

## **Information for Beechwood Homeowners**

As you are aware, Beechwood Homes has been sold, and work on your home can now be completed by the new builder, Home Completions Pty Ltd.

In order for Home Completions to complete your home, you will need to “novate” the building contract you signed with Beechwood Homes to Home Completions.

You will be asked to sign a Deed of Novation for this to occur.

### **What is novation?**

Novation means that the building contract you signed with Beechwood Homes will be replaced with a new building contract **in the same terms**, except that the builder will be named as Home Completions.

Home Completions will then take over and complete the work on your home left by Beechwood.

With the new building contract you will also receive a new policy of Home Warranty Insurance from Vero. This policy will apply to the work done by Home Completions under the new contract.

### **Should I sign the Deed of Novation?**

It seems that there are certain advantages to you if you do sign a Deed of Novation:

- You will not be required to negotiate a new contract (and possibly a new price) with an alternate builder.
- Vero will issue a new policy of Home Warranty Insurance in respect of the new contract with Home Completions at no extra cost to you.
- Work on your home can re-commence as soon as practicable and with a minimum of fuss and further delay.
- You and Home Completions will be parties to a contract that is in the same terms (including the price) as that you negotiated with Beechwood.

In other words, Home Completions can simply pick up where Beechwood left off.

### **Will it cost me more to finish my home?**

No. The contract price is the same as it was in the old contract with Beechwood.

You will be required to pay to Home Completions the amount of money that was still outstanding under your contract with Beechwood.

For example, if your contract with Beechwood was for \$200,000.00 and you had already paid to Beechwood an amount of \$50,000.00 when it collapsed, it will cost you \$150,000.00 for Home Completions to finish your home.

If a variation of the work is subsequently negotiated between you and Home Completions this will alter the amount payable under the contract.

**What if there are progress payments owing to Beechwood that I have not paid?**

No claims can be approved or work commenced by Home Completions until those progress payments have been made.

For example, if your contract with Beechwood was for \$200,000.00 and you had paid to Beechwood an amount of \$50,000.00 when it collapsed, but Beechwood had done work in an amount of \$75,000.00, you will need to make a progress payment of \$25,000.00 before any more work can be started.

**Who do I pay the outstanding progress payment to?**

All outstanding payments are to be made to Home Completions Pty Ltd.

**What about the existing insurance policy?**

The original Home Warranty Insurance policy issued by Vero will continue to apply to the work already done by Beechwood Homes under the original contract.

**What about any problems with the work done by Home Completions?**

Home Completions will be responsible for any defective or incomplete work.

In addition, the new Home Warranty Insurance policy issued by Vero will also be available according to its terms.

**I have already made a claim.**

Your claim will be dealt with by Vero in the normal way. Where appropriate, Vero is likely to have Home Completions attend to rectify any defective or incomplete work that is the subject of your claim.

**Do I have to sign the Deed of Novation?**

No. You are free to decide whether you will novate your contract or not.

**If you are unsure what to do you should seek independent legal advice.**

In making your decision, however, you should be aware that if you go with a builder other than Home Completions, and you end up spending more on completing your home than if you had novated your contract to Home Completions, you may not be covered for that additional cost under your existing home warranty insurance policy.