



This information is split into two parts: Conclusion and FAQs. Scroll down to find out more.

[Click here to order a LIM report from your local council.](#)

Conclusion

Tell Me What I Need to Know About the LIM Condition in the ADLS Agreement For Sale and Purchase Of Real Estate (ADLS Agreement)

What is the LIM Report condition?

The "LIM Report condition" is a standard condition in the ADLS Agreement. The purpose of this condition is to protect the Purchaser by making the purchase of the property conditional upon the Purchaser being able to obtain and approve LIM Report. Normally, the Purchaser has 15 working days to confirm this condition. This is an **objective test** i.e. the Purchaser's decision to fulfil the condition must be reasonable and not arbitrarily withheld.

Why should I be careful using this condition?

[Before buying a house, you need to do your homework \(due diligence\)](#). The LIM condition is only about you approving the LIM. It doesn't cover other problems that might show up. That's why you should do all your research before you sign anything.

For example, if you only put in a LIM condition and later find out that the house has a big problem, e.g. a leaky roof, you can't back out of the deal.

How can I protect myself?

To be safe, you should put in extra conditions to protect yourself e.g. these conditions can cover things like getting a [building inspection](#), a [finance condition](#), or an [extensive due diligence investigation](#).

This way, if there are any problems you're not happy with, you can back out of the deal if you have used a wide due diligence clause.

Ready to submit an offer?

Before you submit your offer, you should also work through [HouseMe Legal's Free Two-Stage Checklist to See If You Are Ready to Make an Offer.](#)

Final warning: Remember, the LIM condition is only about ordering and approving a LIM. To make sure you're protected, put in extra conditions and check with your lawyer before you sign an agreement.

What to know more? Read the FAQs and further information below



What does the LIM condition in the ADLS Agreement say?

9.3 LIM condition

1. *If the Purchaser has indicated on the front page of this agreement that a LIM is required:*
 - a. *that LIM is to be obtained by the Purchaser at the Purchaser's cost;*
 - b. *the Purchaser is to request the LIM on or before the fifth working day after the date of this agreement; and*
 - c. *this agreement is conditional upon the Purchaser approving that LIM, provided that such approval must not be unreasonably or arbitrarily withheld.*
2. *If, on reasonable grounds, the Purchaser does not approve the LIM, the Purchaser shall give notice to the vendor ("the Purchaser's notice") on or before the fifteenth working day after the date of this agreement stating the particular matters in respect of which approval is withheld and, if those matters are capable of remedy, what the Purchaser reasonably requires to be done to remedy those matters. If the Purchaser does not give a Purchaser's notice the Purchaser shall be deemed to have approved the LIM. If through no fault of the Purchaser, the LIM is not available on or before the fifteenth working day after the date of this agreement and the vendor does not give an extension when requested, this condition shall not have been fulfilled and the provisions of clause 9.10(5) shall apply.*
3. *The vendor shall give notice to the Purchaser ("the vendor's notice") on or before the fifth working day after receipt of the Purchaser's notice advising whether or not the vendor is able and willing to comply with the Purchaser's notice by the settlement date.*
4. *If the vendor does not give a vendor's notice, or if the vendor's notice advises that the vendor is unable or unwilling to comply with the Purchaser's notice, and if the Purchaser does not, on or before the tenth working day after the date on which the Purchaser's notice is given, give notice to the vendor that the Purchaser waives the objection to the LIM, this condition shall not have been fulfilled and the provisions of clause 9.10(5) shall apply.*
5. *If the vendor gives a vendor's notice advising that the vendor is able and willing to comply with the Purchaser's notice, this condition is deemed to have been fulfilled, and it shall be a requirement of settlement that the Purchaser's notice shall be complied with, and also, if the vendor must carry out work on the property, that the vendor shall obtain the approval of the territorial authority to the work done, both before settlement.*

How do I select that I want a LIM report condition?

You will need to cross out the No or circle the Yes on the "LIM report required" section on the front page. Check the example snippet in below.

CONDITIONS (refer clause 9.0)

Finance required (clause 9.1):

Yes/~~No~~

Finance date: 10 working days from the date of this agreement

LIM required (clause 9.3):

Yes/~~No~~

Building report required (clause 9.4):

Yes/~~No~~

Toxicology report required (clause 9.5):

Yes/~~No~~



Can you explain this condition to me in simple and plain language?

9.3 LIM condition

1. *If you selected the LIM report condition on the first page of the agreement, you will have 15 working days to:*
 - a. *get a LIM report from the local council (note this may take up to 10 working days). This means you need to order the LIM within five working days of the date of the agreement; and*
 - b. *pay for it yourself.*
2. *Your purchase of the property is conditional on you approving the LIM report. But, you can't unreasonably or unfairly reject the report.*
3. *If you don't like something in the LIM report and you want the Seller to fix it, you have to give them notice within the 15 working day conditional period e.g. a building consent is missing a code compliance certificate.*
4. *If you don't say anything, you automatically accept the LIM report and the condition is satisfied.*
5. *If you can't get the LIM report on time or the Seller won't grant you an extension, you can cancel the agreement.*
6. *After the Purchaser has told the Seller what they need to do, the Seller then has to tell you if they can do what you want or not, within five working days.*
7. *If the Seller can't or won't do what you want, then the Purchaser has 10 working days to either waive the condition or cancel the agreement.*
8. *If the Seller can do what you want, then the condition has been satisfied. The Seller must complete what you need to be done by the settlement date. The Seller needs to get approval from the territorial authority for any work they do on the property before settlement.*

Is it compulsory to order a LIM?

It is your decision whether to order a LIM from the local council. HouseMe Legal strongly recommends you order a LIM.

What happens when the Seller agrees to fix an issue in the LIM Report as a “requirement of settlement”?

[Click here to find out about this situation.](#)



What will HouseMe Legal do when it reviews your LIM?

Your lawyer can help you review a LIM which may contain information such as unconsented building works, contamination issues, flood risks, zoning (which tells you what you can do with the land), and rates.

HouseMe Legal's review of the LIM is limited to:

1. Checking all listed building consents have received code compliance certificate;
2. Advising you on what zone the property is in; and
3. Advising you what the rates for the year are.

What is the extra cost for HouseMe Legal to review the LIM?

\$230 (GST inclusive).

What should you as the client/Purchaser do in relation to the LIM?

It is your responsibility at the open homes to compare the information in the LIM with what is actually at the property e.g. a carport that is not shown on the original plans.

You should also show the LIM report to your building inspector.

What will HouseMe Legal not do?

HouseMe Legal is not qualified to provide you with any advice regarding building issues, hazards, or town planning matters. If you require expert advice for these areas, we can refer you to a [town planning specialist](#) or a [building inspector](#).

What does it cost to order the LIM from the council?

The exact cost of a LIM is dependent on each local council. For example, Auckland Council will charge you \$310 for a LIM to be delivered to you within 10 working days and \$419 for a LIM to be delivered to you within three working days: [How to order a Land Information Memorandum \(LIM\) \(aucklandcouncil.govt.nz\)](#).

The real estate agent or Seller has provided a copy of the LIM. Do I need to order one in my name?

If you wish to rely on the information in a LIM and protect your interests, you need the LIM to be ordered under your name. This is because the Council only has a contractual relationship with the person who ordered the LIM. If the LIM is addressed to someone else e.g. a real estate agent or the Seller (if you are the Purchaser), then you will not be able to use the LIM to sue the Council because the Council only owes a duty of care to the party who ordered the LIM. If a Council has omitted relevant details from the LIM and it impacts the value of your property, then you may be able to sue the Council that you ordered your LIM from and recover the value of your losses from them.

Always check the date the LIM was issued. If the LIM is old there is a high chance there may be missing information that has not been recorded in the LIM e.g. new building work.

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