

MURDOCH PRICE

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SUPPLEMENTARY INFORMATION SHEET FOR PURCHASERS OF UNIT TITLES (Buying a House)

Unit Titles

The Unit Titles Act governs the rules relating to unit title properties.

These are usually multi-storey blocks of apartments but can be two or more houses at ground level.

Common insurance (called Body Corporate insurance) is compulsory.

A secretary (who need not be an owner) is designated to arrange Body Corporate insurance and obtain the premiums from the owners. There may be other expenses as well associated with maintenance of common facilities. These will be levied on an annual basis (the Body Corporate levy).

The Body Corporate comprises all the owners. Generally a majority decision rules but there are dispute resolution procedures in some cases. In larger blocks a committee of the owners will deal with a management company who are engaged to administer the Body Corporate affairs.

A pre-purchase disclosure document is required from the Body Corporate. This provides information as to such things as leaky building issues and current or pending litigation involving the Body Corporate. In addition a pre-settlement certificate is required which includes information as to whether any moneys are owing by the vendor for outstanding Body Corporate levies.

Restrictions on your use of the unit and the common areas can be included in the Body Corporate rules. The Unit Titles Act sets out the standard rules but these can be changed by the owners or more usually the developers of a multi storey block prior to sales.

An example of some possible restrictions:

- (a) Renting without the committees/secretary/management company's consent.
- (b) Use of the unit for other than residential purposes.
- (c) Restriction on pets.
- (d) Restrictions on colours to be used for external painting.

Problems can arise if the unit has been extended beyond the footprint on the plan. This would create a defective title and may be costly to remedy.

You need to inspect the unit carefully to ensure it is in accordance with the unit plan. Any deviation can be the subject of a title requisition which would enable you to cancel the purchase if a satisfactory arrangement is not agreed.

However you need to act quickly as there is a time limit (often 15 working days) for title requisitions and not every deviation can be the subject of a title requisition.

Just because council have issued a permit or building consent and/or the co-owners have agreed does not rectify the title.

While you may be happy with the deviation the problem may well resurface when you come to sell the property.