

A Guide to

Buying a New Build Home

leonard
gray



■ Understand the legal process.

■ Understand the issues to bear in mind.

■ Understand what to expect from your conveyancer.

This Guide has been designed to assist you with some of the general issues and to answer questions that you may have. This Guide is only intended to be a general overview of the law in relation to buying a new home. Legal advice should always be obtained from Leonard Gray in application to a particular case.

Section

1

The Conveyancing Process

This Section of the Guide describes what conveyancing is and the Conveyancing Quality Scheme.

If you are thinking of buying a new home from a building company, you will need a quality conveyancer to assist you through the process.

1. What does “conveyancing” mean?

When a property is sold, legal and administrative work is needed so that the person buying the property owns it legally. This is called conveyancing.

A conveyancer will deal with all the legal elements of a property transaction for a buyer or seller. They have important professional duties to make sure that the transaction is handled correctly.

2. The Conveyancing Quality Scheme

Leonard Gray is an accredited member of the Law Society’s Conveyancing Quality Scheme. We were one of the first batch of firms to sign up to the Scheme, which is the recognised quality mark for legal experts in buying or selling property.

CQS members are trusted by some of the UK's biggest lenders, including HSBC, Santander, Nationwide, Clydesdale, MetroBank and Yorkshire Bank.

The CQS is also officially recognised by the Legal Ombudsman, the Association of British Insurers, UK Finance and the Building Societies Association.



All CQS members undertake an assessment on an annual basis to ensure that their staff have the necessary skills and knowledge to hold the CQS accreditation.

We are proud of our membership of the CQS, which is held in high regard by all our conveyancing staff.

The next Section of this Guide details the initial steps your conveyancer will need to go through with you.

Section 2

The Initial Steps

This Section of the Guide deals with the preliminary stages of your purchase.

1. Our Fee Estimate

Following our initial contact with you, we will, as promptly as possible, provide you with a written fee estimate covering the legal work we will undertake on your behalf. At the same time, we will send you some forms asking for information about you and your proposed purchase.

We promise to treat the information you give us with the utmost care and attention and will comply with the terms of our Data Protection Policy throughout this process.

Your appointed conveyancer may also call you at roughly this time, if they have not done so already, to introduce themselves.

We understand that it can be occasionally be difficult to find the time to respond to forms and questionnaires. If you encounter any difficulty, please let us know. We will do our best to help avoid any delay in starting work on your purchase.

2. Identification

Please note that we will also need to formally identify you and to verify your proposed source of funds for your purchase, in order to comply with our legal obligations relating to anti-money laundering.

The sooner you are able to attend to the above, the quicker we will be able to begin work for you.

3. Fees Payable to the Builder

It is quite common for the builder of your new home to demand a deposit from you in order to reserve your property. The amount will vary from case to case. Although the deposit is not usually refundable, it should be taken into account when you pay the sale price on your moving in date.

The builder's conveyancers will also probably charge a fee for preparing the final legal documents for you to sign. Again, the amount itself can vary but is often somewhere between £100 to £250 plus VAT.

The next Section of this Guide will look at some practical issues to bear in mind in the context of a new build purchase, as well as the documentation involved.

Section 3

Documents and Practical Points

This Section of the Guide deals with some of the issues arising from the legal pack we receive from the builder's conveyancers.

1. Target Moving In Dates and Other Pressures

It is very often the case that your new home will not be structurally built at the time you make your offer to purchase it. There are various reasons why the build itself could be delayed.

Builders will rarely agree a fixed structural completion date and will instead give you written notice of when the property is ready. Although the builder's conveyancers will probably keep us up to date, it is important that you do so as well, particularly if you are buying with a mortgage, as the mortgage offer will have a limited shelf life.

You are likely to find yourself under fairly instant pressure to exchange contracts with the builder. Sometimes these deadlines are unrealistic, bearing in mind the complexities involved in obtaining a mortgage and finalising the financial arrangements for the purchase (Government-backed funding schemes, for example, entail detailed steps and paperwork). The legal documentation involved can also be sizeable and take time to navigate through (for this reason, builders' conveyancers produce hard copy legal packs less and less, providing web links and flash drives instead).

2. The Legal Pack

The draft sale contract and supporting, background papers will be put together by the builder's conveyancers. These papers will need to be checked carefully.

The information contained in the pack may prove to be substantial and complex. The information about the development site held by the Land Registry, for example, may



entail a number of different plots/parcels of land that the builder has acquired, over time.

The planning-related documents forming part of the pack may also be complicated and lengthy.

Sometimes it pays to instruct a conveyancer who is familiar with the legal pack in question, i.e. someone whom has acted, previously, on behalf of purchasers of other new homes within the same development. This may help minimise any delays.

3. The Building Warranty

Newly constructed properties should come with a 10-year guarantee to protect the purchaser against defective workmanship. The most common providers of such cover are the National House Building Council (NHBC), Zurich and Premier Guarantee, though there are some others. We will check the cover on your behalf and make sure it is in order.

The next Section of this Guide will look at some of the points that may arise from the legal pack.

Section

4

Points Arising from the Legal Pack

This Section of the Guide deals with the initial checks and enquiries arising from the legal pack.

1. Questions

In most cases, we will need to raise enquiries with the builder's conveyancer about the information provided in the legal pack. These may relate to any number of legal issues arising from, say, the builder's title to the development site, the planning-related documents and/or the drafting adopted in the sale contract.

There may be other questions you have asked us to raise, specifically, on your behalf, relating to matters such as incentives/'extras' you may have agreed with the builder, e.g. particular types of flooring, kitchen equipment, furnishings, etc. to be included in the finishing touches to the property.

2. Searches

After we receive the full contract pack from the builder's conveyancer, we will need to put in hand your preliminary searches against the property. These will cover its planning background and a desktop-based assessment of whether it is affected, for example, by contamination and/or flooding. These searches will be relied upon by your lender if you are taking out a mortgage. They form a very important part of our enquiries and checks.

It can help speed up the conveyancing process if you are able to respond quickly to our requests for payments on account of search fees and to keep us up to date with your mortgage application, liaising with your broker, if you have one, for the latest information.

3. Our Report

After we have received satisfactory search results and replies to all our additional enquiries raised with the builder's conveyancers, we will prepare and send you a detailed, final report, summarising all the key points arising from your purchase. This will include the approved copies of the contract documents, which you will need to sign and return to us, together with your deposit (which usually equates to 10% of the agreed price) before we can exchange contracts, on your behalf.

Remember – you will need to have evidenced the source of your deposit monies for us before we can proceed (please see Section 2 of this Guide).

The paperwork we send you should be kept in a very safe place, for your reference; it is likely to prove helpful when you come to sell the property in the future.

The next Section of this Guide will look at the subsequent steps that follow our report to you.

Section 5

Exchanging Contracts and Funding

This Section of the Guide deals with the key step of acquiring your new home – exchanging contracts – together with some funding-related points.

1. Exchange of Contracts

We will exchange contracts with the builder's conveyancers after we have your authority to do so and provided we have received the following from you:

- Your signed contract
- Your deposit monies (in cleared funds)
- Confirmation of the moving date you have agreed with the builder, assuming you are not completing on notice (see Section 3 above) or buying 'off-plan'

Exchanging contracts will take place directly with the builder's conveyancers. We will speak with them on the telephone to confirm the process. Once exchange has taken place, this means that your agreement to purchase your new home is legally binding. If you subsequently fail to complete the transaction on the agreed moving in date, you will lose your deposit and may suffer other, potentially serious financial consequences.

2. Signing Your Mortgage Deed

If you are obtaining a mortgage to buy your new home, you will need to sign the formal legal document covering this (the mortgage deed) prior to your moving in date. We would normally prefer that this is done during a face to face meeting with one of our conveyancers.



It is our standard practice to ask that your mortgage advance is transferred to our account (“drawn down”) one day prior to completion. This helps to avoid any last minute delays and should enable us to conclude your purchase as early on as possible.

3. Financial

In good time prior to your moving in date, we will send you a financial statement and our invoice, covering all charges and other expenses (e.g. stamp duty land tax) you will need to pay. You should address any queries you have, in connection with the statement, as promptly as possible.

The next Section of this Guide will look at how to make an appointment.

Section 6

Making an Appointment

If you would like to discuss the issues raised in this Guide further or to book an appointment then please contact either **John Appleby** or **Laura Connick**.

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We are based in Chelmsford town centre, a two minute walk from Chelmsford Rail Station with car parking and disabled access at the rear of our office for the use of clients.

Open Monday to Friday, 9:00am to 5:30pm. Alternative times by arrangement.

Other available Guides from Leonard Gray:

- **A Guide to Buying the Freehold of Your Flat**
- **A Guide to Shareholders' Agreements**

