BUYERS GUIDE

OUR ADVICE TO BUYERS

savills

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A GUIDE TO BUYING A NEW BUILD PROPERTY

BUYING A NEW PROPERTY DOES NOT NEED TO BE DAUNTING WITH OUR STEP BY STEP GUIDE.

They provide maximum comfort and security with minimum upkeep, since all developments have to comply with stringent building standards and offered with the benefit of structural defects insurance (sometimes referred to as a warranty). Most major developers subscribe to the National House Building Council (NHBC) scheme which offers a 10 year “Buildmark” warranty. Other developers may subscribe to similar schemes such as the Premier Guarantee Scheme or LABC warranty. The warranty is designed to cover defects in the property which arise in the warranty period which are due to the developers’ failure to observe the scheme requirements.

From homes on exclusive developments to substantial bespoke mansions, new houses offer as standard the space and contemporary specification that can be hard to create in a period property.

The buying process for new homes is broadly the same as for any other property, but the transaction is more structured and commercial. The main differences are that an immediate deposit is required to reserve the property (unlike with older properties, on which a deposit is paid when contracts are exchanged); and the timescale of the transaction is prescribed, with little flexibility.

The reservation fee (see page 1 for amount) – reserves the property for you. If you are purchasing through the Government backed Help to Buy (HTB) scheme, a £500 returnable reservation fee is required.

You will be required to exchange contracts within a set period, in Scotland this is referred to as ‘concluding missives’. Usually a fixed period of up to 28 days. This can vary from development to development. The developer will typically give you 10 days notice of completion, and you will be expected to comply with that timescale. If you are financing the purchase through a bank, a surveyor will evaluate the building process and the finished property. Even if there are problems with the completed building, the UK’s rigorous building regulations and the housebuilders’ warranty ensure that any faults or shortcomings are dealt with by the builder at no extra cost to the owner.

WHAT HAPPENS NEXT?

BUYING A NEW PROPERTY DOES NOT NEED TO BE DAUNTING WITH OUR STEP BY STEP GUIDE.



STEP 1

RESERVATION FEE PAID

Within 24 hours of reserving you are required to pay your reservation fee.



STEP 2

MEMORANDUM OF SALE RECEIVED

Savills will prepare a memorandum of sale which you should receive within 48 hours of reservation. This sets out the basis upon which the transaction will proceed.



STEP 3

INSTRUCT YOUR SOLICITOR

Formally instruct your solicitor to act on your behalf and complete their relevant paperwork including source of funds information, ID for anti-money laundering checks. Your solicitor will make diligent enquiries with the seller's solicitor and the local authority to find out as much as possible about the property and any factors that might adversely affect it.



STEP 4

INSTRUCT FINANCE PROVIDER (WHERE APPLICABLE)

To arrange your mortgage valuation. Your survey report will be sent to your finance provider and subsequently your mortgage offer will be issued. Your solicitor will receive your mortgage offer and will send the mortgage deed and any other documentation for you to sign and return ready for exchange of contracts.



STEP 5

VENDOR'S SOLICITOR SENDS LEGAL PACK TO YOUR SOLICITOR

The seller's solicitor will send your solicitor a draft sale contract together with a copy of the title and lease (where applicable), and other relevant information.

Your solicitor will now carry out all of the necessary due diligence required for the sale, including local authority searches and search with various other statutory authorities to ensure that the property is not adversely affected by any material matter; for example, nearby developments that may change the nature of the area in which the property is situated, or infrastructure such as roads or other matters, which may cause noise or annoyance.



STEP 6

DRAFT CONTRACT FINALISED

Once all the search results and replies to enquiries are obtained by your solicitor,. Clear search results are required not only for you but also by any lender. The report will set out all the salient details of the property and summarise the results of your solicitor's investigations. You must review the legal pack which will include fixtures and fittings and respond for clarification of points if applicable. Prior to exchange you will need to agree the amount of deposit with your solicitor who will transfer for exchange. Ensure the deposit is sent by transfer not cheque, as this can hold up the process.



STEP 7

EXCHANGE OF CONTRACTS AND DEPOSIT PAID

Once this has been dealt with to both parties' satisfaction, and you are satisfied with the detail in the report, you are ready to exchange contracts. On exchange of contracts, a binding contract is in place. This will establish the price, the exact property description and the anticipated completion date, and allows time to draw down any mortgage or other finance and arrange for removals in a timely manner. There is no prescribed timeline and it is up to the parties to agree the timetable, dependent upon their particular circumstances.



STEP 8

COMPLETION

On the date of completion you pay the balance of the purchase price, the keys to the property are handed over and you move in. Some developers will offer a home demonstration visit, which will help you to understand how your home is built and demonstrate to you how you can make the best use of the fittings and appliances within your new home.

FINANCING YOUR PURCHASE

SPF NEW HOMES IS A SPECIALIST TEAM AT SPF PRIVATE CLIENTS, THE AWARD WINNING FINANCIAL SERVICES INTERMEDIARY.

SPF New Homes (SPF) specialises in arranging mortgage finance for clients buying high value new-build homes. Its mortgage brokers have access to a wide range of mortgage options as well as preferential rates and bespoke arrangements. Its clients range from first-time buyers purchasing their first property through to successful investors managing large portfolios.

Having long established relationships with high street lenders and private banks, SPF can access not only key decision makers but also specific new-build underwriters. Its brokers will know which lenders to approach in order to find the most suitable and cost-effective mortgage for you and the type of property you are purchasing.

SPF manages the mortgage on your behalf, liaising with all parties involved including the developer, lender and your solicitor. This ensures a smooth transaction from start to completion, fitting in with the developer's timescales. Its brokers are available 7 days a week to assist with your requirements.

With mortgage rates at historic lows it makes sense to speak with an SPF New Homes mortgage broker to find out what options are available to you.



Your home may be repossessed if you do not keep up repayments on your mortgage or any other debt secured on it.

A fee of up to 1% of the loan amount is payable. For example, if we arrange a loan of £100,000 the fee could be £1,000. The exact fee charged will depend on the amount of work undertaken.

SPF New Homes is a trading style of SPF Private Clients Limited (SPF) which is authorised and regulated by the Financial Conduct Authority (FCA). The FCA does not regulate some forms of buy-to-let, overseas or commercial mortgages. SPF New Homes, City Place House, 55 Basinghall Street, London EC2V 5DX.

BUYING A PROPERTY OFF PLAN

NEW BUILD PROPERTIES PRESENT BUYERS WITH MORE CHOICES AND PEACE OF MIND.

One of the main benefits of purchasing a new home off plan is the ability to select the plot or property suited to your individual requirements. Many developers will provide sophisticated models and floorplans to make your choice easier, but it is still important to bear in mind any special features within the scheme that might appeal, such as a courtyard or a great view and which properties will benefit these.

The ability for you to choose your property, coupled with the peace of mind you get from buying property built to the latest specifications, often more energy efficient and the comfort you receive from the structural warranties make buying a new home even more appealing.

Due to the national property shortage there is a big focus on new-build homes, this might mean you are eligible for some of the Governments incentive schemes, such as the Help to Buy equity loan scheme.

Finally buying a new home is easy, you will never have a bad survey and there is no upward chain to contend with either.



INSURING YOUR PROPERTY

AS A VALUED SAVILLS CLIENT YOU CAN ACCESS BESPOKE INSURANCE PACKAGES FROM OUR APPOINTED BROKER FOR ALL YOUR INSURANCE NEEDS.

NEW HOME

Buying a new property is an exciting time but insurance needs are often overlooked. It is important to make sure your new home and precious possessions are adequately protected through comprehensive buildings and contents insurance so that should anything be damaged, lost or stolen, they will be replaced or restored as quickly as possible.

Whether you are buying a house or a flat, SPF Private Clients (SPF) recognises the importance of good advice and works hard to deliver bespoke insurance solutions from a panel of trusted insurers. Whatever your requirements, SPF should be able to obtain competitive quotations for you in any timescale.

By working closely with you and the insurers, SPF is able to create a policy that is suited to your needs, offering a personal service that can include:

Client Visits

Free Appraisals

Contents, Fine Art & Jewellery valuations*

Security Advice*

*Third party services provided by trusted partners.

BUY-TO-LET

Lettings services are subject to availability in the relevant offices.

Should you be looking to let your new property, SPF are specialists at catering for the needs of landlords and can provide an insurance policy for the property and any contents to make sure that your investment is properly protected.

There is also an exclusive Landlord Legal and Rent Guarantee product which is only available for Savills Landlords who have their let property insured through SPF Private Clients and has a number of key features and benefits including:

Up to 12 monthly rental payments at 100 per cent of rent until vacant possession and 75 per cent of rent up to a further two months

Cover of up to £60,000 in legal costs

Cover for eviction of tenants and unauthorised occupants

Whether it is a new family home or a buy-to-let, SPF are also able to create an insurance portfolio policy to negotiate savings and streamline your cover to include, home, car, fine art, jewellery and travel, resulting in one premium, one renewal date and one dedicated client adviser for ease.

For a quote simply ask your Savills contact.

"WE WERE FACED WITH CONSTANT SET BACKS FROM OUR OWN SOLICITORS AND I DREAD TO THINK WHAT WOULD HAVE HAPPENED WITHOUT RICHARD'S ASSISTANCE."

Alexander Marks, Number One Bristol
(October 2017)

SPF Insurance Services is a trading style of SPF Private Clients Limited which is authorised and regulated by the Financial Conduct Authority.

FURNISHING YOUR PROPERTY

HERE AT SAVILLS INTERIOR SERVICES WE STRIVE TO PROVIDE UNIQUE FURNISHING SOLUTIONS TO LANDLORDS, INVESTORS, DEVELOPERS AND SERVICED APARTMENT PROVIDERS WHICH ARE HIGH IN QUALITY AND INVESTMENT DRIVEN.

Through our network of approved providers we draw on our strengths to offer hassle free service which caters for all your furnishing requirements. We pride ourselves on our level of professionalism, quality of product and market knowledge.

Whatever the budget, timescale, location, or style, our supplier network gives us unique access to furnishing solutions with an emphasis on quality and craftsmanship.

Our full range of furniture solutions includes: package furniture to buy or to hire; rental furniture packages for relocation, short term furnishing, home staging and show homes; window treatments including curtains and blinds; soft furnishings; and interior design.

One bedroom packages start from around £2,900.00, Two bedrooms packages start from around £4,500.00, and Three bedroom packages start from around £6,900.00. Whatever the budget please do contact us for bespoke quotation personalised to your specific requirements.

For further information on all our services please contact James Ashford and the team.

James Ashford
0207 578 9962
jashford@savills.com



TERMINOLOGY

A USEFUL GUIDE TO SOME OF THE TERMS YOU MAY COME ACROSS WHEN BUYING A NEW HOME.

COMPLETION DATE
Completion of the legal transaction with all monies and documents having been distributed. This is also when the seller's solicitor will instruct the estate agent to release the keys. There are usually two dates, a 'short stop' and a 'long stop' the former is the date by which the developer expects to have finished the building works, the latter is the date by which they must have done so.

CONTRACT
The agreement that sets out the main terms that have been agreed – for example: price, address, names etc. Two copies are drawn up, and each party signs one in readiness for the exchange of contracts.

DEPOSIT
The part of the purchase price which the buyer pays on exchange of contracts.

ENERGY PERFORMANCE CERTIFICATE (EPC)
This contains information on energy use, energy performance, carbon dioxide emissions, and fuel bills.

EXCHANGE OF CONTRACTS
In Scotland this is referred to as 'concluding missives'.The swapping of signed contracts by the solicitors (together with the buyer's deposit). After this, the contract is legally binding, from which neither party can withdraw without financial penalties.

GROUND RENT
The annual fee which a leaseholder pays to the freeholder.

IFA
Independent Financial Advisor.

LAND REGISTRY
The Government department that records who owns what land, and under what conditions.

LAND TRANSACTION TAX (LTT) WALES
0% - up to £180,000
3.5% - on the share from £180,001 up to £250,000
5% - on the share from £250,001 up to £400,000
7.5% - on the share from £400,001 up to £750,000
10% - on the share from £750,001 up to £1,500,000
12% - on the share £1,500,001 and over

If you are a first time buyer you will be exempt from paying stamp duty for properties up to £500,000.

LEASEHOLD
To be given ownership of a property but not the land it is built on. This normally requires payment of ground rent to the landlord. A leasehold is normally offered for either 999 years, 99 years or shorter terms.

LEASEHOLD SERVICE CHARGE
A charge made towards the upkeep of a freehold or leasehold property.

MEMORANDUM OF SALE / SALES LETTERS
This document records the fact that both the buyer and seller have agreed to the transaction. It can also be called a Notification of Sale. It usually records the details of the price being paid, the details of the seller and buyer and their respective lawyers. If there are any conditions to the sale (e.g. exchange by a date for example) then this will form part of the Memorandum of Sale.

MORTGAGE OFFER
A formal written offer made by a bank or building society to lend an approved amount to purchase a property.

MORTGAGE REDEMPTION FIGURE
The amount required to repay the outstanding capital/interest of a mortgage.

OMBUDSMAN
Independent professional bodies who investigate complaints on behalf of customers against estate agents, solicitors and insurance companies.

PREDICTED ENERGY ASSESSMENT (PEA) AS A NEW PARAGRAPH
Predicted energy assessments are for New Build homes. Normally, when a home is designed, a "target energy rating" based on the design is produced to show a building inspector that the property will meet requirements under Part L of the Building Regulations. The final energy performance of the property must achieve at least this target energy rating to receive its final sign-off from the building inspector. Given the importance of conveying energy efficiency information to the prospective buyer, this existing process will be used to produce a "predicted energy assessment."

PROPERTY INFORMATION FORM/FIXTURES, FITTINGS AND CONTENTS FORM
Property Information Form/Fixtures, Fittings and Contents Form Standard forms about the property that the seller answers for their solicitor (for example: what will be left behind, details of guarantees, etc.).

REPAYMENT MORTGAGE
Your monthly repayment includes part interest and part capital repayment. So long as you meet all of the payments required by the lender on time, your mortgage will gradually reduce until it is repaid in full at the end of the mortgage term.

REQUISITION ON TITLE
An enquiry relating to the completion agreements.

SEARCHES
Checks of local council records for planning applications and restrictions etc.

SELLER'S PACK
This comprises a Property Information Form, a Fixtures, Fittings and Contents Form, a copy of the title deeds and the draft contract.

STAMP DUTY OR LBTT (SCOTLAND)
A tax, paid by the buyer, that is calculated on the percentage rate applicable to each portion of the sale price. The current rates of duty are as follows:

0% - up to £125,000
2% - on the share from £125,001 up to £250,000
5% - on the share from £250,001 up to £925,000
10% - on the share from £925,001 up to £1,500,000
12% - on the share £1,500,001 and over

Scotland LBTT
0% - up to £145,000
2% - on the share from £145,001 to £250,000
5% - on the share from £250,001 to £325,000
10% - on the share from £325,001 to £750,000
12% - on the share from £750,0001

If you already own another property anywhere else in the world and decide to purchase an additional property in England, Scotland, Wales or Northern Ireland, you will need to pay the 3% stamp duty surcharge.

SUBJECT TO CONTRACT
Words used to indicate that an agreement is not yet legally binding.

SURVEY
An inspection made by a qualified surveyor. There are three main types of survey. Valuation report (for mortgage purposes), Homebuyers report (also comments on general condition) and Full Structural survey (examines structural detail).

TITLE DEEDS
Legal documents that prove ownership of land/buildings, and the terms on which they are owned.

TRANSFER OF TITLE
The document that passes the ownership from the seller to the buyer.

VENDOR
The legal name sometimes used to describe the seller of the property.

This is not a legally binding document.

"SARAH MONIER-WILLIAMS HAS BEEN VERY HELPFUL GIVING US THE INFORMATION AND SUPPORT THAT WE NEEDED AS FIRST TIME BUYERS AND KEEPING US UPDATED WITH THE PROGRESS OF THE PURCHASE WITH TIMELY EMAILS ALL THE WAY THROUGH. IT IS GREAT TO FIND SOMEBODY THAT IS MORE THAN A SALES PERSON, GIVING SPACE TO THE CUSTOMER TO MAKE A DECISION AND AT THE SAME TIME SHARING THE EXCITEMENT OF GETTING OUR NEW HOME."

Cristina Gallego

BUYERS GUIDE

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