



New build

Your guide to purchasing a new build property

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COVENTRY |
for intermediaries



All together, better

What's inside

- 3 Introduction
- 4 Your home buying journey
- 4 Check how much you can borrow
- 4 Looking for your new home
- 6 What's on your viewing list?
- 8 Questions you can ask during a viewing
- 9 Your Agreement in Principle
- 9 Reserving your property
- 10 Completing your mortgage application
- 10 Submitting your application and instructing a valuation
- 10 Appointing a conveyancing solicitor
- 10 Your mortgage offer
- 10 Paying your deposit
- 11 Exchanging contracts
- 11 Completion
- 11 Making a snagging list
- 12 FAQs

We can also send you this leaflet in large print, Braille or on audio CD. Call us on **0800 121 8899** and we'll be happy to help.

Introduction

If you're thinking of buying a new build property they're a great option for lots of reasons.

It's useful to know you can just move in. You don't need to worry about decorating, maintenance or renovation. Walk in, unpack and you're done.

Builders have to comply with building regulations so new properties are often more energy and cost efficient than older properties. This could mean that you'll pay less for your utility bills like gas, electricity and water.

It's also likely to be just you in the buyer chain, making the process much simpler and less stressful.

Your mortgage advisor will go through how much you can borrow, the deposit you'll need, and our mortgage range with you. They can also explain what incentives and builder warranties we'll accept. Your experience is important to us so we'll make sure you're well looked after.

Unlike traditional purchases, sometimes the time from you reserving your property to completion can take a little longer and your move-in date may be delayed. That's why our mortgage offers are valid for nine months, with a three-month extension should you need it.

Your home buying journey

This comprehensive guide outlines the essential steps to purchasing a new build property. We do, however, always encourage to speak to a mortgage advisor.

1. Check how much you can borrow

It's a good idea to find out how much you might be able to borrow from us. Our online affordability calculator will help you work out what you could borrow based on your income and outgoings. And you can also get an indication of how much your repayments will be.

<https://www.coventrybuildingsociety.co.uk/consumer/mortgages/mortgage-calculators/affordability-calculator.html>

2. Looking for your new home

It's important to think about what you need from your location.

- Are there reliable transport links?
- What access you have to good schools (and if you're in the catchment area).
- How long is it going to take you to get to work?
- What amenities do you have locally?
- How far away are you from family and friends?

It's also a good idea to check on the Homebuilders Federation website as they regularly produce satisfaction surveys on developers, and building quality for new build housing estates. National New Homes Customer Satisfaction Survey (CSS) (hbf.co.uk):

<https://www.hbf.co.uk/policy/policy-and-wider-work-program/customer-satisfaction-survey/#tab-downloads>

You've thought about where you'd like to live and what you're looking for, now it's time to book some viewings.



What's on your viewing list?

It's always a good idea to visit on different days and at different times to give you a really good overview. Traffic on a Sunday won't be the same as the Monday morning rush!

Property details	
Plot number	
Date of viewing	
Asking price	
Address	
	Postcode

Lounge	Yes	No
Is it large enough?		
Is there an aerial/satellite tv connection?		
Do you have enough power sockets?		
Bathrooms	Yes	No
Are there enough bathrooms/toilets?		
Is there good ventilation?		
Bedrooms	Yes	No
Are there enough bedrooms?		
Are they a good size?		
Is there enough storage space?		
Are integrated wardrobes included?		

Kitchen

Is there enough storage space?

Yes No

☐☐

Is there room for a table and chairs or a separate dining room?

☐☐

Is there a built-in cooker?

☐☐

Is there plumbing for a washing machine/dishwasher?

☐☐

Is there a utility room?

☐☐

Are white goods included in the purchase price?

☐☐

Other things to think about

Yes No

Does the property have a garage?

☐☐

Is the water pressure good?

☐☐

Does it have a burglar alarm?

☐☐

Do you have a garden?

☐☐

Do you have enough storage space?

☐☐

Will your house grow with you?

☐☐

Do you have space for pets?

☐☐

How many parking spaces will you need (for you and visitors, and is this a drive or road parking)?

How energy efficient is the house?

Yes No

Does it have solar panels?

☐☐

Does it have double or triple glazing?

☐☐

Is it insulated?

☐☐

How is the house heated?

During your visit you could ask about the following:

- What incentives are included? – for example being able to choose fittings and appliances.
- What's been installed to make the house more energy efficient?
- What Energy Performance Certificate (EPC) rating the house has (the better the efficiency, the lower your bills and your impact on the environment – and it's a great selling point when you're ready to move on).
- What Council Tax band will you be in, and how much is that each month?
- Is your property leasehold or freehold? (leasehold properties often have extra charges for ground rent or maintenance charges).
- An approximate cost for utility bills (gas, electricity and water).
- When will your phone line be ready?
- If the site has a particular WiFi provider?

If you're reserving a plot from a plan it's still good practice to ask these questions too.



3. Your Agreement in Principle

Now's the time to apply for an Agreement in Principle (AIP). This is a statement from us to say that 'in principle', we'll lend you a certain amount. It's based on you providing information such as, your income and outgoings, without you having to go through a full mortgage application. Identification and credit checks will also be carried out at this point.

Remember, it's only an indication of what you could borrow at this stage.

It's valid for 28 days and it's usually a good idea to have one ready for when you find 'the one' and want to make an offer.

4. Reserving your property

To secure the property you'll need to pay the developer a reservation fee. This can vary in amount, and will generally secure you the property for around 28 days. The developer will deduct the reservation fee from the final price. This also starts the legal process and you may be asked to exchange contracts during this time. If that doesn't happen, or the purchase falls through, you'll lose the reservation fee. It's vital that you have your mortgage agreed in principle before you pay your reservation fee.

Once you've paid your reservation fee you should receive a written agreement. If you don't, ask for it as it will cover:

- the amount of the reservation fee
- the purchase price – and how long this is valid for
- exactly what you're buying (for example if parking is included or if incentives such as stamp duty paid or an upgraded kitchen installed)
- when the reservation agreement ends
- whether you'll need to pay any service or management fees
- what the terms and conditions are if you don't go through with the purchase during the reservation period.

5. Completing your mortgage application

Your mortgage advisor will go through your mortgage needs, covering your budget, when you'd next like to review your mortgage, any plans to overpay or future plans to move. This will enable them to build a picture of what's important to you and recommend a mortgage based on your needs.

6. Submitting your application and instructing a valuation

Once your application has been submitted we'll instruct a valuation of the property, this is to make sure that you're paying the right amount for it. If your house hasn't been built yet and you're buying off plan the valuation will be based on the plans and specification provided by the developer.

7. Appointing a conveyancing solicitor

You'll need a conveyancing solicitor to cover all the legal aspects for you. They'll complete checks to make sure you're protected, and your purchase can go ahead without any problems.

The developer may suggest a conveyancer to you, but don't feel obliged as you're free to find one yourself.

8. Your mortgage offer

Once the valuation has been received and income checks have been completed a copy of your mortgage offer will be sent to you and your solicitor.

9. Paying your deposit

You'll pay the funds for your deposit to the conveyancing solicitor. They will transfer them to the developer's solicitor on your behalf.

10. Exchanging contracts

You normally have 28 days from reservation in which to exchange contracts. Your conveyancing solicitor will check the following:

- the terms of the contract and draft transfer/lease
- the title to the property
- the planning documents
- any other relevant documentation
- whether there's anything that needs to be clarified by the developer's solicitor, and any paperwork you need to sign.

11. Completion

Completion day is the last step in the process of buying your new home. It's the day you become home owners, you're handed the key and you can move in.

12. Making a snagging list

This means walking round your new home identifying issues that you feel haven't been completed to a satisfactory standard, and making a list. This could be decoration or fixtures and fittings.

You'll need to hand this to your developer so that they can arrange for the issues to be addressed.

That's it - you're now the proud owner of your new build home. Congratulations!



FAQs

What do you define as a new build?

We define a 'new build', as a property that was built within two years of the date of the mortgage application or is to be occupied for the first time.

How much do I need for a deposit?

The deposit is the amount of money that you need to put down on your new home, which is the difference between the mortgage amount you are taking, and the value that you are paying for the property.

For example a house costing £100,000 with a mortgage of £90,000 would require you to pay a deposit of £10,000.

The expected deposit varies based on whether you're buying a house or a flat.



Residential

Houses 10% min.

Flats 25% min.

What is a Loan to Value (LTV) ratio?

'Loan to Value' ratio is how much of your property's total price is being paid for by your mortgage. A lower LTV often means lower interest mortgage deals compared to higher LTV lending. A higher LTV meaning you might only have the choice of higher interest rate mortgage products.

What are your Loan to Value (LTV) rates?

The LTV is based on the value of the home stated on the valuation, or property value, whichever is lower.

The figures below show the maximum we'll lend you based on the property type.

For example if you're purchasing a flat at a cost of £200,000, we'll lend you a maximum of £150,000.



Residential

Houses 90% max LTV max.

Flats 75% max LTV max.

How long is my mortgage offer valid for?

We understand things might take a little longer with new build purchases. Our mortgage offers are valid for nine months.

Can I extend my offer?

Yes, you can apply for an additional three-month extension if you need it. You'll also need to re-apply for your mortgage and select a new product after 12 months.

Do you accept builders' incentives?

We'll accept builders' incentives up to 10% of the property purchase price, subject to the criteria below.

- Where the value of your builder's incentive is over 5% and less than or equal to 10%, we'll deduct this from the purchase price to create a net purchase price. It's the net purchase price we'll then use to calculate the LTV.
- If your builder's incentive is over 10% of the purchase price, we'll decline the application.
- You must provide a 5% minimum deposit from your own resources – this is excluding any builders' incentives.
- We'll calculate the LTV on the purchase price (or net purchase price, where applicable) or the valuation, whichever is the lower.

Do you accept financial incentives?

We'll accept the following financial incentives.

- Builders deposit
- Cashback (single lumpsum payments only)
- Stamp Duty contribution
- Above market value part exchange
- Solicitors fees
- Valuation and estate agent fees



Who do you accept builder warranties from?

The warranty must have been issued as a result of periodic checks of the property during the construction or conversion process – a retrospectively applied for and issued building warranty insurance is not acceptable.

- NHBC
- Build Zone including Self-Build Zone (excluding self builds under construction)
- Premier Guarantee
- Building Life Plans T/A TMS Construction
- LABC New Home Warranty
- Castle 10/Checkmate (where outbuildings are included in the construction e.g. a detached garage, an endorsement to include these in the cover is required)
- Build Assure (New Homes Structural Defects Insurance)
- The Q Policy for Residential Properties
- Aedis Warranties T/A HomeProof
- Advantage HCI
- ICW
- Protek New homes warranty
- ARK Residential New Build Latent Defects Insurance
- ABC+
- Global Home Warranties Limited (10 year Structural Defects Insurance Policy)
- One Guarantee

Do I need home insurance?

Yes you will, a new build comes with a warranty but that only covers you for the work completed by the developer. You need to be fully covered for other things such as flooding or fire.



**YOUR HOME MAY BE
REPOSSESSED IF YOU DO
NOT KEEP UP REPAYMENTS
ON YOUR MORTGAGE.**

Are you a first time buyer?
Why don't you check out our
first time buyer guide.
Download your copy here

Coventry Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (www.fca.org.uk) and the Prudential Regulation Authority (firm reference number 150892).

Mortgages are subject to acceptance in accordance with our lending criteria.

The information in this leaflet is provided for your information only and should not be taken as advice. Legally binding terms and conditions can be found in the mortgage application declaration, the terms and conditions of your mortgage offer and in our mortgage terms and conditions. For further information please speak to an advisor in branch or by telephone.

Our Customer Service Centre is open Monday to Friday 8am-7pm and Saturday 9am-2pm.

Calls to 0800 numbers are free when made from the UK. You may be charged for calls to all other numbers, please contact your service provider for further details. We may monitor, record, store and use telephone calls to help improve our service and as a record of our conversation.

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