



**HOBANZ**

Our Homes Our Future

Guide to:

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# BUYING A HOME

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The information included here is simply a guide. It contains general information on open homes, the roles of those usually involved in buying a home, the type of checks you should make and the processes you are likely to follow when purchasing a home. The information is for guidance only and you should not rely on it for legal advice.

## BUYING A HOME

The purchase of a home is likely to be the biggest investment you will make so you need to take into consideration your current and future lifestyle when reflecting upon the following:

- What size of property do you require? How many bedrooms, bathrooms, parking or garaging do you need? Are you looking for a house or apartment and is the land area important?
- Where would you like to live? Do you need to be close to work, relatives, schools, parks, shopping centres, recreation centres, railway station or healthcare facilities?
- What features would you prefer the property have e.g.: gas, built-in wardrobes, ensuite, swimming pool?

Once you have an idea of the type of property you are looking for and the area, your house hunting can begin. Generally homes are advertised for sale through local real estate agencies, on the internet under the real estate agency's website, general real estate websites or Trade Me, and privately.

Below we have set out the general process you will follow.

### OPEN HOMES

When visiting a number of properties it is often difficult to remember every detail. Our [HOBANZ Home Buyers Checklist](#) (see appendix) lists areas you should focus on when viewing a potential property and will highlight any areas which may need further investigation. By using a checklist such as this and making notes on each home you visit, you will also be able to compare properties.

Our [HOBANZ Red Flag Checklist](#) (see appendix) details potential areas of concern. We would recommend further investigation by a suitably qualified professional before considering purchasing a property which has some or all of the features listed in our Red Flag Checklist.

## THE REAL ESTATE AGENT

It is more than likely you will deal with a real estate agent when looking at purchasing a new home.

Under the 2008 Real Estate Agents Act, real estate agents and salespeople are governed by a strict code of conduct. The Real Estate Agents Authority has a comprehensive [website](#) which contains a [public register](#) of all licensed real estate agents, branch managers and salespeople.

Visiting open homes gives you the opportunity to ask the real estate salesperson questions regarding the property and the seller's expectations; however any advice should always be verified in writing. Questions you may like to ask include:

- How long has the property been on the market? Has there been much interest in the property?
- What are the vendor's expectations of price? Have any offers been presented to the vendor? If so, what was the price and conditions?
- Why is the vendor selling? How motivated is the vendor to sell?
- Does the property require any urgent repairs? Are there any weathertightness issues?

The real estate agent acts for the seller but must treat the buyer fairly. They are responsible for presenting any offers and assisting with any negotiations around the sale of the property.

### REAL ESTATE LICENCES

With the exception of residential property managers (handling rental properties) all professionals working within the real estate industry are covered by the 2008 Real Estate Agents Act. This act sets the legal processes and principals by which real estate professionals must operate.

All real estate professionals must be licensed by the Real Estate Agents Authority and hold the necessary qualifications and/or experience as set

out in the 2008 Real Estate Agents Act. They are also required to abide by the Code of Professional Conduct and Client Care.

There are three classes of licence:

- i. **Real Estate Agent Licence:** a licence holder or licensed company can be in business as an agent.
- ii. **Branch Manager's Licence:** a branch manager can carry out real estate agency work for an agent - but cannot be in business in his or her own right – and can supervise the work of a salesperson.
- iii. **Salesperson's Licence:** a licensed salesperson can carry out real estate agency work for an agent but must be properly supervised by an agent or branch manager.

When you sign an agency agreement you will be entering into an agreement with a licensed agent or company. On a day-to-day basis, it is more likely that you will be dealing with a salesperson.

The agent and/or salesperson always work for the client named in the agency agreement – this is usually the seller of a property. While they are required to treat the buyer fairly, it is important to remember that they are accountable to, and paid by, the seller.

#### **THE REAL ESTATE AGENT / SALESPERSON'S ROLE**

A real estate salesperson's primary responsibility is to sell a property for the best possible price and consequently they should be knowledgeable in:

- The market – what is selling in the area, price trends
- The type of property being sold – lifestyle, waterfront, apartment, family home
- The best method of sale – auction, negotiation, tender
- The marketing of a property – professional photography, signage, online marketing, flyers, media advertising, open homes

The real estate agent will create a plan to market the property that meets the seller's budget and is best suited to that particular property.

As part of the marketing process, a salesperson will take prospective buyers through a property. Many properties are listed with more than one agency; therefore it is important to advise the agent/salesperson if you have already seen a property with another agent. It is the agent that first shows you a property that is due the

commission (paid by the seller) should a sale eventuate.

When an offer is made on a property, it is the real estate agent's responsibility to present that offer to the seller – irrespective of price or conditions. Any negotiations in respect of the offer (called counter-offers) are then handled through the real estate agent until such point as an agreement is reached (or not) between the seller and buyer. An offer can be presented in the form of a sale and purchase agreement although some agents prefer to wait until a price has been agreed before drawing up the agreement. Other agents are happy to take the offer to the seller in writing. It is far better to put the offer in writing right at the start as it eliminates any confusion as to the price being offered, any special conditions attached to the offer, deposit required, and so on.

While there is no legal requirement, as a buyer in the process it is advisable to ask the real estate agent to arrange a pre-settlement inspection. A pre-settlement inspection is carried out shortly before the property purchase is finalised and enables the buyer to check that it is in the same condition as it was when the sale and purchase agreement was signed. Most real estate agents are happy to co-ordinate this.

Commission is payable by the seller when the property settlement (i.e.: the day ownership transfers from the seller to the buyer) is complete.

#### **THE REAL ESTATE AGENT'S LEGAL DUTIES**

Under the new Act, prior to signing an Agency Agreement to sell a residential property a copy of the approved Agency Agreement Guide must be given to the seller to ensure they understand the buying and selling process.

Again, prior to signing a sale and purchase agreement, the real estate agent is required to provide you with a Sale and Purchase Agreement Guide.

Real estate agents are governed by certain duties they are required to perform, including rules about the information that must be provided to consumers, full disclosure of commissions and other benefits, agency agreement requirements, and the disclosure and management of conflicts of interest.

If you have any concerns regarding a real estate agent/salesperson you should contact the Real Estate Agents Authority ([www.reaa.govt.nz](http://www.reaa.govt.nz) or

0800 367 7322). Their website contains a [public register](#) of all licence holders and allows you to check whether the individual you are dealing with is a licensed real estate person as well as detailing any disciplinary history the licence holder may have.

## THE CONVEYANCE LAWYER

A sale and purchase agreement is a legally binding contract and as such when purchasing a property it is important to engage a suitably qualified conveyance lawyer. Conveyance lawyers specialise in property transactions. They are responsible for providing independent advice and acting to protect your interests.

A conveyance lawyer understands the purchasing and selling process and is experienced in negotiating for buyers and sellers. They will advise you on the checks you will need to undertake prior to purchasing a property and can assist in completing the appropriate loan documentation.

Before signing any sales and purchase agreement, or indeed negotiating any terms, we would recommend you obtain legal advice so as to avoid any potential pitfalls. See the New Zealand Law Society's [Property Law Section](#) for further information and a list of conveyance lawyers. Alternatively download the Law Society's [Buying or Selling Property](#) guide.

## THE CHECKS

To ensure the property you are interested in purchasing is what it appears it is important that you carry out a certain amount of due diligence – or checks. The following are key checks that you should make.

### TITLE SEARCH

Obtain a title search to ensure there are no problems with the title and that the person selling the property is the legal owner. Generally your conveyance lawyer will carry out this check as part of the conveyance work.

### LIM REPORT

Obtain a Land Information Memorandum (LIM) report. This is a report that details among other things information on the land, structural requirements, water and sewage plans, and consent and notices relating to the property and

its neighbouring properties. Your conveyance lawyer is able to obtain this report on your behalf.

A LIM is information that the local authority (council) holds on a property.

While it is not a legal requirement, it is advisable to obtain a LIM as part of the due diligence when purchasing a property. The Sale and Purchase Agreement has a standard condition relating to obtaining a copy of the LIM for the property.

A LIM will include information such as:

- Potential hazards such as erosion, subsidence, slippage, flooding, or the presence of hazardous substances.
- Storm water and sewer services and the availability of water services.
- Rates information.
- Consents, notices, orders or requisitions affecting the land and buildings.
- Details of operative and proposed zoning, road widening, height restrictions, view and tree protection, and any Historic Places Trust listing.
- Other information which the council deems relevant.

The LIM will identify whether the property has a Code Compliance Certificate (CCC) and the relevant building and resource consents – including those issued in respect of any additions/alterations to the property.

It is important to compare the information on the LIM to the property. For example, if there is a recent carport or other structure but no reference on the LIM that consent has been issued, it would be advisable to ask the seller why.

## WEATHERTIGHTNESS ISSUES

From May 2007 LIM reports are required to identify properties which are or have been subject to a Weathertight Homes Resolution Service (WHRS) claim. Properties that have had weathertightness claim made through the courts or have had private actions do not have to be identified on the LIM report.

### VALUATION

Obtain a valuation for the property to ensure the price is realistic. A registered valuation provides an estimated market value of the property at that present point in time. The value is determined by assessing the property and reviewing recent sales of similar properties within the area. Valuations can be obtained from a registered valuer (see

your local Yellow Pages) or [Quotable Value New Zealand](#). It is likely that your bank or lending institute will require a valuation of the property as part of the lending criteria.

**BUILDING INSPECTION**

Obtain a building inspection of the property. A building inspection, also known as a pre-purchase building inspection or building survey, is a non-invasive examination of a property.

**There are no formal or legal restrictions to become a building inspector, nor is there any formal code of practice or standard.**

**Consequently building inspections differ greatly and we would urge you to read the section on building inspections to understand why you should ensure a building inspection is carried out and what to expect from it.**

## **BUILDING INSPECTION REPORT**

A building inspection (also known as a pre-purchase building inspection or a building survey) is a non-invasive, visual inspection of a property with the aim of assessing the condition the building is in.

A building inspection is invaluable prior to purchasing a property as it will help determine firstly whether you are happy to proceed with the purchase given the condition the building is in and also how much you are prepared to pay for the property. If a report identifies issues that need to be rectified, you are able to either request they be fixed by the current owner or re-negotiate the purchase price taking into account the additional expense that will be incurred once you own the property.

In today's leaky building market, a building inspection can save you thousands of dollars if weathertightness issues are identified prior to purchase.

**We would therefore always recommend a building inspection - by a reputable building inspector - be carried out before purchasing a home.**

### **WHAT TO EXPECT FROM A BUILDING INSPECTION**

As there is no formal code of practice or standard for building inspectors and there are no formal or legal restrictions on becoming a building inspector, the quality and cost of a building inspection report can vary quite considerably.

Some inspections are simple tick-box forms which offer little more than you would notice from wandering around the property during an open home. Other building inspectors offer full written reports. It is important to remember that the results of a building inspection can save you, in some instances, thousands of dollars and cheapest isn't always the best.

In general a building inspection should identify significant defects, overdue maintenance, future maintenance issues, gradual deterioration and any other areas of concern. The examination is visual only, with the inspector checking areas of the building that can be accessed through safe and reasonable means. In reality this means an inspector will not remove wall linings or floor coverings to check below.

A building inspector will not guarantee if the property meets the Building Act or has the necessary building / resource consents – this will need to be checked against the LIM report – but they will be able to identify work that is likely to have needed consents.

**It is important to read the building inspection contract to ensure you are aware of any exclusion clauses within the contract to know what the inspection will not be looking at or responsible for.**

### **HOW TO CHOOSE A BUILDING INSPECTOR**

A building inspector should not be someone who has a bit of building knowledge, has bought and sold a few properties, or is simply a "mate". A building inspector needs to be someone who has seen hundreds of properties and is able to identify the problems that can come with different styles and ages of property, and can recognise sub-standard building work.

A building inspector should be a qualified building professional, experienced in assessing residential property. Some inspectors are members of professional organisations, such as:

- [New Zealand Institute of Building Surveyors \(NZIBS\)](#) – this organisation specialises in co-ordinating and regulating building inspectors and, as a member, the building inspector will have a relevant background, a qualification and will complete the inspection to the New Zealand Standard NZS 4306:2005 (see below).
- [New Zealand Institute of Architects \(NZIA\)](#)
- [New Zealand Institute of Quantity Surveyors \(NZIQS\)](#)
- [Institution of Professional Engineers New Zealand \(IPENZ\)](#)

The New Zealand Standard (NZS 4306:2005 Residential Property Inspection) was introduced to create consistency and reliability to the building inspection industry by giving minimum requirements for inspections and reports. One of the requirements of this Standard is that building inspectors must have up-to-date professional indemnity insurance. This insurance will cover you if, for example, a poor assessment of the property is given or the inspector damages the property during the inspection.

**It is important that whichever building inspector/inspection Company you choose has up-to-date and adequate public liability and professional indemnity insurance that covers damages and legal costs.**

**When choosing a building inspector, we would recommend you check the following:**

- Does the inspector have any building inspection qualifications and/or are they a member of any professional group?
- Do they follow the New Zealand Standard for building inspections?
- Do they have up-to-date professional indemnity insurance and public liability insurance which will cover any damages and legal costs? Are there any exclusions?
- Are there any exclusions in the contract you will be signing?
- How much of their work is building inspections?
- What type of report will they produce (tick-box, brief comments or full narrative)?
- How long will the inspection take? *A full inspection should take at least 2 hours.*
- Will the inspector explain the report to you?

One final point when choosing a building inspector is to ensure that they are independent of the real estate agent and vendor.

#### **WEATHERTIGHTNESS SURVEYS**

If you have concerns around the weathertightness of a property it is best to engage a building inspector specialised in that particular area to carry out a weathertightness survey. They will be able to identify whether or not a property is a leaky building and to what extent it has affected the property.

In general, weathertightness issues will not be identified in a standard building inspection.

**We recommend that you avoid relying solely on a Thermal Imaging Report for indication of water ingress or relying on any building reports provided by the vendor.**

#### **BUILDING INSPECTION AS A CONDITION OF THE SALE AND PURCHASE AGREEMENT**

As a building inspection generally takes up to 4 days to complete, if you are making such an inspection a condition of the sale and purchase agreement you should allow yourself at least a week to have this condition met.

## PROPERTY FILE

While not a requirement, we would recommend you obtain a copy of the Property File from your local council.

Since the introduction of the New Zealand Building Act 1991, councils have been required to hold a Property File for every property within its city's boundary. Prior to this Act, councils were not required to keep records on properties and, consequently, some records of buildings constructed before 1991 no longer exist.

The Property File is held by the local council. Generally you are able to either purchase a copy of the Property File or view it at a service. See your local council for further information on costs and how to obtain a copy of the Property File.

The Property File may contain information that does not appear on the LIM and should contain information such as:

- Site plan – showing an outline of the buildings in relation to the boundary.
- Proposed drainage – included with building consent plans.
- As built drainage – the plan of the drains as they were actually laid.
- Floor layout – a plan showing each room in the building.
- Elevations – side views of the building showing stories, windows, doors etc.
- Cross section – showing construction details of footings, and structural details.
- Specifications – listing the materials used in the building.
- Record of building consents applied for on the property.
- Geotechnical reports – if there are any geotechnical reports concerning stability on the site.

The Property File will enable you to confirm whether work is approved, completed, outstanding or unauthorised. It will highlight stability, drainage or other issues that pertain to a particular site.

Check the approved plans against the physical buildings on site to ensure all structures on the property have council approval. Any work that does not appear on the approved plans may have been unauthorised and will need to be addressed before the purchase is finalised.

Where applicable, check that spa pools, swimming pools, wood burners, carports and

garages have permits which have been finalised or (after 1992) building consents and code compliance certificates.

You are able to view the Property File at the council's offices or, for a fee, you are able to purchase a copy of the Property File – contact your local council for further information.

## SALE & PURCHASE AGREEMENT

An offer is presented in the form of a [sale and purchase agreement](#). This agreement details the seller's name and the purchaser's, the property details, purchase price, including deposit amount, and conditions. Generally the real estate agent will assist in completing the following details:

- The name of the seller (vendor) and purchaser (note: a seller or purchaser can be a trust or a company)
- Correct address of the property
- Type of title:

**FREEHOLD** - You own the property even if you have a mortgage. Also known as freehold title, although some people do not regard their title as freehold until the mortgage has been paid off. It is the most common form of title in New Zealand.

**LEASEHOLD** - You do not own the property but a 'lease' gives you the right to occupy the property. 'Tenancy agreements' are leases. It is possible to lease a property and own the building on the property. Your lease might also include an option to purchase.

**UNIT TITLE** - Used for apartments and units. Each owner has freehold title to an apartment or unit and any garage / parking space or similar area attached to it. A unit plan shows their locality. Owners of unit sand apartments share common areas (e.g., driveways and lifts) and the cost of looking after them.

**CROSS-LEASE** - More than one dwelling (or commercial premises) is included on one freehold title. All owners jointly own the freehold title. Leases by all the owners (as lessors) to individual owners (as lessees) give the individuals the exclusive right to occupy their own property. A cross-lease title is a combination of the owner's share in the freehold title plus the owner's lease as lessee.



- What chattels are included in the sale of the property, e.g., whiteware, curtains, etc

Chattels are tangible movable property such as blinds, curtains, carpets, light fittings, whiteware (e.g., dishwasher, stove, etc). It is best to list these items in writing to ensure both the seller and buyer are aware of what is included in the sale and purchase agreement.

- Price
- The deposit, i.e., the amount that must be paid by the purchaser on acceptance of the offer
- Any conditions that must be complied with, e.g., finance approval, LIM report, building condition report, valuation, sale of purchaser's house
- The date the agreement will become unconditional, i.e., all conditions have been satisfied
- Settlement date - the date that the purchaser pays the outstanding balance of the sale price. This is generally the day that the purchaser can move into the property.

The most commonly used sale and purchase agreement is the ADSL/REINZ Agreement for Sale and Purchase of Real Estate and is available from your lawyer or local Real Estate Agent.

**We would always recommend that you have your lawyer review the sale and purchase agreement before you sign as any suggested amendments can be made then. Once you have signed the agreement it becomes a legally binding contract.**

Once your offer has been prepared and approved by your lawyer, it is then given to the seller who will accept, reject or counter-offer. A counter-offer is a way of negotiating, i.e., the seller returns the original offer with new terms. You are also able to counter-offer any offer made by the seller. These negotiations are generally handled by the real estate agent.

The real estate agent must present all offers to the seller regardless of price or condition.

When a counter-offer is presented, the original offer is legally regarded as rejected and the new offer must be agreed by the other party. It is only when both the buyer and seller have signed the agreement that the contract is formed.

## ONCE THE CONTRACT IS SIGNED

Once signed, copies of the sale and purchase agreement are sent to both the purchaser and the seller's lawyer.

If there are conditions in the contract, then you should start to complete these, i.e., if the contract is subject to finance approval, you should take steps to gain this.

Once your lawyer is satisfied that all the conditions in the sale and purchase agreement have been met, your lawyer will notify the seller's lawyer that the contract is unconditional. If a condition is not satisfied your lawyer will advise the seller's lawyer and the contract is deemed to have ended.

## TRANSFER OF TITLE

Your lawyer will be responsible for arranging the transfer of title from the seller to you. This includes:

- executing Authority and Instruction forms (A&I's)
- checking that rates and other costs relating to the property are paid and up-to-date
- obtaining a guaranteed search of the title to ensure no-one has a claim over the property
- arranging with you and your bank for the balance of the sale price to be paid

If you are obtaining finance for the purchase, your lawyer will prepare security documents, arrange with Landonline (the New Zealand Land Information organisation) for details of the mortgage to be added to the title, and complete a certificate for drawdown of the loan.

It is important that you arrange insurance cover for the property from the date of settlement.

## PRE-SETTLEMENT INSPECTION

We would recommend that, prior to settlement, you arrange with the real estate agent to carry out a pre-settlement inspection to ensure that the property is in the same condition that it was when you signed the contract and to avoid any nasty surprises such as missing light fittings or broken windows etc.

If there is damage to the property you are entitled to request the problem be fixed or to ask for compensation.

## SETTLEMENT

On the settlement date you, through your lawyer, pay the balance of the sale price. If you have arranged a mortgage, the loan monies are received by your lawyer and the full settlement figure paid to the seller. This must be completed before 4pm on the day of settlement. You are only entitled to the keys to the property once the moneys have been paid.

The property title is immediately updated to show the discharge of any existing mortgage, the transfer of title to you, the new owner, and the registration of the new mortgage, if any. Your lawyer will provide you with a copy of this title and advise the relevant local council and Quotable Value that you are now the legal new owner of the property.

**METH SAFE HOMES**

New Zealand leads the world in meth usage and 70% of the meth consumed in New Zealand is made here. Of the meth labs Police find 75% (2009 figures) are found in rental properties.

In the last 10 years, the average number of meth labs found by Police is 160. Estimates place this as being between 5 and 10% of the number in operation at any one time. On these figures, and assuming these meth labs stay in one place, in the last 10 years, as many as 32,000 locations will have been contaminated by the toxic chemicals that are associated with meth being 'cooked'.

Owning and living in these properties is both bad for your health and your wallet.

**WHY IS A METH CONTAMINATED PROPERTY BAD FOR YOUR HEALTH?**

Some of the chemicals used to manufacture meth, the gases that penetrate the fabric of a building and the chemicals that are poured down drains and into gardens are highly toxic.

The cooking process itself produces new organic chemicals (those typically associated with cancer) that are poorly understood by scientists. The long term effect of these chemicals will only be known once the people exposed to them start to evidence unusual health effects.

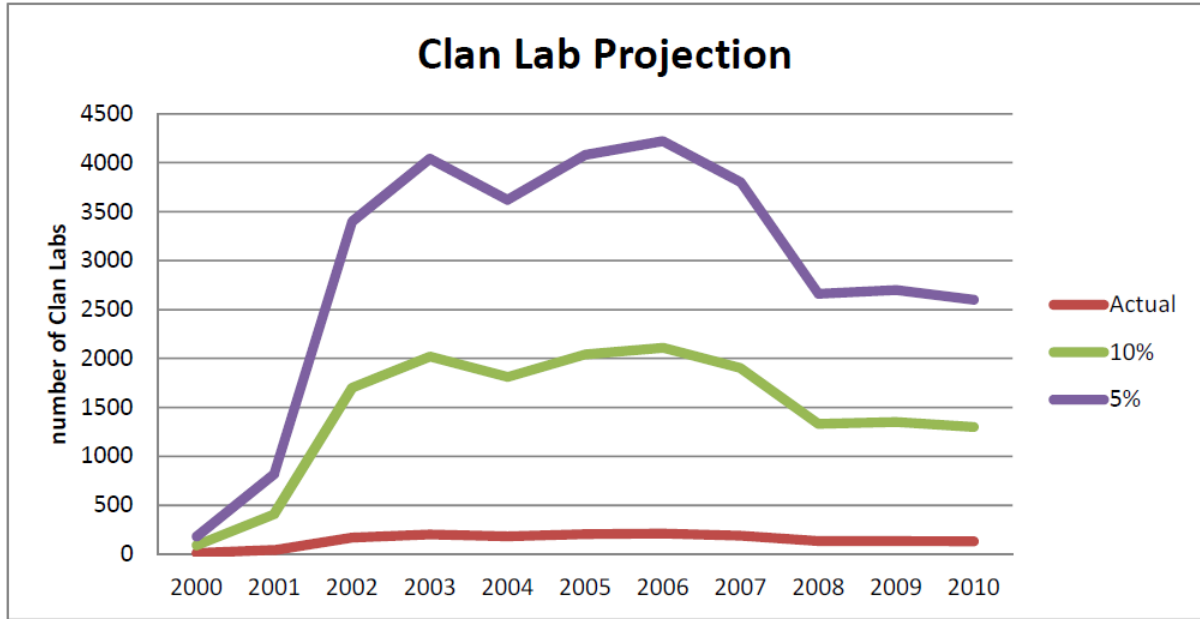


Fig 1. Actual number of meth labs found compared to projections of those that may have been operating

However, most meth labs in New Zealand are small and highly mobile. They literally move around. One meth 'cook' and their 'lab' have the potential to contaminate tens if not hundreds of locations in any given year.

Hotels, motels, holiday parks, baches, even cars are all used as places in which to cook meth. It is investment property through which tops the 'busted' meth lab statistics.

The precise number of properties contaminated by meth and meth cooking residues is unknown. It is an illegal act that attracts a decent jail sentence so it is typically not something which is advertised. What is known is that there are thousands of properties and locations around New Zealand that have been used as meth labs.

Short term, acute health effects, can be asthma like symptoms, breathing difficulties, skin rashes, eye irritations, head-aches and nausea. As some people are more sensitive than others, one member of a family may be entirely unaffected while another suffers horrendous skin rashes.

Long term health effects can include chronic fatigue, diseases of the central nervous system, circulatory system, strokes and cancer.

### **WHAT HEALTH INDICATORS SHOULD YOU LOOK OUT FOR?**

Many of the physical symptoms associated with meth lab poisoning can come across as being a worsening of an existing condition.

When it comes to getting answers to concerns in regard to the effect your property may be having on your health, it is important to be aware that the medical profession is trained to identify symptoms and from there work out likely cause. This means that it can often take a long time before the link between health effects and your living environment is considered. Indeed, there are some within the medical profession who are keen to see the standard approach adjusted to better identify the role environmental factors may have on health effects.

For people who have recently moved into a new home and feel they may be suffering from some of the health effects noted above, it is important to make a candid assessment as to whether your living environment is affecting your health. Ask yourself the following questions:

- How does your health compare to before you moved into your new home?
- When have you previously suffered from the health issues that are causing you concern?
- How often do you suffer from seasonal health effects such as hay fever and other allergic reactions?
- To what extent are these allergy triggers present in your new living environment?
- What happens to these symptoms when you go away from the property?

Where methamphetamine contamination is present in the building, either as a result of cooking or heavy usage, then you may suffer from a mild 'meth' effect. The symptoms of this can include:

- Sleeplessness
- Paranoia
- Anxiety
- Depression

Again, some of these symptoms could be related to other things. So, candidly assess the symptoms you are experiencing against the questions above.

If your candid answers to these questions lead you to believe that your living environment may be influencing your health, then you must raise this with your doctor. Police enter a meth lab wearing the civilian equivalent of a chemical warfare suit for very good reason!



**Fig 2. Lab officers getting hosed down by the fire brigade.**

Getting to the bottom of whether or not your environment is affecting your health is likely to require toxicology tests. This may include blood tests although hair testing will show a much longer history of exposure. This is particularly true of methamphetamine, which clears out of the body very quickly.

**WHY IS A METH CONTAMINATED PROPERTY BAD FOR YOUR WALLET?**

The financial consequences of owning or buying a former meth lab may be crippling.

Figure 3 sets out an estimate of costs; known and unknown, which are likely to be associated with rehabilitation of a meth contaminated property. These figures are conservative. In a worst case scenario, a property may need to be destroyed.

**HOBANZ Member Case study – we have one member who bought a property in the Bay of Plenty who knows only too well the consequences of buying a meth lab contaminated property.**

**The house they bought was known by the Council to have been a former meth lab. Unfortunately they only found this out after they had bought the property. And, this only came to light as they were an employee of the Council at the time. When the matter was raised with Council, the advice they gave was to sell the property.**

**As the position regarding provision of information to prospective purchasers of property is somewhat grey, this was perhaps good logical advice. From a moral and ethical standpoint, it is reprehensible.**

**The member chose not to take this advice and decided to decontaminate the property. The cost to them has been enormous. They now have cancer which has been linked to chemical exposure they have suffered and they are \$200,000 worse off.**

As the response of insurance companies to claims for cleanup of meth labs is uncertain, it is advisable to closely check the policy wording. Where cover is provided, unless the property burns down, cover is typically capped at between \$25 to 50,000. These limits of cover need to be considered in light of the likely costs shown in Figure 3.

<b>Testing</b>	<b>\$2,500 to 3,000</b>
<b>Decontamination</b>	<b>\$10,000 to \$50,000</b>
<b>Fit out</b>	<b>\$5,000 to \$20,000</b>
<b>Retesting</b>	<b>\$1,000 to \$3,000</b>
<b>Loss of Rents</b>	<b>\$?,000</b>
<b>Loss of Value of Property</b>	<b>\$??,000</b>
<b>Reaction of banks</b>	<b>\$??,000</b>

<b>Future Liability</b>	<b>\$???,000</b>
<b>Health</b>	<b>\$???,000</b>

**Fig 3. Cost of meth lab contamination for a home owner.**

**WHAT TO DO IF YOU BELIEVE THAT YOUR HOME HAS BEEN USED S A METH LAB?**

Meth labs are not good for homes and they are not good for communities. So, HOBANZ is planning to follow developments in this area closely, providing support and applying pressure where we can.

We have established connections with representatives from the Auckland Regional Meth Working Group (ARMWG). It is likely that this working group will act as a template for other work conducted around the country. We will be providing the home owner’s perspective on this issue, in an effort to ensure our views are well represented.

So, in terms of what you should do if you believe your home has been used as a former meth lab, we recommend the following:

- Do the health check list and if you still feel the same way, see a Doctor and push for a toxicology test – it is far better to be safe than sorry.
- If toxins are present in your body, then your medical advisor must report this to the Medical Officer of Health (MOH), who is employed by the relevant District Health Board. Under Department of Health Guidelines, it is the MOH who has responsibility for investigating the poisoning.
- Inform your insurance company and find somewhere else to stay.
- Begin the process of getting your house back to a habitable state!

**THINGS THAT YOU CAN DO TO REDUCE THE RISK OF A PROPERTY YOU BUY BEING A FORMER METH LAB**

The consequences associated with buying a meth contaminated property are so dire, that we believe that just like ‘leaky building’ issues, the risk needs careful consideration when buying property.

There are a number of practical things which can be done to reduce the risk that the home you buy and investment you make in property is not undermined by meth contamination. These include:

- Find out if the property has been used as a rental – if it has, the risk just got higher.
- Ask the vendor/real estate agent about the property’s history – specifically ask about meth.
- Ask if the property has been monitored for meth manufacture – MethMinder is a Kiwi developed device that does this – if it has been monitored and there were no alarms indicating meth being cooked then the risk is reduced.
- Get the property tested. Contact Methsolutions on 08006384522 or view their website at [www.methsolutions.co.nz](http://www.methsolutions.co.nz)

# APPENDIX

## HOME BUYERS OPEN HOME CHECKLIST

Complete this checklist as you view an open home, recording as much information as possible, and then compare it with your Property Wishlist.

Date of viewing	
Property address	
Price	
Property size	
Name of real estate agent	
Contact details	
Number of bedrooms	
Number of bathrooms	

Date of construction	
Type of cladding	
Type of roof	
Deck (cantilever/internal)	
Eaves	

Refer to HOBANZ Red Flag Checklist

Nearby Amenities	Yes	No	Comments
Public transport			
Schools			
Childcare centre			
Medical centre			
Shopping centre			
Recreation (gym, park)			
<b>Kitchen</b>			
Cooktop	Gas Electric		
Oven	Gas Electric		
Rangehood			
Dishwasher			
Waste disposer			
Bench space			
Breakfast bar			
Built-in pantry			
Storage space			
Area for fridge/freezer			

Number of power points			
<b>Bathrooms</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
Shower			
Bath			
Basin			
Cupboards			
Toilet			
Extractor fan			
Heated towel rail			
<b>Toilets</b>			
Number of toilets			
Wash basin			
<b>Bedrooms</b>			
Built in wardrobe			
Walk in wardrobe			
Ensuite			
Blinds			
Curtains			
Adequate lighting			
Number of power points			
<b>Living areas</b>			
Formal living areas			
Separate dining room			
Open plan family areas			
Indoor/outdoor living			
Fireplace			
TV/aerial connection			
Telephone connection			
Adequate lighting			
Number of power points			
<b>Laundry</b>			
Separate laundry			
Plumbing for washing machine			
Tub			
Vented for clothes dryer			
Storage space			
<b>Garage</b>			
Single/double			
Internal access			
Automatic door opener			





## HOME BUYERS RED FLAGS

1. What is the date of construction?

***Why does this matter?*** Between 1995 and 2003 houses in New Zealand may be constructed using only untreated timber. This is the main “at risk” period.

**Red Flag** Untreated timber and cladding fixed directly to the timber framing led to many “leaky homes” being constructed during this period. Be wary of potential problems.

2. What cladding is used?

***Why does this matter?*** Monolithic, plaster cladding has a higher failure rate than other cladding types. The majority of leaky homes have monolithic cladding.

***Other things to look for:*** Plaster cladding with no ground clearance. Cracks in cladding. Rust stains on cladding. Recessed windows. Concealed gutters.

**Red Flag** All of the above are tell tale signs of a building with a poorly constructed monolithic cladding system. If the building has monolithic cladding, check that it has a vented cavity. This can be done by looking under the bottom of the cladding with a make-up mirror. If you see a plastic strip with holes in it there is a cavity. If there is not this may not be a cavity and the dangers of failure are greater.

3. Does the house have eaves?

***Why does this matter?*** Eaves provide a level of weather protection to the cladding. Houses where the eaves are narrow or non existent have a reduced level of protection from the weather.

**Red Flag** Reduced protection to the cladding membrane increases the risk of moisture ingress. Be wary of houses with narrow or non existent eaves.

4. Is there a deck?

If yes, is the deck located on ground level?

If no, is it a cantilevered deck? (Juts out from the wall)

If yes, is it built with timber or concrete?

***Why does this matter?*** Poorly constructed timber cantilever decks or enclosed decks can allow moisture ingress into the timber framing.

**Red Flag** For timber decks problems can arise where the deck is attached to the house or where cantilevered joists have been used. Cantilevered joists are continuous from the inside of the building, out through the cladding to the outside of the building and penetrations through the cladding can be difficult to seal correctly allowing to moisture ingress.

5. Does the building have round/arched windows?

***Why does this matter?*** Any shape of window other than square/rectangular are notoriously difficult to seal.

**Red Flag** Poorly sealed windows may allow moisture ingress into the building. \$\$ to fix.