

Company Share apartments – what are they and how do they work?

Company share apartments are an ownership arrangement for apartments where a company owns the land and the building on the land. Often that company will be the name of the apartment building (eg “Smithfield Apartments Limited”). When someone purchases an apartment in a company share apartment building, they buy shares in the company instead of a title (as the title is owned by the company). Along with owning shares in the company the purchaser also enters into an “Occupation Right Agreement” or “Occupation Licence” which gives that owner the right to live in their apartment. This type of ownership was common for apartments before the Unit Titles Act 1972 came into force.

How do they work?

The building is managed by the directors of the company, the directors being a number of the owners in the apartment building. All owners are shareholders in the company. The company will have its own constitution which outlines the rights and obligations of shareholders. There will also often be building rules associated with the building, set by the directors. Before you sign an offer to buy a company share apartment you should be aware of the following:

- **The constitution of the company can have various restrictions included in it, including restrictions on renting out the apartment.** If you want to rent out the property or want to have a pet in the property, ask the vendor or the agent to confirm whether this is possible before you sign an offer.
- **Generally the directors of the company that owns the building need to consent to purchasers buying an apartment.** Generally there will be a condition in an Agreement for Sale and Purchase of a company share apartment for the directors to consent to you purchasing an apartment in the building. This will usually involve the directors meeting and interviewing you. There can be issues with time frames for calling meetings of directors, so you need to ensure you allow enough time in your conditions for this to occur. You should also note that when you come to sell the property you will need to obtain the consent of the directors to the new purchasers.
- **The fact that you do not obtain a title to an apartment can lead to issues obtaining finance.** Shares in a company share apartment are not seen as good security by many of the major banks, so it can be difficult to get a mortgage to buy them. In saying this however there are banks that will look to lend against a company share apartment but generally you will need a high deposit (equity in the property) before they will consider this. Some constitutions will also not allow you to mortgage your shares. You should include a finance condition in the agreement to make sure you can look into this once you have signed the agreement, or obtain pre-approval for finance before you sign an agreement.
- **Shareholders (owners) generally pay operating expenses to the company, so you need to be aware of these extra costs.** These expenses are to cover things like lift maintenance, maintenance of common areas, lighting and insurance. Unit titled apartments have similar costs, generally called “levies.”
- **Insurance is organised by the company.** The company will be responsible for insuring the building. As part of your homework before you purchase the property, it is important to ensure the building is adequately insured. This will be particularly important if you are borrowing money to purchase the apartment. You will need to obtain your own contents insurance.
- **Company share apartments are not unit titles so the rules about disclosure do not apply.** There are rules about disclosure that apply to Unit titled properties, which inform purchasers before they buy of things like whether there is a long term maintenance plan for the building, whether the unit has been subject to any leaky building litigation and what the levies are for the particular unit/apartment. These rules do not apply to company share apartments as they are not unit titled/stratum in freehold properties. You therefore need to make more in depth enquiries about company share apartments before you purchase or as part of your conditions. Generally the company secretary is able to provide most of this information to you.

The company secretary is sometimes an owner of a property in the development but more commonly it is an accountant. Some company share apartments are choosing to apply the disclosure rules voluntarily, but they are under no obligation to do so.

Rainey Collins

The Property Market is Still Hot!

It is still the PERFECT time to plan an effective selling campaign to get a great result. Property stocks are still low and buyer numbers are high so now is the BEST TIME to sell. Call any time for a no obligation marketing proposal.

How to choose your room colour

The magical thing about colour and light is that it's not static – this is why the same colour changes its depth and tone in different rooms in your home. So how can you be sure to pick the right paint colour for each room? It's all to do with which direction the room faces: north, south, east or west. "Colour is not equal, unchanging and well behaved. This is why colour responds to the axis of light and why it looks totally divine in some rooms... and horrible in others," explains Resene colour expert Carolyn Atkinson. To paint according to direction, Carolyn recommends the following:

North

Cooler, denser colours will always work best in north-facing rooms. Because of our propensity for huge windows and skylights that allow plentiful sun (and glare) any bright, red, orange or yellow colours will only accentuate the heat and appear far brighter.

South

In south-facing rooms used during the day, use warm mid-toned colours. No amount of pale tints or white will make these rooms appealing because the natural light aspect is cool, grey or sour.

East

Complex neutrals work best in east-facing rooms illuminated by the white light of early morning. Because easterly light is so cool and clear, it may emphasise greens and blues. Green will be seen to be very green and blues may reflect more teal. The walls in east-facing rooms will be shadowy from mid-morning onwards.

West

West-facing rooms that receive the sun's low rays will suit mid-toned muted colours as the rosy natural light will enhance cream, beige and taupe until they turn peach or terracotta. Any deep reds will look far brighter and orangey. Blue walls may turn drab. Deeper colours will alter the least.

- Extremely bright and glarey rooms may benefit from a flat (matt) paint finish. Very dim rooms, and hallways, may benefit from low sheen or higher sheen paint finishes.
- In rooms where natural light is filtered through trees growing close to the house, a green cast may appear in any colour you use.
- Light reflecting through opaque glass will diffuse/soften any colour.
- The same colour seen in a room with floor to ceiling picture windows will intensify.
- In tropical countries, bright colours are doubly enhanced and appear well balanced.
- In cold countries, natural light is filtered through layers of mist and cloud. Natural colours in these countries are grey based. Bolder reds, oranges and yellows appear softer and less intense.
- When we turn the lights on in the evening, our colour undergoes another change. At night, an incandescent light source will make a yellow or cream coloured wall glow, but will turn beautiful blues and lavender walls grey.

Leaders Sales Statistics May and June 2016

- **90% of properties sold for more than RV**
- **The average sale price was 24% over RV**
- **Highest sale price over RV was 70%**

John Callam 027 223 3126 john.callam@gmail.co.nz

Philippa Seidelin 021 148 2430 philippa.seidelin@xtra.co.nz

www.johnandphilippa.com

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