

**From:** Stewart Baseley  
**To:** undisclosed-recipients:  
**Sent:** Tuesday, March 27, 2012 4:52 PM  
**Subject:** NewBuy: update



## **NewBuy: update**

Dear home builder

I am writing to give you an update on the scheme.

I should begin by saying the process post the March 12<sup>th</sup> launch has been far from satisfactory and not at all what was envisaged.

The intention, as we understood it following the initial launch, was that more builders would quickly join the Single User or Multi User Cells of the three lenders currently offering NewBuy.

To facilitate this we had supplied CML with the names of all the builders who had registered with us as being interested in the scheme. Indeed we have sent several batches of house builders' names to the CML, for passing on to the lenders. The first was sent on 31<sup>st</sup> January and two more were sent earlier in March. You will recall the lenders were insistent, with the exception of Lloyds, that they must initiate contact with the home builders (rather than visa versa). However it has become increasingly clear over the past week or so that very few home builders have heard from any of the lenders to date.

We have been working hard over the past few days to try to establish why the process has not evolved as anticipated. I don't think there is one single reason. It is clear that the lenders are at very different stages in preparing for NewBuy. Although RBS, Nationwide and Barclays/Woolwich were "ready" on the launch date of 12<sup>th</sup> March, only Nationwide is close to establishing a MUC, and they have understandable concerns about being the only MUC available. A range of other concerns have been mentioned to us, including lenders still deliberating about the ground rules for entry into their MUCs, and what approval processes they will have, despite these being discussed extensively and, we believe, agreed with all parties.

In addition, the three early movers are clearly waiting for Lloyds to enter the field, given its sizeable market share in the new build mortgage market. We understand Lloyds is currently scheduled to launch on 16<sup>th</sup> April. (We understand Santander will not be ready to launch until May.)

Unfortunately, because of the lack of communication and information from lenders to builders, rumours and potential misunderstandings are gaining credence and understandably causing a great deal of concern to home builders.

I want to assure you that HBF has made both the CML and Government fully aware of these problems and many discussions have been going on, especially in the last 48 hours, to try to resolve them. Following a meeting with senior officials from Government and the CML this morning, a number of steps have been agreed which should hopefully speed up the roll out of the scheme to all builders who wish to participate.

First HM Treasury and other senior Government officials will make urgent contact with the lenders at senior level to establish each lender's intentions and to impress upon each the need to implement NewBuy as a matter of priority and to establish MUCs.

The CML is going to propose to lenders that because the Guernsey (GFSC) approval process is so robust, lenders should treat this as a core element of their due diligence on home builders

Furthermore, HBF has suggested that a house builder's approval from the GFSC, plus a lender's internal checks for any adverse past experience with the home builder, should be sufficient to allow a home builder to enter a lender's MUC. Direct contact, and the delay this brings, should not be needed. The CML is therefore going to suggest to lenders that they do not necessarily need to have contact with a home builder planning to enter an MUC

In anticipation that the above measures will accelerate matters, we are also going to change the process from that previously advised. Until now, we have suggested to home builders that they may wish to have a lender on board first, before applying to the GFSC, because once the GFSC application fee is paid it is not refundable if the builder subsequently finds they cannot link up with a lender.

However to speed matters up, we think it may be sensible for home builders to apply for GFSC approval prior to gaining approval from a lender. Therefore if you have not already asked JLT for a GFSC application pack, and you would like to start this process, please request a pack from:

[Adam\\_Buckholt@JLTGROUP.COM](mailto:Adam_Buckholt@JLTGROUP.COM)

However in making an application, home builders must be aware that the fee of £1,420 is at risk. It cannot be refunded if the house builder cannot subsequently link up with a lender. We should also note that if the GFSC suddenly gets a rush of applications, this may slow down their processing, although to date they have been very cooperative.

We have agreed with Government and the CML that we will all review the situation on Thursday and HBF will again communicate with you before the end of the week.

Finally, we supply below the most recent list of lender contacts received from the CML. I regret that Barclays has declined to provide a contact.

As already noted, we will be in contact again towards the end of the week with a further update on efforts to speed up the scheme.

I fully appreciate this is incredibly frustrating and annoying to you all and I fully understand the commercial issues it brings as well. Please be assured that we will continue to apply pressure on Government and the CML and do everything in our power to ensure you are able to participate in NewBuy as soon as possible. In the meantime thank you for your patience.

Kind Regards

Stewart

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