Unit Title Services

Guide for buyers

What to know before you buy a unit title apartment or townhouse

Buying a unit title property like an apartment or townhouse can be a great way to enjoy home ownership, whether you're looking for a low-maintenance lifestyle, access to shared facilities, or a home in a convenient location.

Owning a unit title property is different from owning a standalone house. Along with your own home, you'll share ownership and responsibility for certain parts of the property with other owners.

This guide explains what it means to own a unit title property, and what to check before you buy.



MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

New Zealand Government
Te Kāwanatanga o Aotearoa

What is unit title living?

What is a unit title property?

A unit title property, such as an apartment or townhouse, combines private ownership with shared ownership.



You own a share of the **common property** with the other unit owners

Common property may include:

1. roofs
2. exterior walls
3. driveways
4. lifts
5. lobbies
6. gardens

What is a body corporate?

When you buy a unit, you automatically become a member of the body corporate, which is made up of all unit owners of the property.

\+ = **body corporate**

The body corporate is responsible for:

- making decisions on behalf of all owners
- managing finances and fees (often called levies)
- arranging building insurance
- maintaining common areas
- setting and enforcing operational rules.

The body corporate also has other duties and responsibilities under the Act.

Before you buy, think about whether you're comfortable being part of a shared decision-making community. This means you may not always be able to do what you want with your unit or the shared property. You'll need to follow the rules and take part in the body corporate if you want to have your say.

All unit title properties are regulated under the Unit Titles Act 2010.



Before you buy: the key things to check

Pre-contract disclosure statement (PCDS)

Anyone selling a unit title property must provide a PCDS, which must include information about the unit, complex, and the body corporate's:

- Finances
- Levies
- Insurance
- Long-term maintenance plan
- Management arrangements and decision-making
- Meeting minutes
- Remediation, defects and legal proceedings

This is essential reading. Read it carefully before you make a decision. It can help you understand how well the body corporate is run and whether there are financial, building or legal risks.

You should ask a legal professional to review this too along with other important documents. Make sure they have experience with unit titles.

Financial commitments

As an owner, you will pay regular body corporate levies, which usually cover shared costs like:

- building insurance
- cleaning and maintenance of common areas
- repairs
- rubbish collection.

Levies are usually paid monthly or quarterly.

Check the PCDS for details specific to the unit.

There can also be unplanned expenses known as special levies. These can happen when the body corporate needs more money for repairs, maintenance, insurance or other costs. Owners may need to pay extra.

Pre-settlement disclosure statement (PSDS)

If you enter into a sale and purchase agreement, the seller must also provide you with a PSDS at least five working days before settlement.

How the body corporate works

Meetings and decisions

The body corporate must hold an Annual General Meeting (AGM) every year. At the AGM, owners vote on important decisions, like:

- electing the body corporate chairperson
- budgets and levies
- maintenance projects
- other matters affecting the development.

Some decisions may be made by a body corporate committee, if one exists.

The PCDS must include the last three years of meeting minutes. **Read the meeting minutes carefully** before you buy as they can help you understand:

- how decisions are made
- whether the complex is well-managed
- any recent issues including any concerns about building defects, weathertightness, disputes, legal matters or future costs.

If you do not check for these issues before you buy, you may find yourself responsible for costs, disputes or maintenance problems you were not expecting.



Operational rules

All owners must follow operational rules, which may cover:

- pets
- appearance of units
- noise
- drying laundry
- waste and recycling
- use of car parks.

The rules are to help owners live alongside each other without causing problems for others.

The body corporate rules can be found on the title of the unit you're looking to buy. They will be listed as a 'Supplementary Record Sheet'. Knowing what the rules are before you buy may help you decide if the unit you are looking at is right for you.

Unit plan

The unit plan outlines what areas are:

- principal and accessory units (privately owned) and
- common property (jointly owned between unit owners).

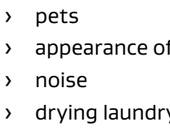
This helps determine who is responsible for repairs and maintenance.

Maintenance and who pays for what

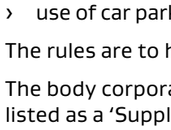
The body corporate must maintain:



building elements (for example exterior walls or roof) and infrastructure (for example cables or pipes), that serve more than one unit.



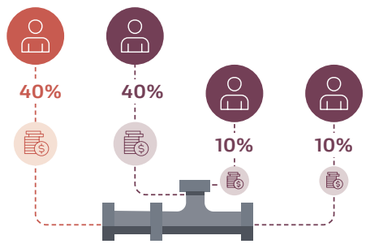
common areas



assets used by all residents



The long-term maintenance plan must explain how the body corporate plans to maintain the property.



All owners generally share these costs through levies, but not always equally. Some costs may be allocated differently if certain units benefit more from the work than others. This is referred to as '**utility interest**'.

Notes

Want to know more?

Before purchasing a unit title property, seek advice from a legal professional experienced in unit title matters. Unit titles can be complex, and a lawyer with the right experience can help you understand the risks, costs and documents.

Visit **www.unittitles.govt.nz**

Quick buyer checklist

Use this before you commit

Documents

- ☐ Have you received and read the PCDS?
- ☐ Have you read the last 3 years of AGM/EGM minutes?
- ☐ Have you reviewed the long-term maintenance plan?
- ☐ Have you reviewed the insurance arrangements?
- ☐ Have you had a lawyer experienced in unit titles review important documents including the sale and purchase agreement?

Financial health

- ☐ Are the body corporate levies affordable?
- ☐ Is there a long-term maintenance fund to cover wear and tear?
- ☐ Are there any upcoming special levies or major repairs which could cost owners extra money?
- ☐ Is the body corporate running a surplus or deficit?

Building condition

- ☐ Is the property known to have defects, leaks or remediation issues?
- ☐ Does the complex have a clear, well thought out maintenance plan?
- ☐ Do the PCDS or meeting minutes show any signs of weathertightness issues, delayed maintenance or funding concerns?

Management, decision making and culture

- ☐ Is there an active body corporate committee?
- ☐ Do the meeting minutes show healthy decision-making or identify any unresolved issues, disputes or legal matters?

Liveability

- ☐ Are there operational rules about pets, noise, renovations or car parking that affect you?
- ☐ Is the complex well-maintained?
- ☐ Are you comfortable living in a shared property where you'll need to follow rules and take part in group decisions?

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