

10 TOP TIPS

TO AVOID PICKING A LEMON WHEN BUYING A HOME

- Allistar Walker

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Spring has arrived and the weather forecasters say it will be a 'settled spring'. Hopefully they mean settled with sunshine rather than rain! Spring traditionally brings out the homebuyers although in our current recessionary climate, probably not as much as in recent years. So, if you are looking to set up your nest, here are a few tips. Each of our new clients get a booklet covering home purchase in far more detail, so you avoid some of the traps, like leaky homes, investment in the wrong vehicle and simply bad or misguided advice.

- 1. Get a copy of the LIM (Land Information Management)**
This is available at the local council. It will identify any unusual features or problems. You can also do an instant property search at most council offices. The property file will have the house plans, resource consents, building permits, layout of drains, sewer etc. My view is that all vendors should have copies of this available to potential purchasers. Why land agents don't encourage this, is a mystery. Your solicitor is invaluable, helping you interpret the LIM report and pick up something that you would miss.
- 2. Arrange a building inspection**
Get a 'Warrant of Fitness' from a qualified person. Many more recent building practices have shown to be substandard. A few hundred spent at this point could save a few hundred thousand later. Does the house smell damp or have mould? Take care, particularly with plaster clad homes post 1996 and check for use of untreated timber.
- 3. Ensure all appliances in the agreement work....**
Stoves, dishwashers, hot water systems, lighting etc is to be handed on in full working order, unless otherwise specified. Also make sure what else is going with the house. Items such as curtains, blinds, carpets, light fittings, must be left behind, unless they too are specifically excluded.
- 4. What about an Apartment?**
Check out how much the body corporate fee is and what regulations it may impose. Ask to see the last body corporate minutes. These will reveal if there are any issues, such as leakiness, major expenditure arising etc that may impact on your finances.
- 5. Then there is Cross lease**
Often a way of having an affordable entry to the market. These are less flexible than full freehold. For instance, should you want to do major alterations or alter the plan of your home, you will need approval of the other

cross lease holders and be required to foot the expense of the plan change. In some cases too there can be issues with shared driveways or 'common' ground.

6. **Check out the area**

Is this a street you will be happy in? What about schools, transport, parks, shopping, recreational activities and proximity to family and friends. Do neighbours have noisy parties; sit outside on a Saturday night. You are spending a lot of money, spend it wisely.

7. **Does it need doing up?**

If property is a 'do up', make sure you have costings as to how much that will cost you. The tendency to overspend the properties real value should be avoided, so know your figures and only buy if you can get the property at a suitable discount. Also make sure you will have the funds available to effect any alterations. Always allow for a 10%-15% escalation in cost. I've never known anyone to get away with their original estimates.

8. **Auction buying**

Be aware that on the fall of the hammer, with your successful bid, you are the 'unconditional' owner. You cannot call for conditions in the contract such as building reports, finance, etc. You are liable for the deposit (usually 10%) immediately and failure to proceed with the contract will result in forfeiture or suing for that deposit.

At auction you will be in competition with other potential buyers, who may be keener than you. The trick is to know how far you are willing to go and not go beyond that. There will be another house on another day. Also, if you need to do any checks, do it all **before** auction day.

9. **Buying via Private Treaty**

More and more property is being listed on 'Trade-Me' as vendors seek to avoid land agent fees and reckon they can do as well themselves. For the buyer, it is a chance to eyeball the vendor and get a more 'close-up feel' of the property. You need to ensure you have reasonable negotiating skills and have a good idea what the property is worth – no use paying too much. Be aware that as a Land Agent is not involved a lender may require you to have a registered valuation, to determine fair market value.

10. **Caveat Emptor – Buyer Beware**

Why not have a chat to your potential neighbours about the area. Has your potential property had numerous owners? If so, why? Above all look at property with open eyes. Is there slippage on a hill? Are retaining walls leaning over? Is new paintwork hiding something? Are there cracks or rot in the exterior cladding?

At the end of the day in NZ law, it is 'caveat emptor' or 'buyer beware'. Do the due diligence and end up with a happy, warm and inviting home.

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