

A new home buyer's guide to the CML initiative



What is the CML initiative?

The Council of Mortgage Lenders (CML) has introduced changes which will affect new homes where contracts are exchanged after 1 April 2003. It means lenders will not release the mortgage funds until your solicitor has received confirmation from the builder that the property has passed a pre-handover inspection by NHBC or another warranty provider. The changes are designed to prevent the problems sometimes caused when people move into their homes before they are properly finished.

How does it work?

When new properties are ready for sale they receive a pre-handover inspection. If the home meets NHBC standards, the property is 'finalled' - that is, classified as complete. However, under the new rules, if the home is not finished, it will fail that inspection and the sale will be delayed. An NHBC inspector will have to return to the property to ensure that all outstanding work has been completed before it is finalled. A cover note will be issued to show that the property has passed the inspection.

Your solicitor needs to see the cover note before he or she can submit the certificate of title and the mortgage fund request. The cover note will be issued on site to the builder following a satisfactory pre-handover inspection. The builder will then send the cover note to your solicitor. This needs to be done well ahead of legal completion, as it will add at least five working days to the process.

The cover note does not replace NHBC's insurance certificate, but it does confirm that the Buildmark warranty and insurance is in place. The insurance certificate will be sent to you at a later date.

Although these changes will prevent homes being occupied before they are complete, they will not eliminate all of the snagging problems often found in new homes. A new home is an individually built, handcrafted product. For this reason there will inevitably be some variation in the finished appearance of different elements of the construction. If you do come across problems when you move in you should raise any queries or concerns with your builder.



If you require further information please contact NHBC Customer Services on 01494 735363 or email cssupport@nhbc.co.uk.



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