
Government On-Sold Support Package

This support package has been made possible by a Ministerial Direction, which sets out specific guidelines for when and how EQC can administer an ex-gratia payment to homeowners with on-sold properties.

Below you'll find information about who can access this support package, how EQC will work with homeowners to reach an agreement about the scope and cost of repairs to earthquake damage, and how the ex-gratia payment will be made.

Confirming your eligibility

To be eligible for an ex gratia payment, the Applicant(s) must meet all of the following criteria:

1. The Applicant(s) must be the current owner of the Property.
2. The Application(s) for an ex gratia payment must be made on or before 14 August 2020.
3. The Applicant(s) must have purchased the Property within the specified time period. To meet this requirement, they must have:
 - a. made their Offer to purchase the Property after the natural disaster damage arising from the Canterbury Earthquake Sequence occurred to the Property; and
 - b. made their Offer to purchase the Property on or before 15 August 2019.
4. If the Applicant(s)' Offer was subject to a Building Condition, the Applicant(s) must have satisfied or waived that Building Condition on or before 15 August 2019.
5. The Original Owner(s) of the Property must have lodged at least one Claim with EQC for the Canterbury earthquake sequence.
6. Before the Applicant(s) made their Offer to purchase the Property the Claim(s) lodged by the Original Owner(s) to which an ex gratia payment relates must have already been assessed by EQC and determined to be Under-Cap.

EQC may decline any application for an ex gratia payment, or discount a payment by an amount it considers appropriate in any of the following circumstances:

1. The sale of the Property by the Original Owners(s) or any subsequent owner(s) was on an "as is, where is" basis or discounted from the market value to reflect that the natural disaster damage from the Canterbury Earthquake Sequence had not been repaired;
2. The Applicant(s) has access to insurance cover or any other compensatory regime that would cover the Over-Cap portion in full or in part (or would have, but for an act or omission of the Applicant(s) or a Related Party);
3. EQC has (or would have in the circumstances) declined to pay or discounted the Under-Cap portion of the Claim(s) for the Property in accordance with clause 3 of Schedule 3 of the EQC Act;

4. The cost of reinstating or replacing some or all of the Earthquake Damage has been met by a previous settlement by EQC or a private insurer, but the damage had not been replaced or reinstated at the time of the Offer by the Applicant(s);
5. The Applicant(s) has previously entered into a full and final settlement agreement with EQC in respect to the Earthquake Damage; or
6. The Applicant(s) has filed proceedings relating to the Earthquake Damage in any Court after 15 August 2019 naming EQC as a defendant, or joined EQC as a party to such proceedings after that date.

We are committed to ensuring that you receive your full entitlement under the Earthquake Commission Act 1993 (the EQC Act).

If you aren't eligible for any funds under the support package, your Settlement Specialist will review your EQC claim(s) to confirm whether we can make any payment under the EQC Act.

Assessing your property for earthquake damage

The approach to assessing your property will depend on the history and progress of your claim. If we already have information on file, including assessments and specialist reports, allowing you and your Settlement Specialist to agree on the extent and cost to repair the earthquake damage, we may be able to progress to settlement more quickly.

No matter what stage your assessments are at, your Settlement Specialist will review information that's already available and discuss with you what will be needed to reach an agreement.

If you haven't already had your home assessed, you will need to engage your own contractor to scope the earthquake damage, and determine the cost to repair the earthquake damage.

Once you have any relevant specialist reports and your contractor has produced a costed scope of works, your Settlement Specialist may meet your contractor and any other specialists at your property to review the damage.

Finding a contractor and obtaining specialist reports

Because you will be required to engage your own contractor to complete the repairs to your home, we recommend that you start to do your research now.

A good place to start is the information provided by the Ministry of Business, Innovation and Employment about the Licensed Building Practitioners (LBPs) programme. LBPs have been assessed as competent to carry out building work essential to the structure of residential buildings. You can find more information on the LBP website: <https://www.lbp.govt.nz/>

If you're having trouble deciding whether a particular contractor is right for you, you may wish to ask them for references. This means you can get in touch with a previous client to ask about the quality of the work and what the contractor was like to work with.

If your contractor recommends that you obtain specialist reports, such as structural engineering or drainage reports, you will be responsible for engaging those specialists.

Receiving a settlement offer and arranging payment

Once there is an agreed scope and cost of repairs, your Settlement Specialist will be able to make an offer of settlement.

In order to receive an ex-gratia payment under the support package you will need to sign a settlement agreement, and a Statutory Declaration confirming you will use the payment to complete the repairs to your home.

Receiving an ex-gratia payment

Payments will be administered depending on the value of the over-cap portion of the payment:

Over-cap portion of payment	Receipt of payment	Additional condition
Less than \$15,000	Single payment within 10 working days of EQC receiving all completed documentation.	
\$15,000 - \$50,000	Two tranche payments: 1. 50% within 10 working days of EQC receiving completed documentation 2. 50% when repairs have commenced	
\$50,000 - \$150,000	Four tranche payments: 1. 25% within 10 working days of EQC receiving completed documentation 2. 25% once repairs have commenced 3. 25% when repairs are 50% complete 4. 25% when repairs are complete	
\$150,000 and above	Four tranche payments (as above).	The homeowner must grant an encumbrance against the Title of the property to secure the agreement to complete repairs.

Payments of \$150,000 and above

We need to ensure that earthquake damaged properties are repaired, so that Cantabrians don't continue to live in earthquake damaged homes.

An encumbrance will only be put on your Title where there is significant earthquake damage. It secures the agreement to repair the earthquake damage and will be removed once the repairs have been completed.

Anyone who requests your property file from Land Information New Zealand (LINZ) will see that there is an encumbrance.

Once the agreed repairs have been completed, you will need to forward us documentation that confirms this, along with any certificates of compliance. The encumbrance can then be lifted.

Completing your repairs

You will need to select and engage a contractor you are satisfied has the relevant skills and expertise to complete the works. Because you will be engaging your own contractor, you will need to resolve any issues with your contractor directly.

Once the repairs are complete you will need to provide the relevant completion documents and consents to EQC. If a restriction has been placed on the Title of the property, it will then be lifted.