

Reservation Agreement



Protection for new-build home buyers

FACTSHEET: Right first time

The Code requires builders to provide home buyers with a Reservation Agreement which clearly sets out the terms of the reservation. This crucial document marks the beginning of your relationship with your customer and is the official start of protection for buyers under the Code. The following tips will help you get your reservation agreement right first time and begin your customer relationship on a positive footing.

1. Use the guidance provided by the Code to prepare your reservation agreement. The [Consumer Code Scheme with Builder Guidance](#) sets out the information that must be included in your agreement, including a full list of contents included with the property. The guidance notes will help you make your information clear and complete.
2. Make sure your agreements meet the latest requirements. The Fifth Edition of the Code states that a 14-day cooling off period must be included with any reservation agreement, which should be explained to your buyer. Use our [sample reservation agreement](#) as the basis of your document to aid Code compliance.
3. Be clear about the cancellation terms. Specify what proportion of the reservation fee might be retained if the buyer changes their mind after the first 14 days. You must provide an amount or range and be able to evidence the costs you have incurred in dealing with the reservation. Buyers can use the Code's Independent Dispute Resolution Scheme to challenge any deductions they feel are excessive. You must also make buyers aware of the legal basis of the agreement and any changes to a buyer's circumstances which could affect their reservation.
4. Buyers must be given enough information to properly understand the reservation agreement. Make sure buyers understand what information in your sales brochure is general and what is specific to avoid misunderstandings later. This is particularly important if your buyers are buying off plan and may not be able to picture the property. Explain any terminology or measurements that may not be clear such as garden gradients and garage capacity.
5. Use our handy checklist to check and record what information has been provided. However, be aware that simply providing information is not always sufficient. Encourage buyers to ask questions and clarify information to help ensure they have understood what you have provided. This is particularly important for [consumers who may be vulnerable](#).

"the Home Builder has not provided a copy of the terms and conditions of the Reservation Agreement, and it has not explained the legal basis upon which a break-down of a chain affects the Reservation Agreement"

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Resources:

[Code Compliance Starter Pack](#)

[Sample Reservation Agreement](#)

[Case Studies](#)

[Training](#)

"the amount in question does not appear to reflect reasonable costs incurred, nor has the home builder sought to provide a breakdown of this"

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