

## Real Estate Terms (in alphabetical order)...

**Adjustment.** The apportion between buyer and vendor or expenses like council and water rates.

**Allotment.** A lot, block or section subdivided from a larger portion of land.

Appraised value. An estimate of the value of the property offered as security for a home loan. This appraisal is done for financial lending purposes and may not reflect the actual market value.

**Assets.** What you own.

**Auction.** Sale of a property in public to the highest bidder. An intensive programme over 3 to 5 weeks using profile building marketing over 3 phases. The first is with larger ads leading to the following stage Auction day, followed by a third stage of marketing if for some reason it is still needed.

**Breach of contract.** Breaking the terms of a contract.

**Brick Veneer.** A system of building in which a timber frame is tied to a single brick external wall.

**Bridging finance.** A short-term loan, usually at a higher rate of interest taken out by people who have bought a house while waiting for theirs to be sold, or when a normal mortgage and their savings fall below the asking price.

**Building regulations.** Designed to uphold the standards of public safety, health, and construction, these regulations are in place and have been formulated by local councils to control the quality of buildings.

**Caveat.** Is a document any person with a legal interest in a property can lodge with the Titles Office to ensure the property is not sold without their knowledge.

**Caveat Emptor.** Latin for 'Let the Buyer Beware.' This puts the burden onto the buyer to be satisfied with the item before purchasing a property.

**Certificate of Title.** Legal proof of ownership of a property, carrying the owner's name and other information.

**Chattels.** The removable items that come with your house, such as carpets, curtains, light fittings and sometimes furniture. These are the items that stay with the home when it sells, eg: carpets, light fittings, drapes, curtains etc. Often special items are added to the contract, eg: dishwasher, spa pool. Specific items can also be excluded.

**C.M.A** Comparable Market Analysis - a price comparison of your home with others.

**Commission.** Fee payable to real estate agent for selling a property by the person authorising the sale. Usually a percentage of the sale price.

**Common Property.** Areas in strata-title / unit-title properties shared by all owners.

**Company Title.** This title applies when owners of flats in a block form a company. Each has shares in the company which owns the land and buildings. The owner of the shares is entitled to exclusive occupation of a flat. However, if you want to alter occupancy in any way, you must have the company's approval to do so. See your solicitor before buying.

**Conditional Agreement.** An offer with conditions that must be met before everything becomes final. Both the buyer and the seller can put conditions in the offer. Buyers often ask for conditions, such as checking the Certificate of Title, getting finance or a building consultant's report, for example.

**Contract of Sale.** Written agreement setting out the terms and conditions of a property sale.

**Conveyancing.** Legal process of transferring the ownership of a property from one person to another.

**Covenant.** Conditions affecting the use of land or property written into the title.

**Cross Lease Title.** This title gives you ownership of a piece of a larger property. You have the sole right to a particular unit and can normally sell or legally dispose of your unit as you desire. You also have an undivided share of any common land.

**Deposit.** Usually 10% of the purchase price of a property placed in trust as evidence of intention to buy. The deposit goes toward the purchase price when the sale goes through.

**Easement.** A right held by someone to use land belonging to someone else for specific purpose. Mains, drains and water pipes are usually covered by an easement.

**Encroachment.** When a building overhangs someone else's property, or a fence is built over the dividing line between two properties.

**Encumbrance.** An easement, mortgage, or other liability on a property which impedes its use or transfer.

**Equity.** The money you yourself have in your home (it's what you end up with if you sold your home and repaid any loans you owe on it).

**Exclusive agency.** One agent or agency has the exclusive rights to sell a property.

**Fixtures and Fittings.** Items that are considered part of your home because they are permanently attached in some way - by nails or wires for instance (such as the oven or built in cupboards or shelves).

**Flat Interest Rate.** Is calculated on the original amount of the mortgage for the whole term of the loan.

**Flyers.** Promotional pamphlets on the property, including photographs, distributed throughout the neighbourhood and to a targeted buyer database.

**Free hold.** An owner's interest in land where the property and the land on which it stands both belong to their owner indefinitely.

**General Listing.** A listing that is open to any agency and their sales people.

**G.S.T.** Government Goods and Services Tax which is payable on the fee charged. GST is not normally charged on the price of a home. When it can apply, like on a new development or speculation, the home is usually sold with the GST included in the price. But each case may vary and the Sale and Purchase Agreement will show the details in each case.

**Interest-only Loans.** Loan on which interest is paid periodically and the principal paid at the end of the term.

**Inventory.** List of items occasionally included with a property for sale; such as appliances, furniture, furnishings and other removable items.

**Investment.** The purchase of an asset, such as real estate, with the ultimate goal of producing capital gain on the resale of the asset.

**Joint Tenants.** Joint Tenancy is the equal holding of property by two or more persons. If one person dies, their share passes to the survivor/s.

**Land Information Memorandum (LIM).** When you are buying a home, you can get a report from your Local Authority which sets out everything they know about the property - things like consents, rates owing, drainage and problems with flooding or erosion.

**Lease.** A document granting possession of a property for a given period without conferring ownership. The lease document specifies the terms and conditions of the occupancy by the tenant, including period of occupancy, rent payable, etc.

**Leasehold.** The interest in land of a person who owns a lease granted by a freeholder.

**Liabilities.** Your outstanding debts or what you owe.

**Listing Authority.** A contract between the owner of the home and the real estate company selling the house. This will say whether it is a General, Exclusive, Tender or Auction Listing. It will state the fee to be charged for a sale and any additional costs.

**Loan period.** The number of years it will take to repay a home loan completely.

**Marketing Assistance Form.** This is a form filled out by the Vendor to assist the Salesperson to promote the home.

**Marketing Fees.** Money paid by the vendor to increase the amount of advertising for the property.

**Maturity date.** The last day of the term of the home loan agreement. The home loan must then be paid in full or the home loan agreement renewed.

**Mortgage.** Legal agreement on the terms and conditions of a loan for the purpose of buying real estate. (A Mortgagee lends the money to a mortgagor, the borrower).

**Mortgagee.** One who lends money for the property.

**Mortgagor.** One who borrows money to purchase property.

**MREINZ.** Member of the Real Estate Institute of New Zealand - every real estate agent should be a member. The institute provides training for agents and sets the rules and ethics they should operate by.

**Multiple Listing.** System of selling the property through many agents. The buyer pays only one commission, This goes to the agent who lists the property on an official multiple listing form for other agents (if the agent sells the property), or is shared between the first agent and the agent who actually finds the buyer.

**No Price Marketing.** Putting a home on the market without a price and allowing feedback from buyers in that marketplace to guide you towards the eventual selling price.

**Offer to purchase.** A formal legal agreement which offers a specified price for a specified property. The offer may be firm (no conditions attached) or conditional (certain conditions apply).

**Option to Buy.** Legal agreement giving the buyer the right to purchase property at a certain time and price. Option fee, usually one percent of price, is payable and forfeited if buyer does not go through with the transaction.

**Party Wall.** Wall separating two adjoining buildings and normally straddling the boundary.

**Plan.** This shows the house plan design, elevation of house, number and size of rooms, kitchen, bathrooms and laundry layout, position of the house on the land.

**Principal.** The actual amount of money that has been borrowed to buy a property.

**Private Sale.** The seller does not engage an estate agent but acts on his own behalf, dealing directly with the buyer.

**Private Treaty Sale.** Sale of property via an agent through private negotiation and contract.

**Real Property.** Land, with or without improvements.

**Requisition of Title.** The process in which the buyer of a property asks for written information about the title to a property from the vendor in addition to that supplied in the Contract of Sale.

**Reserve Price.** Price below which an owner is not prepared to sell at auction.

**Right of Way.** Right of access across a property.

**Sale and Purchase Agreement.** This is the contract between you and the person selling the house.

**Security.** Property offered as backing for a loan. In the case of a home loan, any equity and the property itself usually acts as the security.

**Semi-detached.** Two building joined by a common wall.

**Settlement.** Completion of sale when balance of contract price is paid to the vendor and the buyer is legally entitled to take possession of the property.

**Strata Title / Unit Title.** Most commonly used for flats and units, this title gives you ownership of a small piece of property and also gives you a share in the company set up to look after the common areas of the flats or units you live in. It does not include 'air space'.

**Subject to Finance.** A condition inserted into the contract, normally for the benefit of the purchaser. The contract is confirmed once they have satisfied that condition (and any others) by the stated date.

**Survey.** Confirmation of the property boundaries and improvements.

**Tenants in Common.** Tenancy in Common is the holding of property by two or more persons, either equal shares or unequal shares. If one person dies, the property is dealt with in accordance with the law.

**Tender.** Sale of a property where the final sale price is private. Similar to auction but without a public auction day.

**Term.** The time length of a home loan.

**Title search.** The process of examining the land title to ensure the vendor has the right to sell and therefore transfer ownership. A title search details the names of the owners and other information about the property such as encumbrances or caveats on the title.

**Transfer.** Document registered in the Land Titles Office recording change of ownership of a property.

**Unencumbered.** Property free of covenants or other restrictions.

**Vacant Possession.** This means that when you get ownership of your home there will be no tenants living there, or leases giving someone else use of the property.

**Valuation.** Assessment of the value of a property given in a written report by a registered valuer.

**Variable rate loan.** A home loan for which the interest rate changes as conditions remain the same for a specified period. However, the amount applied towards the principal changes according to change in interest rate.

**Vendor.** Person offering a property for sale.

**Zoning.** Control of the use of land exercised by local authorities or the responsible planning authority.