



GUIDE TO COVENANTS

Covenants are registered against a title to land and are usually restrictions on what a land owner can do with the property. They are common in modern subdivisions and can control everything from the size of the letterbox to the size of the house and activities permitted on the land.

INTRODUCTION

We are often asked: "what covenants should we include in our subdivision?" There are no rules; it's a personal issue for each subdivider.

COMPLEX OR SIMPLE?



Complex covenants stretch to many pages and can rule on build, land use and the ability to make complaints; whereas simple covenants can be one paragraph covering one issue. There is no easy answer. In our experience, some developers like the simple version, however, others like the detailed safeguards in the complex versions.

Before deciding on how you are going to proceed, we suggest you discuss the covenants with others in the property industry, including ourselves.

It is a matter of designing covenants that satisfy your aims and aspirations for your subdivision. If you are retaining land in the subdivision, or live nearby, you may be more inclined to protect your own interests.

DETAIL

We can provide draft covenants for you to compare. To ensure they are covenants for the type of subdivision you are undertaking, it is necessary to discuss your requirements with us first.

TIMING

It is important that you agree on the form of covenants reasonably early in the subdivision process. While the covenants are not registered until the titles issue, it is essential that the covenants are included in any sales contracts (with an obligation on the purchaser to accept the title with these registered against it). Failure to do this may prevent you registering covenants against the title and create problems within the subdivision.

We are happy to assist you (or your Real Estate Agent) with the appropriate wording for the sale agreement to ensure that you are protected in this regard.

EXPIRY OF COVENANTS

It is difficult to see far into the future; covenants imposed now may not be relevant in 10 – 20 years. You should consider an expiry date (sunset date) as your intention is probably to control the initial development. As the area changes, restrictions on property use may inhibit the land value. If land subject to land covenant is likely to be vested as a road in the future, the covenant needs to be prepared to allow for its removal at that time.



SUMMARY

Covenants can be broad and wide ranging, covering many areas of development, but ensuring they are worded correctly to give you the effect you are trying to create can get complicated. We are here to help and can advise you on the best way to proceed.



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