**Pre-contract Disclosure Statement**

*Ref s146, Unit Titles Act 2010*

**Date prepared: [day/month/year]**

**Unit Plan: [insert reference number]**

**Body Corporate Name: [insert]**

**Body Corporate Number: [insert]**

**Unit Number: [insert]**

**Pre-contract disclosure statement:**

This pre-contract disclosure statement is provided to prospective buyers of the property in accordance with section 146(1) of the Unit Titles Act 2010.

This document contains explanations of terminology relating to ownership in a unit titled development.

It is important that any prospective buyer looking to purchase a unit in the Body Corporate that they read this pre-contract disclosure statement carefully and seek guidance and advice from their legal representative.

For further general information relating to unit titled developments, the Ministry of Business, Innovation and Employment has produced a booklet titled “A quick guide to unit title developments” which is available from the Tenancy Services website [www.tenancy.govt.nz](http://www.tenancy.govt.nz).

Information about Unit Titles on the Ministry of Business Innovation and Employment’s website under the tab “unit titles” [www.tenancy.govt.nz](http://www.tenancy.govt.nz); or by contacting the Ministry of Business Innovation and Employment on *0800 UNIT TITLES.*

**General information**

*Unit title property ownership:*

Unit titles are a common form of multi-unit property ownership. They allow owners to privately own an area of land or part of a building and share common property with other unit owners. Unit title developments may also be structured in varied ways including staged unit title developments and layered unit title developments.

The combination of individual and shared ownership of land and buildings, often means owning a unit title involves a different set of rights and responsibilities than traditional stand alone house and land ownership.

In this regard, unit title developments have a Body Corporate structure to provide the opportunity for decisions to be made jointly by the unit owners. The structure and obligations of unit title ownership is set out in the Unit Titles Act 2010 and its supporting regulations being the Unit Title Regulations 2011.

A Body Corporate generally works together to arrange maintenance and upkeep pf the building. There are general operating expenses such as insurance, gardening, rubbish collection and there is also upkeep of the building that is detailed in a long term maintenance plan that outlines the maintenance items for a period of at least 10 years.

*Unit plan:*

Every unit title development has a unit plan, which shows the location of the principal units as well as any accessory units and common property in the development. The unit plan has been deposited under the Land Transfer Act 1952 and in accordance with the Unit Titles Act 2010. The unit plan is the formal record of all of the boundaries of the units, and the common property. The plan also details the ownership interests allocated to each unit.

*Ownership and utility interests:*

Each unit is allocated an ownership interest and a utility interest. These interests are relevant to the determination of many of the unit owner’s rights and responsibilities under the Unit Titles Act 2010 and its Regulations.

Ownership interest is a number that reflects the relative value of each unit to the other units in the development, and is used to determine a range of matters including the unit owners’ beneficial share in the common property, and share in the underlying land if the unit plan is cancelled.

Utility interest of a unit is the same as the ownership interest (unless it is otherwise specified on the deposit of the unit plan or subsequently changed), The utility interest is used to calculate how much each owner contributes to the operational costs of the body corporate.

*Body corporate operational rules:*

The Body Corporate can make its own operational rules on the use of the development its and governance. These operational rules are subject to the provisions of the Unit Titles Act 2010 and its Regulations. Any rules of the Body Corporate must be registered. The default rules where operational rules have not been registered are under Schedule 1 of the Unit Titles Regulations 2011. It is important to check what operational rules are in place as all unit owners, occupiers, tenants and the Body Corporate must follow the operational rules that apply to their unit title development.

*Pre-settlement disclosure statement:*

Before settlement of the sale of a unit, the seller must provide a pre-settlement disclosure statement to the purchaser, which includes information on:

* the unit number
* the body corporate number
* the amount of the contribution levied by the body corporate for that unit
* the period covered by the contribution
* how the levy is to be paid
* the date on or before which the levy must be paid
* whether any amount of the levy is currently unpaid and, if so, how much?
* whether legal proceedings have commenced in respect of any unpaid levy
* whether any metered charges (eg, for water) are unpaid and, if so, how much
* whether any costs relating to repairs to building elements or infrastructure contained in the unit are unpaid and, if so, how much
* the rate of interest accruing on any unpaid amounts
* whether there are any legal proceedings pending against the body corporate
* whether there have been any changes to the body corporate rules.

There are legal consequences on the seller for failing to provide the pre-settlement disclosure in the timeframes required by the Unit Titles Act 2010 including delay of settlement and cancellation of the contract.

Additional disclosure statement:

The buyer of a unit can request an additional disclosure statement or may request some, but not all of the information required to be in an additional disclosure statement (specific prescribed information) at any time before whichever of these dates occurs first:

* the close of the fifth working day after they enter into the sale and purchase agreement
* the close of the tenth working day before settlement of the unit.

The seller has five working days to provide the additional disclosure statement.

The additional disclosure statement contains more information about the unit title development and the operation of the body corporate. It must include:

* contact details of the body corporate and committee (if there is one)
* the balance of every fund or bank account held by the body corporate at the date of the last financial statement
* amounts due to be paid by the body corporate
* details of regular expenses that are incurred once a year
* amounts owed to the body corporate
* details of every current insurance policy held by the body corporate
* details of every current contract entered into by the body corporate
* information about any lease of the underlying land (if the development is leasehold)
* the text of motions voted on at the last general meeting, and whether those motions were passed
* any changes to the default body corporate operational rules
* a summary of the long-term maintenance plan.

The seller may require the buyer to meet the reasonable cost of providing the additional disclosure statement. An estimate of that cost is set out in paragraph 9 below.

There are legal consequences on the seller for failing to provide the additional disclosure in the timeframes required by the Unit Titles Act 2010 including delay of settlement and cancellation of the contract.

*Computer register:*

A computer register was previously known as a certificate of title for a unit title development. A computer register records the ownership of a unit and contains a legal description of the unit boundaries. It also records any legal interest which is registered against the title to the unit (for example a mortgage or easement). A copy of the computer register for a unit should come with:

* the unit plan attached. Unit title plans were discussed earlier in this section.
* a supplementary record sheet attached. A supplementary record sheet records the ownership of the common property, any legal interests registered against the common property or base land, and other information such as the address for service of the body corporate and the body corporate operational rules.

The common property in a unit title development does not have a computer register.

*Land Information Memorandum:*

A land information memorandum (LIM) is a report that provides information held by the local council about a particular property. A LIM is ordered and paid for from the relevant local authority (council). Delivery times vary. The information contained in a LIM will vary between local authorities but is likely to include details on:

* rates information
* information on private and public stormwater and sewerage drains
* any consents, notices, orders or requisitions that may affect land or buildings
* District Plan classifications relating to the land or buildings
* Any special features of the land the local authority/council knows about including the downhill movement, gradual sinking or wearing away of any land, the falling of rock or earth, flooding of any type and possible contamination or hazardous substances
* Any other information the local council deems relevant

Full details of what a local council is obliged to provide in a LIM is contained in section 44A of the Local Government Official Information and Meetings Act 1987. It is important to seek the guidance of a legal professional to interpret information and for any questions or concerns.

*Easements and covenants:*

An easement is a right given to a landowner over another person’s property (for example, a right of way, or right to drain water). A land covenant is an obligation contained in a deed between two parties, usually relating to the use of one or both properties (for example a covenant to restrict one party using their property in a certain way).

*Easements or covenants may apply to:*

* a unit and are usually recorded on the computer register for that unit.
* common property and will be recorded on the supplementary record sheet for the unit title development.

**Information about the Unit:**

4 The amount of the contribution levied by the body corporate under section 121 of the Unit Titles Act 2010 in respect of the unit is $[*amount*]

5 The period covered by the contribution in paragraph 4 is [*period*]

6 The body corporate proposes to levy $[*amount*] under section 121 of the Act in the next 12 months.

7 The body corporate proposes to carry out the following maintenance on the unit title development in the next 12 months:

[*provide details of proposed maintenance and how the cost of that maintenance will be met- attach an extra sheet if required*]

8 The body corporate has the following accounts:

[*provide details of every bank account held by the body corporate and each bank account’s balance]*

9 Under section 148 of the Unit Titles Act 2010, a buyer may request an additional disclosure statement or may request some, but not all of the information required to be in an additional statement (specific prescribed information) before the settlement of an agreement for sale and purchase of a unit. The buyer must pay to the seller all reasonable costs incurred by the seller in providing the additional disclosure statement. The estimated cost of providing an additional disclosure statement is $[*amount*]

10 *Select the statement that applies:*

The unit or the common property is, or has been, the subject of a claim under the Weathertight Homes Resolution Services Act 2006 or other civil proceedings relating to water penetration of the buildings in the unit title development.

*or*

The unit or the common property is not currently, and has never been, the subject of a claim under the Weathertight Homes Resolution Services Act 2006 or any other civil proceedings relating to water penetration of the buildings in the unit title development.

Signed:

By the Seller of the Unit:

*The general information in this form has been created from the Ministry of Business, Innovation and Employment in relation to the prescribed Form 18.*

*The Seller is responsible for ensuring that the information contained in this form is true and correct. If the Seller becomes aware of any inaccuracies in the statement before settlement date, the Seller must provide the buyer with a correction statement.*