

Contracts 101 for first time property buyers or sellers

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P is for Parties:

Correctly identifying the parties to a contract is critical, otherwise it is not known who the agreement is between. For Agreements relating to Property this is usually simple; the vendor is the person (or entity) selling a property they own (or have an interest in) and the purchaser is the person (or entity) buying the property.

P is for Property:

The subject matter of the agreement – what property is being bought and sold – must be clearly identified. Each property is unique and as such can't be easily substituted or replaced, so the parties need to be clear on exactly what they are giving up (if they are the Vendor), or taking ownership of (if they are the Purchaser). To clearly identify a particular property, the contract should state both its address and its legal description (including its unique title identifier). Things can get tricky if the property is to be created in the future because of the difficulties in accurately describing and identifying something which doesn't yet exist.

P is for Price:

The third, and not unintentionally, the final P is for Price – the dollar value the parties are willing to sell or buy the property. Unsurprisingly, it is important that everyone involved knows how much they are paying, or being paid, for the contract to be fulfilled.

In New Zealand, the vast majority of property contracts are documented on The Law Association of New Zealand's standard form 'Agreement for Sale and Purchase of Real Estate' which has spaces for the 3 P's to be filled out on the front page. If your property contract is not on this standard form, it is likely a bespoke contract and you would be wise to have it carefully checked by a lawyer to ensure it will be binding and achieves your desired outcome.

The team here at Cooney Lees Morgan can assist you in any sale or purchase of your house or property. Contact us on (07) 578 2099