

# Parents can help but need to be careful

House buyers are now required to make a 20 per cent deposit, which is making it harder for first-home buyers to get into the housing market. That may increase the number of parents who are helping out their children with their first house purchase.

However, parents need to be careful.

Some important things to think about if you are planning to assist your children with their first house purchase include:

■ How will you help them? For example, you may have equity in your own home that could be used as security, or you may have money that you could lend or gift to your children. You may also have a family trust that is able to help out.

■ If you plan to gift money to one of your children and he or she is in a relationship, what happens to the money if the relationship breaks up? Even if a family trust gifts money to your child, your child's partner may still be able to claim a 50 per cent share in that money.

■ If you are guaranteeing your child's borrowing, is it a limited guarantee or an all-obligations guarantee? A limited guarantee is limited to the loan amount that is specified in the loan agreement and usually will be plus interest and collection costs. An



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all-obligations guarantee also guarantees all other borrowings that are made in the future, even if you are unaware of them.

■ What are the possible consequences for you if they default on their loan?

You might not realise that the bank may choose to pursue you even before they pursue your child, and also that you could be unknowingly guaranteeing your child's future borrowing as well. This could put your own family home at considerable risk.

It is very important to get good, independent, legal advice if you are considering assisting family with a property purchase, especially if you intend to act as guarantor.

The same advice also applies if you are supporting them into a business venture.

Business ventures carry even more risk and the "asset" can disappear a lot more easily than a solid family

home (leaky building issues aside).

You should seek advice before your child confirms a contract as "unconditional", otherwise you may find yourself with the added pressure of entering into something you are not happy to do.

**L asks about spam emails and what can be done?**

Under the Unsolicited Electronic Messages Act, it is unlawful for anyone in trade to send an unsolicited commercial electronic (emails, texts etc) message. Even one message can be in breach of the Act.

In general, the message has to be trying to sell or promote a good or service to be covered as a commercial message.

To be compliant, electronic messages must also provide information about who sent the message and a means of unsubscribing from the messages.

If you are receiving unwanted emails or other electronic messages from within New Zealand and you have not been able to stop the messages by unsubscribing, then you can complain to the Department of Internal Affairs.

■ Column courtesy of Rainey Collins Lawyers, ph 0800 733 484. If you have an inquiry you would like discussed, email Alan on [aknowsley@raineycollins.co.nz](mailto:aknowsley@raineycollins.co.nz).