



Welcome to  
**talk of the town**

issue 524

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## SOME TRAVEL TIPS?

### Australia

It's illegal to roam the streets wearing black clothes, felt shoes and black shoe polish on your face as these items are the tools of a cat burglar.

### Canada

It's illegal to kill a sick person by frightening them.

It is illegal to pretend to practice witchcraft.

### England

Any person found breaking a boiled egg at the sharp end will be sentenced to 24 hours in the village stocks

It's illegal to impersonate a Chelsea Pensioner

A bed may not be hung out of a window.

It's illegal for a lady to eat chocolates on a public conveyance.

It's illegal to keep a lunatic without a license.

### France

It's illegal for an owner to address their pig as Napoleon.

# Valuations 101

Simply put, a valuation is a professional assessment of how much your property is worth as determined by a thorough onsite inspection from a Qualified Property Valuer. Taking into consideration all factors, a comprehensive written report helps to establish it's value.

Property Valuers belong to the Property Institute of New Zealand which is the professional body responsible for the development of the profession and governed by the Valuers Act 1948.

Valuers must meet rigorous tests of education, training and competence and follow a professional code of practice. They advise on residential, commercial, rural and industrial real estate and make judgements on a daily basis to enable others to make informed decisions about lending, investments and pricing amongst other things.

The benefits of having a valuation done on your home can help out in many different ways. An experienced Valuer can provide you with advice and tips on what would add value to a property, e.g. creating more outdoor living, upgrading your amenities etc.

A report can help you to avoid legal pitfalls! Checking the title of the property, particularly for cross-leased properties, may highlight any issues that you should be aware of. For example, an easement (right of way) that crosses two properties might mean a neighbour could ask you to share the cost of a new driveway or fence. You can find out about zoning to minimise the risk of surprises after you buy - the last thing you would want would be to see a light commercial or industrial business springing up next door.

Tapping into a valuer's local knowledge can also be hugely beneficial. Knowing the area, including nearby (and future) developments such as airports, malls, lifestyle blocks, roading or motorway changes, etc is especially important to consider if you are changing suburbs or moving into a new area. They'll also let you know about a property's subdivision potential; great if you'd like to extend or build another property on your land in the future.

By the way your bank may require one as many banks only accept 'conditional on a market valuation' report. So, if you're really keen on a property a market valuation is often a 'must'.

Buying a property is a major commitment and when spending hundreds of thousands of dollars on a property, a market valuation is money well spent. If you can save time and benefit from expert advice this is a good investment.

### What's the difference between a Full Current Market Valuation and a Council Rating Value?

- A Full Current Market Valuation provides a professional estimation of how much your property is worth in today's property market. A qualified valuer will visit your property to conduct a valuation.
- A Council Rating Value is undertaken by local councils to establish property values at a specific point in time to enable council rates to be assessed. Most councils in New Zealand reassess property values every three years, therefore a rating value is only an accurate measure of a property's value at the date of the last revaluation. A Council Rating Value also includes a Capital Value for a property (this is comprised of the Land Value and the Value of Improvements).





The most common type of Cross-lease is a Freehold Cross-lease Title

## Understanding Cross-lease Titles

Properties come with various forms of tenure (Title types), they are all okay, but some are more restrictive than others. The important thing is that you understand what it is that you are buying, what you can and can't do under that tenure, and the potential problem areas to check before going unconditional with an offer to purchase.

Cross-lease Titles are a type of tenure where the relationship between the co-owners is often not fully understood, and where there may be important discrepancies on the Flats Plans associated with the Titles.

The most common type of Cross-lease is a Freehold Cross-lease Title. The easiest explanation of how this works is by way of an example. Take a typical block of four flats (Units 1, 2, 3 and 4) that are each owned by a different person (lets call the owners A, B, C and D). Together owners A, B, C and D own the freehold land as 'tenants in common', meaning they each own an "undivided"  $\frac{1}{4}$  share. They cannot do anything with the land without all agreeing. They each lease their units from each other on the same terms, typically for a period of 999 years (to near infinity). For example Unit 1 is owned exclusively by owner A. Without invitation, owners B, C and D have no rights to Unit 1 and likewise owner A has no rights to Units 2, 3 and 4. If owner A wants to make any external changes to Unit 1, she must gain the permission of owners B, C and D before she starts.

When comparing Cross-lease Titles, some are very basic, while others are more complex, but perhaps convey greater rights to the owners. Where the outdoor area is shown as 'common' on the flats plan, all owners have equal rights to use it. That is, you could have a picnic on the lawn area outside your neighbour's window if it is a common area. Other areas are clearly marked 'exclusive use' such as for courtyards that accompany each unit, and allocated parking or garaging.

Common issues and misconceptions that are often encountered are:

- The belief that you can extend the home without the need to obtain permission from your co-owner(s) in the Cross-lease. You should not change the external boundaries of your property without permission of your co-owners;
- Additions to the home or additional buildings on the site that are not shown on the Flats Plan. When alterations are undertaken, in

addition to all necessary Council consents and completion certificates, it is essential to have the Flats Plan re-drawn to reflect the changes. This can be done at any stage, but until it is undertaken it creates a 'defect of Title'. An incorrect Flats Plan can reduce the saleability of a property, as any switched on purchaser will want the situation either resolved or will discount the price they are willing to pay, as they will want to rectify the situation themselves. If the consent of the co-owners was not obtained before the works were completed, or required Council consents were not obtained, the additions may have to be removed;

- Fencing off parts of common area for individual use. Consent of co-owners is required before any fencing is installed, and this arrangement should be formalised by the re-drawing and deposit of a new Flats Plan, or the arrangement has no legal standing, and these fences could be required to be removed in the future;
- Accessing the most recent Flats Plan. The Flats Plan that is attached to a Title search may not always be the most recent, these are sometimes 'hidden' within other documents registered against the Title such as a Variation of Lease. Make sure your lawyer has searched them all, and that what is on the most recent version matches physically what you have observed on site. Don't expect your lawyer to know if the Flats Plan is correct, as they don't visit the property. Take a copy with you to the site and ensure that it reflects what is actually there. If not, there is more work to do.
- Inconsistencies in documentation. Check the lease documents match the front Title page. You need to be sure the information written on these documents is in fact the reality.

The important thing is to understand the relationships between the various parties, and to ensure that the physical situation that is being sold to you, matches the actual legal situation. While ideally you may like to purchase a Freehold site, the home you fall in love with may come on a Freehold Cross-lease Title. Don't despair; just do your homework...



# Business Interruption Insurance...

There's no doubt about it, New Zealand is a land of surprise and contrast. We experience all kinds of major life altering events including floods, earthquakes, volcanic eruptions, fire, theft and destruction. It all sounds a bit grim really but we do need to be aware of the options available to look after our families, homes and businesses to the best of our ability. The most recent crisis in the Canterbury region with earthquakes that literally 'rocked their world' is a stark reminder of why we need to be prepared. The stories that have been sobering and for most of us this major event has been and gone without us fully appreciating the massive impact it has had on families, homes and business going forward. While much of the country carries on with their day to day lives, the realities of what this means in a wider context is still to reveal itself. Most of us carry 'regular' insurance but our offices in Christchurch gave us some sage advice which we would like to share with you - it may be one of those 'ah huh' moments for you.

Imagine if your primary incoming producing resource was out of action. Your business would be suspended and your ability to generate



cash would be severely hindered. Not only will you lose profits, you will lose the ability to cover ongoing expenses such as payroll, taxes, loan payments and utilities. Consider, too, the expenses associated with recovering those losses or operating your business in another location. Business interruption insurance will help you keep your business running in the unfortunate event that your operations are suspended due to disaster. It will reimburse you for lost profits and the fixed expenses of your business and deliver a very different outcome. A final word of advice - make sure you are up to date with all your insurances - a simple call to your insurance company is the first step to finding out if this insurance could benefit you.

## What your handwriting means

**If letters slant to the left:** Indicates introspection and a lot of emotional control.

**If letter slant to the right:** Reveals a person who's outgoing, friendly, impulsive, and emotionally open.

**If letters are straight up and down:** The sign of someone who's ruled by the head, not the heart.

**An erratic slant:** Usually means a lack of flexibility.

**Heavy pressure writing (like you can feel the rib made on the back of the paper):** The writer is agitated.

**Moderate pressure (the writing is dark, but you can't feel the rib on the other side of the paper):** Shows ability to deal with stress.

**Light pressure:** Indicates someone who seems to take life in stride.

**Tiny letters:** Indicate the writer is has somewhat low self esteem but is intelligent.

**Small letters:** The hallmark of quiet, introspective types - they're generally detail-oriented and have good concentration.

**Large letters:** Sign of a confident, easygoing individual.

**Huge letters:** Indicate someone who's theatrical, usually loud, and needs to be the centre of attention at all times.

**Wide letters (their width and height are about the same):** The mark of someone who's open and friendly.

**Narrow letters:** Show someone who's somewhat shy and inhibited but very self-disciplined.

**Letters that don't touch:** Indicate an impulsive, artistic, sometimes impractical free thinker.

**Some letters connecting:** Means the writer's personality blends logic and intuition.

**All letters making contact:** The sign of someone who's highly cautious.

**A curved first mark:** Shows a person who's traditional and plays by the rules.

**A straight beginning stroke:** Reveals someone who's rigid and doesn't like being told what to do.

**A final stroke straight across:** The writer is cautious.

**An end mark that curves up:** Reveals generosity.

**Perfect penmanship:** The hallmark of a communicative person.

**An indecipherable scrawl:** Indicates a person who's secretive, closed-up and likes to keep his thoughts to himself



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