get a LIM when putting in an offer on a property.

A LIM report will show whether existing works have received council consent and whether the council requires any remedial work. Any house built or modified since 1992 should have a code compliance certificate or a certificate of acceptance issued by the local council. If it hasn't, you need to find out why. The LIM will also give you information about matters such as soil contamination, possibility of flooding, and zoning details.

Remember, however, that the LIM provides information only about those things reported to the council. Check with your lawyer that the LIM covers everything you need to know.

Are there any problems with the property title?

Seek legal advice about the property title. In particular you need to know about easements, including rights of way. Buyers should make their offers conditional on a title search to identify any problems ahead of actual purchase.

If you don't have a lawyer, www.propertylawyers.org.nz will help you find one or you can call 0800 745 754.

Getting the contract right

Ask your legal adviser to use a contract like the Auckland District Law Society's or Real Estate Institute of New Zealand's standard sale and purchase contract, which includes useful warranty clauses. For your protection you should seek a warranty for weathertightness in the sale and purchase agreement.

Buyers wanting a builder's or engineer's report should include an appropriate condition in their offer, allowing them to cancel the contract if the report is not satisfactory.

Make sure that whatever you sign is right for you before you sign it.

Will there be any maintenance?

A lot of modern houses are described as 'low maintenance', but this does not mean 'no maintenance' – there is no such thing as a maintenance-free house.

Check that you will have easy access to areas of your house that need regular maintenance, like gutters. Also check that landscaping features will not present problems, for example wall claddings that are likely to come into contact with the ground or garden debris.

Remember, fibre-cement cladding or other speciality exterior cladding will usually need more and professional maintenance than a weatherboard house.

See reverse for summary checklist.

Checklist summary

- Ask the agent and the seller about any issues with the house.

Thoroughly check the house yourself, including:

- the roof
- plumbing, including water pressure
- electrical wiring
- the piles
- insulation (especially above ceilings where most heat escapes)
- fences, paving and driveways
- evidence of house movement
- any alterations that do not appear on the plan.

Check the property for potential signs of leaking, including:

- visible water damage
- cracks in the external cladding
- mould on ceilings and internal walls
- bulging or stained walls and skirtings
- balconies on upper floors without good drainage.

Make sure you:

- view the property file at the local council, or
- obtain a LIM from the local council
- engage an experienced building surveyor to report on the property
- seek legal advice about any issues that arise in the LIM or property report
- obtain legal advice before you sign the contract
- don't sign the contract until you are confident it is right for you.

For reliable, practical advice on buying, building, renovating and maintaining homes visit www.consumerbuild.org.nz – a joint website of the Consumers' Institute and the Department of Building and Housing.