

CHAPTER 5

LAW SOCIETY CONVEYANCING HANDBOOK

NEW HOUSES/HOMEBOND/
BUILDERS AND NEGATIVE
SEARCHES FOR HOUSING
DEVELOPMENTS

HOMEBOND PROTECTION

STAGE PAYMENTS



The Conveyancing Committee is concerned to note that the practice of Builders requiring stage payments to be made for the purchase of the new estate type houses still persists in a number of areas.

In general, the Committee disapproves of the stage payment purchase practice and is making representations to the Construction Industry Federation for its discontinuance.

While the increased and extended protection afforded by the HomeBond Stage Payment Bond is welcome, it, of itself, cannot protect purchasers from the considerable difficulties and problems which would arise if a Developer were to become insolvent after stage payments had been made and before a transfer of title had been executed in their favour.

Accordingly, for so long as the stage payment purchase practice persists, the Committee emphatically advises practitioners that in order to protect their purchaser clients they should ensure that title to the site should pass from the Developer to their clients on the occasion of the making of the first stage payment.

In issuing its foregoing recommendation, the Committee wishes to state that it is not intended to apply to purchasers of once-off new houses which it considers will be matters of contracts to be negotiated by the parties involved.