

GUIDE TO BUYING A NEW BUILD PROPERTY

The two main events during the course of a conveyance are the **Exchange of Contracts** and the **Completion**.

Before Exchange of Contracts

Until you have exchanged Contracts with the Seller the transaction is not legally binding on either party. This gives you the opportunity to decide for certain whether you wish to buy the property at the price that you have negotiated. However, during this period the Seller can also try and re-negotiate or even withdraw. If you are anxious to ensure that you do not lose the property you should therefore proceed to an exchange of Contracts as quickly as possible.

If you require a mortgage you should ensure that your mortgage application is submitted without undue delay. The Lender will arrange for a valuer to provide a preliminary valuation of the property – if the construction of the buildings has yet to be completed the valuation will be projected anticipating the value upon completion of the construction. This is for the Lenders benefit only and you should therefore consider appointing your own valuer or surveyor.

We strongly advise that you do not exchange Contracts until you have received an acceptable mortgage offer in writing. Whilst you may have been given verbal confirmation that the Lender will grant a loan you should await written confirmation as conditions may be attached which you were not expecting or are unable to comply with.

Before we will advise you to proceed to an exchange of Contracts we will:

- Negotiate the terms of the Contract
- Examine the Sellers title (ownership) of the property
- Obtain and consider Information from the Seller in respect of the property
- Check that there is no apparent breach of the Planning Permission for the construction
- Ascertain that a suitable certificate is available through the NHBC, Zurich or an Architect
- Commission all searches relevant to the property – see our separate Guide to Searches
- Provide you with a Property Report on the documentation and our related investigations

Once we have concluded our investigations and you have obtained a satisfactory mortgage offer we will ask you to sign the Contract and to pay your deposit to us. Traditionally a Buyer is asked to pay a deposit equal to 10% of the purchase price, however, if you do not have that amount readily available we can attempt to negotiate the amount payable on your behalf. Before exchange of Contracts takes place you must be absolutely sure that you wish to proceed with the purchase as the exchange will create a legally binding relationship between yourself and the Seller and if you are unable or unwilling to complete your purchase you will face financial penalties.

Exchange of Contracts

We will affect this on your behalf with the Sellers conveyancer without you having to be present. The Contract will contain a condition which defines the date upon which completion should take place - the Completion Date. On that day you must arrange through us to pay over the balance of the purchase price and the Seller must give possession to you by delivery of the keys. If the buildings are complete this may be a fixed date arranged by agreement with the Seller. However with the majority of new build properties an exchange of contracts is required before the buildings are complete and accordingly it is not possible to put a definite date for completion in the contract because of uncertainties as to the exact date when the building works will be finished. New build contracts will often therefore provide that completion must take place within a specified number of days of the Seller giving written notice that the Seller is of the opinion that at the time the notice is given the dwelling is ready for occupation – often this is 10 working days. As the completion date is out of your control you may wish us to negotiate a provision for that you can withdraw from the transaction if the buildings are not completed by a specified date (stop date) or that completion does not have to take place during a stated period when for example you might be on holiday abroad.

Before Completion

When we receive notice that the property is ready for occupation we will advise you of the required Completion Date and if you are obtaining a mortgage we will ask your Lender to release the mortgage advance to us. You should immediately inspect the property and compile a list of snags to be addressed by the builder - press for those items to be attended to before the Completion Date but bear in mind that the contract will provide that outstanding items of a minor nature are not a good reason for a Buyer refusing to complete on the due date. We will prepare and arrange for you to sign any final documents and will send you a completion statement showing all of the financial aspects of the transaction and specifying the amount that we require from you to enable Completion to take place. Please ensure that your payment is made in good time for clearance at least three working days before the Completion Date – a bank transfer to our account is the best course of action.

Completion

It is not normally necessary for you to attend our offices on the Completion Date. On the morning of Completion we will arrange for the balance of the purchase price to be paid to the Sellers conveyancer by bank transfer which can take a few hours for the banks to process. The Seller will not be prepared to release the keys to you until the monies have arrived at the bank of the Sellers conveyancer and it is unlikely that the keys to the property will be made available to you until the afternoon. Call us if you experience any difficulties in obtaining the keys.

After Completion

Once completion has taken place we will write to you with confirmation. We will then deal with the post-completion formalities leading to the registration of the change of ownership at the Land Registry

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