SCHEDULE ONE
Explanations Required Under Pre-Contract Disclosure Statement

i) Unit Title Property Ownership

Ownership of any unit contained in a Body Corporate (BC) under the Unit Titles Act 2010 ("**the Act**"). It brings with it rights and obligations set out in the Act Unit Titles Regulations 2011, and the BC Operational Rules.

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.

This combination of individual and shared ownership of land and buildings, often in an intensive built environment, means owning a unit title involves a different set of rights and responsibilities than traditional house and land ownership.

Unit title developments have a body corporate management structure to ensure decisions affecting the development can be made jointly by the unit owners. The creation and management of unit title developments is governed by the Unit Titles Act 2010 ("the Act") and supporting regulations. All owners of units become members of the BC.

ii) Unit Plans

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 is the formal record of all of the boundaries of the units, and the common property.

iii) Ownership and Utility Interests

Ownership interest is the interest assigned to a unit under Section 38 of the Act. This applies to every principal unit and accessory unit and is fixed by a registered valuer based upon the relative value of the unit in relation to each of the other units contained on the unit plan.

Utility interest is the interest assigned to a unit under Sections 39 and 40 of the Act and is the ownership interest unless otherwise shown on the plan or reassessed under Section 41.

By default, the 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) and is used to calculate how much each owner contributes to the operational costs of the body corporate.

Section 41 provides for reassessment of utility interests at not less than three yearly intervals by a BC by special resolution (i.e. 75% of eligible owners voting).

iv) Body Corporate Operational Rules

The Body Corporate for a unit title development can make its own operational rules on the use of the development, and governance of the body corporate. These operational rules are subject to the provisions of the Unit Titles Act 2010 and regulations made under that Act.

All unit owners, occupiers, tenants, invitees and the body corporate must follow the body corporate operational rules that apply to their unit title development.

The rules resolved by the BC include such matters as pets, parking, rubbish, noise, and occupant behaviour. The operational rules are registered with Land Information New Zealand (LINZ) and a copy is available from the BC Secretary, upon request.

v) Pre-Settlement Disclosure Statement

A Pre-Settlement Disclosure Statement is required at least 5 working days prior to settlement of a sale of a unit and must include:

a) The unit number and accessory unit(s) number(s);
b) The Body Corporate number;
c) The amount of the contribution levied by the Body Corporate under Section 121 of the Act in respect of the unit being sold;
d) The period covered by such contribution;
e) The manner of payment of the levy;
f) The date on or before which payment of the levy is due;
g) Whether a levy or part of a levy due to the Body Corporate is unpaid and, if so, the amount of the unpaid levy;
h) Whether legal proceedings have been instituted in relation to any unpaid levy;
i) Whether any metered charges due to the Body Corporate are unpaid and, if so, the amount of unpaid metered charges;
j) Whether any costs relating to repairs to building elements or infrastructure contained in the unit are unpaid and, if so, the amount of unpaid costs;
k) The rate at which interest is accruing on any money owing to the Body Corporate by the seller;
l) Whether there are any legal proceedings pending against the Body Corporate in any Court or Tribunal; and
(la) Whether there are any proceedings:
    (i) Initiated by the Body Corporate and pending in any Court or Tribunal; or
    (ii) Intended to be initiated by the Body Corporate in any Court or Tribunal; and
(lb) Whether there is any written claim by the Body Corporate against a third party that is yet to be resolved.
m) Whether there have been any changes to the Body Corporate operational rules since the Pre-Contract disclosure statement.

vi) Record of Titles

Previously known as a computer register or certificate of title, for a unit title development this document records the ownership of a unit, contains a legal description of the unit boundaries and records any legal interest which is registered against the title to the unit (for example a mortgage or easement). A copy of the record of title 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 record of title.

vii) Land Information Memorandum

A land information memorandum (LIM) is a report which provides information held by the local council about a particular property. You must order and pay for a LIM from the applicable local council. Delivery times vary between councils. The information contained in a LIM will vary between councils, but is likely to include details on:

- Rates information
- Information on private and public stormwater and sewerage drains
- Any consents, notices, orders or requisitions affecting the land or buildings
- District Plan classifications that relate to the land or buildings
- Any special feature of the land the local 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.

viii) Easements and Covenants

Easements and covenants may be registered against a unit or the Body Corporate's land on the supplementary record sheet for the Body Corporate, and these may affect each title and impact on the use of titles. Further information in relation to the matters referred to paragraph (ix) can be obtained from a search of the supplementary record sheet by your solicitor.