



# *Key terms in real estate*

Common words you'll come across  
2024/25

**Harcourts** gold

Better knowledge of the real estate language



Are you finding the real estate jargon technical and confusing? **You're not alone!**

Here are some definitions that we hope might help.

## Glossary

### Agreement

The written contract for the sale and purchase of property between the buyer and the seller.

### Appraisal

The act or process of estimating or appraising the property's value.

### 'As Is, Where Is'

Selling the property without warranties as to the condition. Buyers are solely responsible for examining and judging the property.

### Caveat

A warning notice registered against a property title that a third party may have rights or an interest in the property.

### Chattels

Items that a seller is providing with the property for example a dishwasher, curtains, stove etc. These items will be listed in the Sale and Purchase Agreement.

### Commission

The fee charged to the seller by the agent for providing services. This is usually a percentage of the gross selling price of the property.

## Conditional

A written contract that is signed by the seller and buyer, but where one or more conditions need to be satisfied. For example: “Subject to buyer obtaining finance within 5 days.”

## Conveyancing

A restriction or condition on a title. For example, an owner wanting to build may have to use a height restriction or specific subdivision covenants.

## Cross Lease

A cross lease property is one where multiple people own an undivided share in a piece of land. The homes they build on the land – usually flats or townhouses – are leased from the other land owners, normally for a term of 999 years.

## Deposit

An amount paid by the buyer to the seller under the Sale and Purchase Agreement, usually 10% of the purchase price. This is usually held in the real estate company’s trust account and released after confirmation.

## Due Diligence

The process of gathering information about the condition and legal status of the property and any additional assets to be sold.

## Equity

The amount of value an owner has in a property. This means the resale value minus any mortgage owed.

## Estate Sale

The sale of property left by a person at his or her death. An estate auction can involve the sale of personal and/or real property.

## Freehold

A freehold property has a clear title of ownership and is not subject to a lease.

## Hammer Price

The price established by the last bidder and acknowledged by the auctioneer before dropping the hammer or gavel.

## LIM

This stands for land information memorandum. It is a report which you purchase from your local council containing information that they have on file concerning property including valuation dates, rates, building and resource consents and zoning.

## Multi-Listing

A multi listed property is one that is on the books of more than one real estate agent.

## Possession

When the buyer gets access to and takes over the property. This often happens on the same day as settlement.

## Rateable Value (RV)

Rateable valuation is the value nominal which the local authority uses to assess rates. This often varies from the actual market value of the property. You may also see the term CV (Council Value).

## Settlement

When the property is paid for in full in return for the transfer of ownership to the purchaser. This is done on the settlement date, which is agreed upon by the buyer and the seller.

## Title

The document or file which records the legal description of a property, it’s ownership and any mortgages or other encumbrances on it.

## Unconditional

When conditions in a contract have been satisfied, the contract becomes unconditional. The property is now sold. Settlement will take place on a mutually agreed upon date, written in the Sale and Purchase Agreement at the time of making the offer.

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