

Snagging and Structural Defects Insurance

Many builders will not allow a buyer to view their property until construction has been completed and any handover meeting is usually carried out on or immediately before completion. Sometimes the buyer may feel the quality of work falls short of expectations, but most contracts will not allow you to delay completion in respect of minor issues and will instead include a clause relating to snagging.

This is the process whereby any errors or defects (ranging from cosmetic to more serious structural problems) are itemised and passed to the builder for repair.

The repairs are then usually carried out following completion, during normal working hours.

To provide additional peace of mind, you should receive a ten-year guarantee from the builder. This is usually provided by the National House Building Council (NHBC), Buildzone, Zurich, Premier Guarantee or another specialist warranty provider, that is accepted by high street lenders.

The warranty is designed to cover defects in the property which arise in the warranty period. You should ensure that you know exactly what is and isn't covered, and for how long before you agree to exchange contracts.



Why use Timms?

This guide is not an exhaustive list of matters that need to be checked and considered before you commit to buying a new build property and you need expert advice.

We have a host of experience in dealing with sales and purchases of new-build property and would be happy to discuss any concerns you may have about buying from a developer.

Please feel free to contact one of our friendly Conveyancing Team on Freephone 0800 011 6666.

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Buying 'New Build' Property

a step by step guide to helping you buy a 'new build' property

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Guide to Buying a 'New-Build' Property

There are many positives to buying a new-build property. You are the owner of a brand-new home, able to choose your own kitchen and carpets and take advantage of incentives offered by developers.

However, the legal side of buying a new build home is more complex than any other type of conveyancing and your conveyancer will have to thoroughly check the title documentation, planning permissions, building control and any warranty of your new house for you.

Financial Matters

New-build developers usually ask for a reservation fee to secure your plot which is deducted from the purchase price of the property on completion. However, if you decide not to proceed you may not get your full reservation deposit back as administration fees can be charged.

Many developers offer financial incentives, such as a gifted deposit, money towards stamp duty or legal fees, and non-financial incentives, such as upgraded kitchens and flooring or turf in the garden, to encourage buyers to purchase their plots. It is important that any incentives offered, whether financial or non-financial, are documented.

This is usually recorded in the reservation agreement that you will sign when you reserve the property. It will also be recorded in the UK Lenders Disclosure Form, which will need to be provided to your mortgage lender.

If you are purchasing the property with assistance from Help to Buy, the developer will refer you to a Help to Buy Agent who will support you with your application for an equity loan and keep you updated throughout the process. You will have to complete an additional Property Information Form and Declaration. The completed forms will be sent to the Help to Buy Agent and if the forms are acceptable and the application accepted, the Help to Buy Agent will issue an Authority to Proceed (ATP). This will include the amount of the loan and a personal worked example of the equity loan.

The ATP is valid for three months and it is important that you secure your main mortgage with a qualifying lender during this period.

Finally, you will be required to exchange contracts and pay a deposit (usually 10% of the purchase price) within 28 days of reserving the property. You will need to ensure that your mortgage advisor and conveyancer are aware of the deadline and are able to work towards this. It is therefore important that you have your funds in place for the deposit and that you arrange any mortgage finance promptly.

What Should the Conveyancer be Looking Out for?

If the property is still under construction the developer should agree to construct the property in accordance with planning permissions, building regulations and the requirements of the new home warranty provider so that you can be assured it will be built to a satisfactory standard.

Your conveyancer must check that the appropriate planning permission has been obtained and that the property has been constructed in full accordance with it, and that the roads and drains are going to be adopted. If they are not to be adopted your conveyancer should explain how they will be maintained and repaired in the future.

Your conveyancer should highlight any restrictive covenants that have been written into the transfer deed or lease. These could prohibit any alterations to the property (such as building an extension or attaching a satellite dish to an exterior wall) without prior permission and payment of a fee.

Your conveyancer should also explain whether the property is leasehold (flats) or freehold (houses) and what the differences between the two are. If the property is a leasehold flat they should also explain the lease terms, including the ground rent payable and how it is reviewed, insurance and service charge payments.

Your conveyancer should explain how any common areas on the development, such as play areas or private drives, are maintained and repaired. Many developers will insist on setting up a management company to be responsible for future maintenance of these common areas. If this is the case, you will be required to pay a monthly or yearly maintenance fee to the management company. You will also be required to become a member of the management company and may be called upon to be a director. Being a director of a company carries additional responsibilities and your personal details will be available for inspection in the public company records.

What Do you Need to Ask at the Site Office?

We have put together a list of questions that you might consider asking at the site office:

- Is the builder bound by the Consumer Code for New Home Builders?
- Is the property going to be freehold or leasehold? If it is a leasehold house, this needs to be queried with the developer and you should also speak to your solicitor before proceeding. If it is a leasehold flat, how long is the lease and is ground rent payable?
- Are there any regular additional payments to be made to a Management Company? If so, how many and how much are they?
- You are likely to reserve your plot off a plan and computer-generated drawings. You should ask if there are any completed plots that you can view and how often you can visit the site and your plot during the course of the build.
- What is planned for the area around your plot, such as house types, green spaces etc?
- Who will be responsible for any roads and open spaces?
- What services will be connected and who are the suppliers?
- The location of any sewers and drains within the boundary of the property.
- How long is the reservation period?
- What is the anticipated date that the property will be fully constructed?
- How much notice will you be given of the completion of the transaction?