



**Land Information
New Zealand**
Toitū te whenua

Purchase offer supporting information for

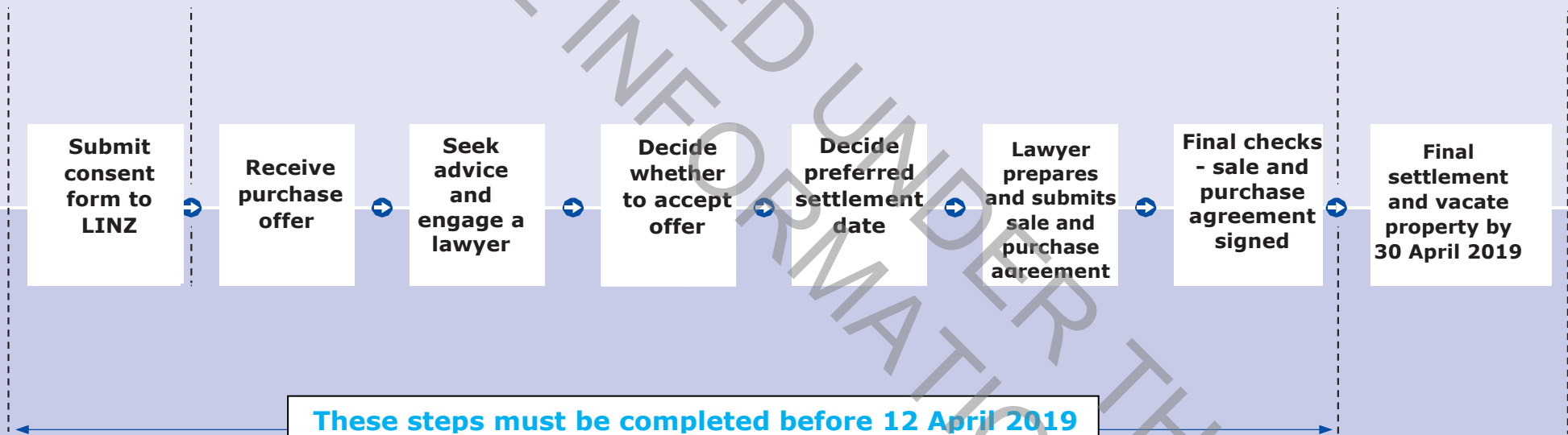
Properties in the Residential Red Zone

2018

Process for your settlement

THE PROCESS WILL TAKE LONGER IF:

- Insurers delay providing information about claims, banks, don't provide agreements i.e. discharge mortgage.
- Lawyers taking time to prepare agreements.
- Properties need the agreement of several parties to sell.
- You own a unit title or cross lease property as this involves additional consideration.



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Glossary

THE FOLLOWING IS AN EXPLANATION OF SOME TERMS USED IN THIS INFORMATION BOOKLET.

Agreement for Sale and Purchase	The agreement that you and the Crown will sign to record the terms on which you have agreed to sell your property to the Crown.
Cross Lease	Where, on one land title, there are several flats/houses that are each owned by a different person and together all those different people own the land that the flats/houses are on; and they each lease the land that their own flat/house is on from all the other owners.
Crown	The Government
EQC	Earthquake Commission
Insurer	The insurance company that your property is insured with.
LINZ	Land Information New Zealand
Settlement Date	The date on which: <ul style="list-style-type: none"> • you or your tenants must be out of the property • the Crown will make the payment to you for your property • the Crown will become the owner of your property.
Tenancy	Where people have a right to occupy a property (whether exclusively or otherwise) and pay some form of rent.
Unit Title	Where a dwelling owned by an individual is part of a community of individuals (known as a body corporate), each individual owns a unit and the community together owns the common property.

The offer

	Option 1	Option 2
What is the Crown buying?	<ul style="list-style-type: none"> Your land The buildings and fixtures on your land All insurance claims for any damage to your land, building and fixtures 	<ul style="list-style-type: none"> Your land The buildings and fixtures on your land
What will the Crown pay for my property?	<p>The 2007/2008 rateable value for your land, buildings and fixtures, less:</p> <ul style="list-style-type: none"> Any insurance payments paid directly to you for your land, building and fixtures that you have not spent on repairing your land, building and fixtures. If you have received any direct payments you will need to provide evidence of the amounts that you have spent on repairs. Any rates or charges for your property that you have failed to pay. 	<p>The 2007/2008 rateable value for your land, less any rates, insurance payments received for the land or charges for your property that you have failed to pay.</p>
Why is the purchase price different under the two options?	<p>The purchase price under Option 1 is higher because the Crown is taking over the benefit of all insurance claims for the damage to your land and the buildings and fixtures on your land. This means that the Crown will receive all payments made by EQC and your insurer for the damage to your land, buildings and fixtures.</p>	<p>The Crown is only paying the land value under Option 2 because you will retain the benefit of all insurance claims for the damage to your buildings and fixtures. This means that you will keep all payments made by EQC and your insurer for the damage to your buildings and fixtures, including any payments that you have already received.</p>
Which is the better option for me?	<p>If the total amount that your insurer and/or EQC has agreed to pay you is less than the rateable value for your buildings and fixtures, or your improvements are uninsured, then Option 1 will probably be the better option for you.</p>	<p>If the total amount that your insurer and/or EQC has agreed to pay you is more than the rateable value for your buildings and fixtures then Option 2 will probably be the better option for you.</p>

The offer

WHAT WILL HAPPEN TO MY INSURANCE CLAIMS UNDER THE CROWN'S OFFER?

For insured properties, it is dependent on the option chosen.

	Option 1	Option 2
Insurance benefits transferred to the Crown	<p>The Crown takes over all insurance claims for damage to your land, buildings and fixtures from the date that the Agreement for Sale and Purchase for your property is signed by the Crown.</p> <p>This means that the Crown will receive all payments made under those claims. Those payments may be more or less than the purchase price for your property. You will be required to obtain the consent of your insurance company to the transfer of the benefits of your claims to the Crown.</p>	<p>The Crown takes over your EQC claim for damage to your land from the date that the Agreement for Sale and Purchase is signed by the Crown.</p>
Insurance benefits retained by owners	<p>You will retain the rights to any other benefits that you may have under your insurance claims, including payments for damage to contents, stress, accommodation, moving costs and loss of rent.</p>	<p>You will retain the rights to all benefits that you may have under your insurance claims, including payments for damage to your buildings, fixtures and content, stress, accommodation, moving costs and loss of rent.</p>
What will happen to the insurance/EQC payments that I have already received?	<p>All insurance payments for damage to your property that have been paid directly to you by EQC or your insurer will be deducted from the purchase price, unless you can provide evidence that you have spent those payments on repairing your property. Your lawyer will need to enter the amounts of all cash payments that you have received from your insurer (including any amounts that you have spent on repairs) in the settlement database. Once this information has been confirmed by your insurer, your final purchase price will be calculated and the Agreement for Sale and Purchase can be signed.</p>	<p>Under Option 2 only the payments that you have received from EQC for the damage to your land will be deducted. You will keep any payments that you have received or will receive from your insurer for the damage to or loss of your buildings and fixtures.</p>

The offer

How can disputes with my insurer be resolved?

All the main insurance companies are members of the Insurance and Savings Ombudsman (ISO) scheme. The ISO scheme has been set up to resolve disputes between insurers and consumers. The ISO scheme is impartial, independent and free to consumers. For more information on the ISO disputes resolution process please visit the ISO website www.ifso.nz or email to info@ifso.nz or phone ISO on **0800-888 202**.

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The offer process

When will I receive my offer letter from the Crown?

To ensure LINZ has access to correct and up-to-date information, you are required to complete a consent form, even if you have previously submitted one in relation to an earlier Crown offer. You will be sent an offer to purchase your property once LINZ has received a correctly completed consent form signed by all the legal owners of your property. If you have not received a consent form you can contact LINZ by emailing redzoneinfo@linz.govt.nz or phone: **0800-665563 direct dial 03-7414161**.

How long do I have to accept the Crown's offer?

You have until 12 April 2019 to accept the Crown's offer to purchase your property by submitting a signed Agreement for Sale and Purchase to the Crown via your lawyer. Before making a decision you should talk to your lawyer and any lender that has a mortgage over your property. If applicable, you should also discuss with your insurer what you are entitled to under your insurance claims so that you can compare the amounts that you will receive under Option 1 and Option 2.

How long can I stay in the property if I accept the Crown's offer?

You or your tenants must be out of the property by your chosen settlement date. The last date that you can choose to settle the sale of your property to the Crown is 30 April 2019.

What do I do if I want to accept the offer?

You will need to see a lawyer as only they can prepare and submit the Agreement for Sale and Purchase. If you do not have a lawyer, the New Zealand Law Society website provides a list of property lawyers: (www.lawsociety.org.nz). You can also contact Community Law Canterbury (phone **03-3666870**, or visit www.canlaw.org.nz)

Your lawyer will be able to talk you through the requirements of the Sale and Purchase Agreement.

Will the Crown make a contribution towards my legal fees?

If you accept the offer, the Crown will pay a contribution towards legal fees:

Vacant land

- 50 per cent of your legal costs up to a maximum contribution of \$500 plus GST.

Residential/commercial/industrial properties

- Option 1 – 50 per cent of your legal costs up to a maximum contribution of \$750 plus GST
- Option 2 – 50 per cent of your legal costs up to a maximum contribution of \$500 plus GST

This amount will be paid directly to your lawyer on settlement.

The offer process

What information do I need to provide to my lawyer?

Your lawyer will need the following information to prepare the Agreement for Sale and Purchase:

- If you are an insured property owner and planning to accept Option 1, details of all insurance payments paid directly to you for the damage to the property together with copies of all invoices or receipts if any of those amounts have been spent on repairing the damage to the property.
- If applicable, a copy of your insurance policy or other evidence that confirms the identity of the holder of the insurance policy for the property.
- Your lawyer may also ask you to provide other information that is not listed above to assist him or her with advising you about the Crown's offer.

Will a deposit be paid?

No deposit will be paid. However, you are able to choose a settlement date within a few weeks of accepting the offer.

I purchased my property after 3 September 2010. Am I entitled to the Crown offer?

Yes, the offer applies to the current owner.

What do I have to do between signing the Agreement for Sale and Purchase and the settlement date?

- Maintain your property until the settlement date.
- Allow the Crown to inspect your property at any reasonable time before the settlement date to check the condition of your property and to confirm that you have complied with your obligations.
- Keep paying the rates and any other charges for the property until the settlement date.
- Give the Crown copies of all information and documents that you have about your insurance claims if applicable. This includes any emails; letters sent or received notes of telephone calls, photographs or other evidence of the damage to your property.
- Keep paying the rates and any other charges for the property until the settlement date.
- Comply with any reasonable requests that the Crown may make of you to help it advance the insurance claims for the property that it is taking over (if applicable).
- Lodge any claims that can be lodged with your insurer for any damage caused by any new earthquakes or any other event.
- Not do anything that would threaten or invalidate your insurance claims (if applicable).

The purchase price

Why has the Crown used 2007 (CCC)/2008 (WDC) rating valuations as the basis for the under the Crown offer?

2007/2008 rating valuations were selected because:

- It is consistent with earlier Crown offers made to residential red zone property owners.
- The values are clear and widely known.
- They determine the value for all properties in an area at the same point in time.
- They are updated regularly.
- Property owners can seek a new valuation notice between the general valuations when changes are made to the property such as erecting new buildings, or adding, altering or demolishing existing buildings.
- Owners have the ability to question a rating valuation at the time it is assessed.

Can I negotiate the purchase price?

The purchase price is not negotiable. You can only seek an adjustment to your purchase price if you qualify for one or more of the grounds for review detailed below.

What are the grounds for seeking a review of my purchase price?

You can seek a review of your purchase price if one or more of these three circumstances apply to your property:

- The area of the land recorded in the 2007/2008 rating valuation for your property is understated (this is the only ground on which you can seek a review of the purchase price paid under Option 2, uninsured improved properties and for vacant land);
- The total floor area of the improvements recorded in the 2007/2008 rating valuation for your property is understated by more than five per cent; or
- You have undertaken consented building work on your property for which you hold a code compliance certificate that has increased the floor area of the insured buildings but has not been taken into account in the 2007/2008 rating valuation. You should check with your council to confirm the area of the buildings that have been included in your rating valuation as in some cases the valuation has been adjusted to reflect changes in floor area but the floor area recorded in the rating valuation has not been updated.

What do I need to do if I want to seek a review of my purchase price under any of the above grounds?

It is important that you discuss the grounds on which you wish to seek a review of your purchase price with your lawyer. He or she will be able to confirm whether your property qualifies for a review. If it does and you wish to proceed with a review then your lawyer must confirm this in the settlement database. It is important to note that once your lawyer has confirmed in the database that you want to seek a review you cannot withdraw from the process and you will be charged a non-refundable fee of \$250. This fee will be deducted from the purchase price on settlement.

The purchase price continued

What information do I need to provide when seeking a review of my purchase price?

You or your lawyer will need to send the following information to the Crown settlement agent, Buddle Findlay:

- The reason for your objection ie, incorrect land area, incorrect floor area, or a building consent that has not been valued.
- If the reason is an unvalued building consent you need to include the building consent number, a description of the work undertaken and, if available, a copy of the floor plans and the code compliance certificate.

How is the review of the purchase price undertaken?

LINZ will appoint a rating valuer who will review your purchase price. A review of the purchase price will be undertaken if it is determined that:

- The land area is incorrect.
- The floor area is understated by more than five per cent.
- There are consented building works that have not been taken into account in determining the rating valuation.

The review will be undertaken so as to preserve uniformity with existing rating values of comparable properties, and will determine whether any adjustment to the purchase price is required. In some cases this may result in a reduction in or no change to, the purchase price. The reviewed purchase price will, unless challenged in the manner detailed under the next question, become the purchase price for your property (subject to any deductions specified in the Agreement for Sale and Purchase).

Can I challenge the reviewed purchase price?

You will have 10 working days from the date that you receive notification from LINZ of your reviewed purchase price to lodge an appeal. A non-refundable administration fee of \$100 will be charged if you lodge an appeal. This fee will be deducted from the purchase price on settlement.

You will be asked to submit documentation in support of your appeal to an independent panel of experts. The panel of experts will make a final determination based on the information that you submit and the information provided by the rating valuer that undertook the review of your purchase price. The panel of experts' determination will be binding on you and the Crown.

If I apply to have my purchase price reviewed will this delay the settlement of the sale of my property to the Crown?

Yes. Until a review of your purchase price has been completed and the outcome of any appeal that you may lodge has been determined, you will not be able to enter into an agreement for the sale of your property to the Crown. The timeframe for the review will depend on the number of owners that wish to apply for a purchase price review.

Unit title properties

How does the offer work for unit title properties?

If your property is uninsured or separately insured, meaning that it is not insured under the same policy as the other units in your development, the Crown offer will work in the same way as it does for any other property.

If your unit title is insured under the same policy as all the other units in your development (this normally means that the policy is held by a body corporate):

- You can accept **Option 1**, without needing to obtain the prior agreement or consent of the other owners in your development. However, this will mean that the other owners in your development can no longer accept Option 2. For this reason we encourage you to discuss the Crown's offer with your neighbours before selecting an option.
- You can accept **Option 2** but only if none of the other owners in your development has already accepted Option 1. Your Option 2 agreement will be conditional on all the other owners in your development also accepting Option 2

This means that your agreement with the Crown will be at an end if:

- The other owners in your development do not accept Option 2, or
- One of the other owners in your development accepts Option 1 or you notify the Crown that you want to change to Option 1

Will the insurance payments made to my body corporate be deducted from the purchase price?

The Crown will deduct any insurance payments that you have received for your property (including any that have been paid to your body corporate) unless you are able to provide evidence that is reasonably acceptable to the Crown that those amounts:

- Continue to be held by your body corporate, or
- Have been spent on repairing your property or any part of the development of which your property forms part.

What information will the Crown require to establish that any insurance payments are held by my body corporate?

The Crown will require your lawyer to confirm:

- The amounts paid to the body corporate
- The amounts (if any) that the body corporate has paid to you and any other owners in the development.
- The amounts that you or the body corporate have spent on repairing your property or any part of your development for which you are able to provide invoices or receipts.
- The amount (if any) that continues to be held by the body corporate. A bank statement or other evidence confirming that this amount is held by or on behalf of the body corporate will also be required.

Unit title properties continued

Your lawyer will be asked to reconfirm this information in the week before the settlement of the sale of your property so that the Crown can deduct any further insurance payments received by you from the body corporate.

Does the Crown have any other requirements for unit title properties?

The Crown has developed separate versions of the agreements for unit title properties to deal with the complexities of the insurance arrangements where the policy is held by a body corporate. Your lawyer will be able to explain the requirements of these agreements.

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On the move

When do I have to leave my property?

You must move out of the property by the settlement date. The settlement date will be recorded in your Agreement for Sale and Purchase and is the date when the Crown will pay for and become the owner of your property.

You will need to have all arrangements in place to move out of your property by your chosen settlement date including:

- Organising a moving company or assistance to remove all belongings and chattels. You will be responsible for your own moving costs.
- Arranging for a final electricity reading and the disconnection of your phone

When do my tenants need to move out?

If your property is leased you need to arrange for your tenants to be out of your property by the settlement date. You will need to give the required notice under the lease to end the tenancy. We recommend that you discuss this with your lawyer so that the necessary arrangements can be made.

Can I rent my property from the Crown?

You cannot rent your property from the Crown. Once the Crown has become the owner of your property no one will be permitted to use the premises.

Can I take anything else with me?

If you would like to remove anything else from your property or want to confirm whether a particular item is a chattel please make contact with LINZ no later than 10 working days before your settlement date: **03-7414161** or email at: **redzoneinfo@linz.govt.nz**

How long will I have to remove my chattels and anything else that LINZ or my insurer has agreed to let me take?

You must remove any chattels and any other items that LINZ or your insurer has agreed to let you take **by the settlement date**. Anything that you leave behind will become the property of the Crown.

What will happen to my property after settlement?

For security and safety reasons, clearing of a property will usually begin as soon as possible after the Crown becomes the owner and anything (including the buildings) that remains on the property will be cleared.

Due to life-safety risks in the Port Hills, a range of clearance methodologies will be used. Properties will be considered on a case-by-case basis and some buildings may remain on site for extended periods.

On the move

Who will pay for the costs of clearing my property and removing any buildings?

The Crown will not seek to recover any costs associated with the removal of buildings and the clearing of properties from owners directly but, where appropriate, will look to recover these costs directly from the insurer.

Will some plants or features be left on the property, or will the property be totally cleared?

Before settlement date you should decide which shrubs and plants it is practical to take with you, or if you wish to offer them to friends or family for replanting. They must be removed prior to settlement date.

LINZ is taking a planned and considered approach to managing vegetation in the residential red zone. A framework has been developed which sets criteria about what vegetation is kept, removed or transplanted. LINZ supports the retention of specific indigenous trees and shrubs, and established healthy trees throughout the residential red zone, where practical and cost effective to do so

Can I relocate buildings on my property?

If you would like to relocate any buildings on your property please contact:

- LINZ on **03-7414161** or Email at: **redzoneinfo@linz.govt.nz** if you are planning to accept Option 1 of the Crown's offer.
- Your insurer if you are an insured property owner planning to accept Option 2 of the Crown's offer.

LINZ, or your insurer, will consider your request and advise whether or not the requested buildings can be removed. If they can be removed, you may be asked to sign a document to record any agreed arrangements for the removal of those buildings, including any amounts that you will need to pay to LINZ or your insurer for the buildings that you are removing. These amounts will be deducted from the purchase price for your property if Option 1 is selected.

In the Port Hills, requests for the removal of buildings will be managed on a case-by-case basis, and some case requests may be refused due to life-safety risks.

How long will I have to relocate any buildings?

If you are planning to accept Option 1 of the Crown's offer, LINZ will advise the timeframe within which it will require the buildings to be removed when confirming its consent to their removal. If you are planning to accept Option 2 of the Crown's offer, any buildings that your insurer has agreed to allow you to remove must be removed by the settlement date.

Support and assistance

HERE'S A BRIEF OUTLINE OF THE SERVICES AND SUPPORT AVAILABLE TO YOU.

Residential Advisory Service

The Residential Advisory Service (RAS) provides free, impartial help to residential property owners who are facing challenges in getting their home repaired or rebuilt after it has been damaged by the Canterbury earthquakes. The service helps you to understand the process you are going through and to make progress in your repairs or rebuild.

Call **03-379 7027**, or free call **0800-777 299**.

Go to **www.advisory.org.nz** for more information

Support and counselling services

If you, your family or friends need support, call the Earthquake Support Line to be connected to free and confidential services. The helpline can help you with your questions, give information, and connect you with free counselling services or organisations that can offer you practical support, information or advice.

Call **0800-777846**.

A list of available social support services is also available online. Click on the Family Services Directory link at **www.familyservices.govt.nz/directory/**

Other assistance

There are a number of other organisations across the region also offering assistance.

Red Cross

Call **0800-7332767** for more information.

Go to **www.redcross.org.nz**

Salvation Army

Call **03-3770799** for more information

Go to **www.salvationarmy.org.nz**

Important phone numbers and websites

<p>Important phone numbers</p>	<p>LINZ 03-7414161</p> <p>Earthquake Support Line 0800-777846</p> <p>Ōtautahi Community Housing Trust 0800-624456</p> <p>Christchurch City Council 03-9418999</p> <p>Red Cross 0800-7332767</p> <p>Salvation Army 03-3770799</p> <p>Residential Advisory Service 03-379 7027 or 0800-777 299</p>
<p>Important websites</p>	<p>All information www.linz.govt.nz</p> <p>Support and counselling services www.familyservices.govt.nz</p> <p>Ōtautahi Community Housing Trust www.ocht.org.nz</p> <p>Red Cross www.redcross.org.nz</p> <p>Salvation Army www.salvationarmy.org.nz</p> <p>Residential Advisory Service www.advisory.org.nz</p>