

## **BUYING A NEW HOME**

The process of buying a new home is slightly different from buying a second hand property. This guide is here to help you through the process and to highlight the differences.

The first difference to be noted is that unlike a purchase of an already existing property, where the purchaser's solicitor would submit their own offer on their own terms, when dealing with a new build property the purchaser will be submitting an offer that has been prepared by the developers. There is included in these explanatory notes a style builder's offer. The style offer contains the usual clauses found in any developer's offer. For your convenience we have given a short explanation of the meaning of each clause.

Before going on to look at the style developer's offer we would like to explain the differences of funding when buying a new home. Most developers will now require the buyer to put down a reservation fee which will hold the property for the buyers for a certain period of time, generally from two to three weeks. When the reservation fee has been put down by the purchaser the developer will send his pro-forma offer to the buyer's solicitors. The buyers will then have to accept the offer within the reservation period. The offer will be signed either by the buyer's or by their solicitors on their behalf. The developers will then in turn sign the document and there will be a legal and enforceable contract between the developer and the buyer. It is therefore important that the buyers have their finances in place before the offer is returned to the developer. In addition a survey will have to be completed over the property at this time.

At this stage most developers require the buyers to put down a deposit on the new house. The amount of the deposit will vary from developer to developer but usually ranging from £1000 to £5000 depending on the purchase price.

We would like to bring to the attention of any prospective buyer of a new house that there will be no entry date specified in a new build contract. The date of entry will be seven to ten days after the house has been certified as completed by the council. The developer might advise you that the house will be completed by a certain time but the buyer can not hold the developer to this if there is a delay and the house is not ready by this date. If you are buying an existing property the date of entry is always specified immediately in the contract and both buyer and seller will be tied to his date. Consequently if the buyer of a new build is selling their existing property they should be aware that there is a distinct possibility that the date of the sale of their property may not coincide with the purchase of their new house.

The buyer of a new house will also be responsible for more outlays than a buyer of an existing property. The buyer will be responsible for the cost obtaining property enquiry certificates, mining reports and property, personal and company searches, in addition to the usual outlays incurred by buyers of an existing properties, which are survey fees recording dues and Stamp Duty.

We will now go on to look at the style developer's offer going through it clause by clause. Please remember that the "we" refers to the buyers and the "you" refers to the developers. Although the offer is prepared by the developer it is still an offer by the buyer addressed to the developer.