

CURCHODS
MORTGAGE SERVICES

New Build Guide



This guide is here to provide you with a bit more insight into newly built properties and what to anticipate if you need a mortgage for a new build.

What is a new build?

Typically, it signifies a property that hasn't been constructed yet or one that's been finished but never sold or inhabited (including display homes). Many mortgage lenders also categorise new builds as:

- Any conversion, like transforming a townhouse into flats.
- A property that has undergone substantial renovation or extension.
- Homes built in the last couple of years.

New builds are a popular choice, especially among first-time buyers*, and many housing associations provide the option of shared ownership.**

***Feel free to request our guide with more information tailored for first-time buyers and the home-buying process.**

****Ask for our Shared Ownership guide for additional insights.**

One notable advantage of opting for a new build is the flexibility to customise specifications according to your taste. Moving in immediately without the need for improvements is often possible, and the absence of previous owners can bring peace of mind.

However, it's essential to consider a few extra points, and our professional mortgage adviser can assist you in navigating through it all.

Request our guide for a more in-depth understanding of the professional mortgage advisor's role.

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

Useful information

Holding deposit and exchange deadline

When it comes to purchasing a new build, you'll typically be required to provide a holding deposit to the developer. The terms and conditions can vary, but our professional mortgage adviser will guide you through the details. You should keep a keen eye on refund policies – will you recover the deposit if securing a mortgage becomes a challenge or if you have a change of heart?

In addition to deposits, there's a brief window for exchanging contracts, typically around four weeks. Failing to meet this time frame might open the door for others to reserve the property. Committing to the exchange is a big step, so securing the right mortgage promptly is crucial to sidestep any last-minute concerns.

Buying 'off-plan'

This means buying a property based on the specifications, but before it is built. The waiting period for the completion of an off-plan property can stretch up to 12 months, or even longer. It's advisable, at this early stage, to inquire with your developer about the expected completion date. This is crucial because you might need your mortgage lender to extend or renew their offer, possibly more than once, which could lead to multiple additional fees for revaluation as explained in the next section.

When venturing into the off-plan buying process, it's a great idea to connect with our professional mortgage adviser. They can guide you on the right questions to ask your developer, ensuring a smoother and more personalised experience.

Off-plan mortgages

Many mortgage offers are valid for six months. Some lenders' timescales are longer, and others will offer allowances for extending mortgage offers if your circumstances do not change.

After a certain period, your lender may ask their surveyor to conduct a reinspection or re-valuation of your property. This confirms that the property's expected value is still in line with the amount you need to borrow.

Our professional mortgage adviser may have access to special new build services from some lenders. These can streamline the whole buying process and improve the likelihood of a successful purchase. They can be particularly helpful when your estimated completion date is far in the future. Speak to our professional mortgage adviser to find out more.

Deposit requirement and loan to value (LTV)

Normally the value of a property can be assessed by looking at how much previous owners bought it for. This sort of information is not available for a new build though, particularly if it is in an undeveloped area such as a new suburb.

To increase their security, some lenders will limit the maximum loan to value (LTV) they offer for new build properties. In some cases, additional limitations will also apply if you are buying a flat. This means that to secure a mortgage in these cases, most lenders will need a larger deposit.

Our professional mortgage adviser will give you comprehensive access to lenders who will offer you a mortgage on a new build property and those who accept smaller deposits.

Contract reassignment?

In basic terms, this is where one person agrees to buy a property off-plan but sells it on before completing.

If we talk about Buyer A and Buyer B, this is how it works:

- Buyer A exchanges contracts and puts down a deposit.
- Before completing they agree to sell to Buyer B, typically at a higher price.
- Buyer A “reassigns” the contract to Buyer B.
- Buyer B now has the rights to complete the transaction.

If you buy a property on a reassigned contract, you could end up paying less than the latest market price. For example, the original buyer could pay £275k, and the property could go up in value to £350k before they decided to sell on the contract. To make a quick sale, they could offer it to you for £325k, so you both get a good deal.


You also do not have the long completion date often associated with off-plan purchases, but it does come with additional risks. Many lenders will not offer a mortgage based on contract reassignment, so it is important to seek detailed legal advice from your solicitor and discuss it with our professional mortgage adviser.

We have access to a number of lenders happy to consider contract reassignment purchases, with some limitations. It is important that our professional mortgage adviser knows all the details of your purchase, so they can make sure you get the best advice for your particular circumstances.

Buy to Let

Perhaps you’re eyeing a brand-new property with intentions to turn it into a rental. If that’s the case, you’ll need a buy-to-let mortgage, and our professional mortgage advisor is here to assist you.

Please ask for our buy-to-let guide for more information on this.



You will see from all this information that there are many considerations before committing to purchase a new build. Our professional mortgage adviser can help you decide if a new build is the right choice and find the right mortgage borrowing, term, repayment method, product, and lender to suit your circumstances.



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