



RULES OF REGISTRATION

All **Companies** applying for or taking out a Warranty on a **New Development** with **LABC Warranty** shall comply with these **Rules**.

These **Rules** apply to all **Companies** applying for registration with **LABC Warranty** and to all **New Developments** registered with **LABC Warranty**. These **Rules** may be amended from time to time and any such amendments will apply to all **New Developments** registered with **LABC Warranty** at any time after notice of such amended **Rules** has been given.

These **Rules** are effective from 1st March 2016.

Compliance by the **Company** with these **Rules** is a condition precedent to the **Underwriter** providing insurance for any proposed **Home(s)**.

Defined terms used in these **Rules** are as set out in Section 1 of these **Rules**. Section 1 also sets out the rules of interpretation for these **Rules**.

These **Rules** and any dispute or claim arising out of or in connection with them or their subject matter shall be governed by and construed in accordance with the laws of England and Wales.

Please read this document carefully as all **Companies** will have legal responsibilities and obligations under these **Rules**. If you have queries of any nature then please do not hesitate to contact the **Scheme Administrator**.

SCHEME ADMINISTRATOR:

MD Insurance Services Ltd.

Telephone: 08444 054 0505

Fax: 08444 054 0501

Email: customerservices@labcwarranty.co.uk

CONTENTS

PAGE

| | |
|---|----|
| DEFINITIONS AND INTERPRETATION | 4 |
| SUMMARY OF COVER | 6 |
| ACCEPTANCE OF A COMPANY FOR INSURANCE | 7 |
| THE TECHNICAL AUDIT | 9 |
| NOTIFICATION AND COMMUNICATION | 11 |
| THE COMPANY'S RIGHTS AND RESPONSIBILITIES | 13 |
| CONSUMER CODE FOR HOME BUILDERS | 14 |
| CONDITIONS OF INSURANCE | 15 |
| COVER FOR UNSOLD OR UNOCCUPIED HOMES | 16 |
| BONDS | 16 |
| DISPUTE RESOLUTION IN RELATION TO THE DEFECTS INSURANCE SECTION OF THE POLICY | 17 |
| MISCELLANEOUS | 17 |

1. DEFINITIONS AND INTERPRETATION

1.1 In these **Rules**, unless the context otherwise requires, the following terms shall have the following meanings given to them:

| | |
|--|---|
| Application Form | means the form or the online application which is submitted by the Company to register with the Scheme Administrator and / or for a proposed New Development in respect of which the Company wishes to effect insurance under the relevant Policy ; |
| Bond | means LABC Warranty's Road and Sewer Bond pursuant to which the Underwriter agrees to provide certain cover to a third party in the event that the Company fails to fulfil its obligations to carry out certain works under an agreement with such third party; |
| Builder | has the meaning given to such term in the Policy ; |
| Building Control | has the meaning given to such term in the Policy ; |
| Building Regulations | has the meaning given to such term in the Policy ; |
| Code | means the Consumer Code for Home Builders, as updated from time to time; |
| Certificate of Approval | has the meaning given to such term in the Policy ; |
| Certificate of Insurance | has the meaning given to such term in the Policy (or, where applicable, in the Bond); |
| Common Parts | Those parts of a multi-ownership building (of which the Home is part) for which the Policyholder is legally obliged to contribute for the cost and upkeep with the owners of other parts of such building, or by way of contribution to the Management Company ; |
| Company | means, as the context shall permit or require: a) the person, firm, company or other organisation whom or which applies to be registered with LABC Warranty in accordance with and pursuant to these Rules ; b) the person, firm, company or other organisation whom or which applies for a warranty on a New Development with LABC Warranty ; or c) a Developer or a Builder or both of them (and Companies shall be construed accordingly); |
| Completion Certificate | the certificate issued by the Local Authority Building Control Inspector following completion of Building Control for a Home or the New Development ; |
| Dispute Resolution Service | has the meaning given to such term in the Policy ; |
| Defect | has the meaning given to such term in the Policy ; |
| Defects Insurance Period | has the meaning given to such term in the Policy ; |
| Development Initial Certificate | the certificate issued under the New Homes, Social Housing and Private Rental schemes by the Underwriter signifying its agreement to the provision of the insurance cover for the New Development as set out in the Policy subject to receipt of a Certificate of Approval and a Completion Certificate (if required) for each Home and satisfaction of all relevant conditions of such Policy ; |
| Developer | has the meaning given to such term in the Policy under the New Homes Scheme (or, where applicable, in the Bond); |
| Home(s) | has the meaning given to such term in the Policy ; |

| | |
|---|---|
| Home Initial Certificate | the certificate issued under the New Homes, Social Housing and Private Rental schemes (upon request) by the Underwriter signifying its agreement to the provision of the insurance cover for the Home as set out in the Policy subject to receipt of a Certificate of Approval and a Completion Certificate (if required) for each Home and satisfaction of all relevant conditions of such Policy ; |
| Insolvency | has the meaning given to such term in the Policy ; |
| LABC Warranty | means the range of insurance arranged by the Scheme Administrator under the LABC Warranty brand; |
| Local Authority Building Control Inspector | the officer(s) of the Local Authority Building Control department appointed to carry out the Building Control function; |
| New Development | has the meaning given to such term in the Policy (and New Developments shall be construed accordingly); |
| New Homes Scheme | means the LABC Warranty scheme which provides cover in relation to new and refurbished or converted homes (other than as covered under the Social Housing or Private Rental Scheme); |
| Policy | means the relevant LABC Warranty policy of insurance issued by the Scheme Administrator on behalf of the Underwriter in respect of the relevant New Development ; |
| Policyholder | has the meaning given to such term in the Policy ; |
| Private Rental Scheme | means the LABC Warranty scheme which provides cover in relation to private rental properties; |
| Registration Fee | means the annual fee which is required to be paid for the registration of the Company . The Company must be registered throughout any period for which you have a responsibility under the terms of the Policy ; |
| Rules | means these Rules of Registration; |
| Scheme Administrator | has the meaning given to such term in the Policy ; |
| Social Housing Scheme | means the LABC Warranty scheme which provides cover in relation to social housing; |
| Surveyor | means the surveyor appointed by the Underwriter to carry out checks and inspections on behalf of the Underwriter (and who, where applicable, issues a Certificate of Approval); |
| Structural Insurance Period | has the meaning given to such term in the Policy ; |
| Technical Manual | means the relevant Technical Manual as defined in the Policy ; |
| Underwriter | has the meaning given to such term in the Policy (or, where applicable, in the Bond). |

- 1.2 In these **Rules** (unless the context otherwise requires):
- a) the words including and include and words of similar effect shall be deemed to have the words “without limitation” following them;
 - b) references to a gender include all other genders;
 - c) words importing the singular shall include the plural and vice versa; and
 - d) references to a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.3 In the event of any conflict between the provisions of these **Rules**, the **Policy** and/or the **Technical Manual** then the conflict shall be resolved in accordance with the following descending order of precedence: these **Rules**, the **Policy** and the **Technical Manual**.
- 1.4 The headings in these **Rules** are for ease of reference only and shall not affect the construction or interpretation of these **Rules**.

2. SUMMARY OF COVER

2.1 BACKGROUND

LABC Warranty is equivalent to the insurance cover required to be provided in respect of new home warranty schemes in accordance with the Council of Mortgage Lenders Handbook for England and Wales.

LABC Warranty is committed to quality both in terms of ensuring that houses are built to the highest possible standards and also in the standard of service provided to **Companies** and **Policyholders**.

The **Company** has to comply with **Building Regulations** and the requirements of the authorised **Building Control** Body involved in inspecting their work. These Regulations are statutory requirements and are concerned mainly with health and safety, access for the disabled and conservation of fuel and power issues. For **Home(s)** insured under **LABC Warranty** the **Building Control** function is undertaken by **Local Authority Building Control**.

LABC Warranty can also offer a **Bond** facility (subject to certain criteria), further details of which are available on request.

2.2 POLICY COVERAGE

The relevant **Policy** document should be read carefully and in conjunction with these **Rules**. The **Development Initial Certificate** and the **Home Initial Certificate** (as applicable) issued for each **New Development** will detail the sections of cover which are applicable. The **Development Initial Certificate** and the **Home Initial Certificate** should be read carefully and in conjunction with the wording of the **Policy**.

2.3 BOND COVERAGE

The relevant **Bond** documents should be read carefully and in conjunction with these **Rules**. The **Certificate of Insurance** issued for the **New Development** will detail the cover which is applicable. The **Certificate of Insurance** should be read carefully and in conjunction with the wording of the **Bond**.

3. ACCEPTANCE OF A COMPANY FOR INSURANCE

3.1 APPLICATION FORM

Before insurance can be accepted, the **Scheme Administrator** must receive a duly completed and signed **Application Form** from the **Company**. It is a condition of all insurance that the **Company** pays all fees and other amounts due to the **Scheme Administrator** on the due date for payment.

Following receipt of the **Application Form** from the **Company**, the **Scheme Administrator** may, in its discretion:

- a) register the **Company** with **LABC Warranty**;
- b) register the **Company** with **LABC Warranty** but apply certain conditions to such registration;
- c) decide not to register the **Company** with **LABC Warranty**; or
- d) postpone its decision relating to the **Company's** application for registration until such time as it has sufficient information to make such decision;

and the **Scheme Administrator** will notify the **Company** in writing as to which of the above is applicable.

The **Scheme Administrator** reserves the right to ask for any information that it or the **Underwriter** considers relevant to the **Company's** application for registration. The **Scheme Administrator** may also require a technical assessment to be carried out in respect of the **Company** in relation to the application for registration.

3.2 TERMS FOR NEW DEVELOPMENTS

An **Application Form** must be submitted by the **Company** in respect of each **New Development**. The proposed terms for each **New Development** will be notified separately by the **Scheme Administrator** following receipt by it of the relevant **Application Form** and any supporting information requested by the **Scheme Administrator**.

Where the **Company** wishes to effect insurance in respect of any proposed **New Development**, it should forward to the **Scheme Administrator** a signed quote acceptance, sent with the quotation by the **Scheme Administrator** for the proposed **New Development**, and make payment to **Scheme Administrator** of all applicable sums due at least three weeks before works are due to commence at such **New Development**. Following receipt of these, the **Scheme Administrator** will instruct the **Surveyor** to contact the **Company** to arrange a time and date to initiate the audit process.

The **Scheme Administrator** may cancel any request made in an **Application Form**, or cancel all or any part of the cover under any **Policy** (except for Section 3.1 of the **Policy** under the **New Homes Scheme** or for the **Insolvency** of the Builder Endorsement under the **Social Housing Scheme**) if:

- a) construction works at the **New Development** are not started within one year of the date of submission of the relevant **Application Form**;
- b) construction works at the **New Development** are suspended for a period of more than 180 consecutive days;
- c) if the **Company** gives notice (whether or not to the **Scheme Administrator**) that it has or intends to cease construction works at the **New Development**, or the **Company** threatens to do so;
- d) construction works at the **New Development** are not completed within three years following the completion date specified by the **Company** on the relevant **Application Form**; or
- e) the **Home/s** is sold to any firm, company or other organization.

3.3 CHANGE IN DETAILS

Should any of the details relating to the **Company** on the original **Application Form** or on any **Application Form** change or should there be any change in circumstances which means that (or could reasonably be expected to result in) such details being misleading or no longer remaining entirely accurate, the **Company** should notify the **Scheme Administrator** in writing as soon as possible but in any event within 48 hours of such change.

3.4 COMPLIANCE WITH RULES AND POLICIES

It is a condition precedent to the **Underwriter** providing insurance for any proposed **Home(s)** that the **Company**:

- a) complies with these **Rules**; and
- b) satisfies all applicable conditions of the **Policy**.

The **Company** shall be under a continuing obligation to comply with these **Rules** (including as updated under section 12.9 of these **Rules**), for all **New Developments** insured under **LABC Warranty**. Failure of the **Company** to comply with these **Rules** may void, diminish or otherwise affect the insurance provided in respect of the **New Developments**.

3.5 ASSESSMENT OF QUALITY

A continuous scheme of quality assessment shall be in place in respect of the **Company** and each **New Development**. The following procedures shall apply in respect of such assessments:

- a) the **Surveyor** will carry out a design check on each **New Development** and each **Home** type;
- b) after each visit to site, the **Surveyor** will complete a site inspection report;
- c) the performance of a **Company** in respect of each **New Development** will be continuously assessed;
- d) on completion of each **New Development**, an assessment will be made of the quality of the work on the **New Development**;
- e) the assessment for each **New Development** will be electronically stored and an on-going assessment of quality will be made.

3.6 CONDITIONS OF REGISTRATION

Without prejudice to Sections 3.1 and 3.4 of these **Rules**, the **Underwriter** may require, at its discretion, any one or more of the following before providing any insurance for a **New Development**:

- a) a signed Company Indemnity Agreement from the **Company**;
- b) security for any indemnity required by the **Underwriter** in one or more of the following forms (at the discretion of the **Underwriter**):
 - i. a bond executed by a bank, insurance company or other surety acceptable to the **Underwriter**;
 - ii. an amount held in escrow;
 - iii. an associate company guarantee and/or indemnity relating to the obligations of the **Company** under these **Rules** and/or one or more of the documents referred to in this Section (3.6) of these **Rules**;
 - iv. a guarantee and/or an indemnity from any person acceptable to the **Underwriter** confirming (jointly and individually) that:
 - the **Company** will comply with the provisions of the **Policy** which is proposed to be issued in respect of the **New Development**; and
 - the **Company** will ensure that all third parties for which they have a contractual responsibility comply with the provisions of the **Policy** which is proposed to be issued in respect of the **New Development**;
- c) evidence that the **Company** has satisfied any applicable conditions of a **Policy** which has been issued previously or which is proposed to be issued in respect of the **New Development**.

Where the **Scheme Administrator** registers the **Company** with **LABC Warranty** subject to certain conditions, those conditions shall apply in addition to the provisions of these **Rules** and all references to these **Rules** shall be deemed to include reference to such conditions. The **Scheme Administrator** may, on giving written notice to the **Company** at any time, remove or vary any such conditions in its discretion. In the event of any conflict between the provisions of these **Rules** and any such conditions, then such conditions shall prevail.

3.7 ESCROW ARRANGEMENTS

All monies held in escrow will be held separately by an independent escrow agent who will release the monies held upon the sole instructions of the **Scheme Administrator** to either the **Company** or the **Underwriter** (as appropriate).

If an escrow account is to apply for a **New Development**, details of the escrow account will be provided as part of the order confirmation which details the amounts payable and how the account will be administered / utilised by the **Scheme Administrator** in the event of any claims associated with the **Developer** or **Builder**.

3.8 LIMITS ON NUMBER OF HOMES

The **Underwriter** may at its discretion and at any time impose a limit on the number of **Homes** that can be registered by the **Company**.

3.9 REGISTRATION FEE

In order to be and remain registered with **LABC Warranty**, an annual **Registration Fee** must be paid by the **Company**, if applicable. This fee is payable for each year (or part year) that the **Company** is registered.

It is a requirement of these **Rules** that you must be registered throughout any period for which you have a responsibility under the terms of the **Policy**. For the avoidance of doubt this means up to the end of the **Defects Insurance Period** for the last **Certificate of Insurance** we issue in the name of the **Company**.

The **Company** shall not in any circumstances be entitled to any refund or repayment of all or part of the registration fee.

Failure to maintain registration will mean that no cover will be offered by **LABC Warranty** and therefore no certification will be issued which the **Company** may require for any **New Development**. For the avoidance of doubt, failure to maintain registration includes making any voluntary arrangement with creditors or **Insolvency** of the **Company**.

4. THE TECHNICAL AUDIT

4.1 THE ROLE OF THE SURVEYOR

The **Surveyor** is engaged by (and for the purposes of these **Rules** works solely on behalf of) the **Underwriter** to assess the quality of each **Home** in order to determine whether it represents a standard risk to the **Underwriter**. To achieve this they will check whether the **Homes** have been constructed in accordance with the functional requirements and performance standards contained in the **Technical Manual**. The checks will not be exhaustive and the **Surveyor** will be carrying out random checks on the **Homes**.

The **Company** must notify the **Scheme Administrator**, sufficiently in advance, of the expected dates of each relevant stage of construction of each **Home** to enable all inspections and technical investigations referred to in these **Rules** and in the **Technical Manual** to take place at the appropriate time.

For the avoidance of doubt the **Surveyor** will have no liability to any party other than the **Underwriter** in the event of defects being discovered during the **Defects Insurance Period** or **Structural Insurance Period** and it is the sole responsibility of the **Company** to ensure that each **Home** is constructed using good industry practice and materials.

The **Surveyor** will also be monitoring the standard of construction for each **New Development**, as outlined in Section 3.5 of these **Rules**.

4.2 CHECKS CARRIED OUT BY THE SURVEYOR

Where appropriate the **Surveyor** will carry out the following checks on the **Home**:

- a) a plan check;
- b) a check of calculations;
- c) a review of the historical records for the site;
- d) a check on the site investigation procedures and reports;
- e) a review of any remediation measures and subsequent verification procedures;
- f) visits to site to check standards of construction;
- g) checks on materials or components used in the construction;
- h) checks that relevant guarantees and warranties required from third parties are received;
- i) checks on the standard of construction.

These reviews and checks should not be relied upon by the **Company** to confirm that the construction and design and materials of the **Home** complies with **Building Regulations** and all relevant legislation applicable at the time each **New Development** is started. The **Company** accepts that it has not, and will not place any reliance on such checks and reviews to satisfy itself that this is the case.

4.3 CERTIFICATES OF APPROVAL

If in the opinion of the **Surveyor** a **Home** represents a standard risk to the **Underwriter** and complies with the technical requirements of the **Technical Manual** they will issue a **Certificate of Approval** to the **Scheme Administrator**. Receipt of a **Certificate of Approval** will allow the **Scheme Administrator** to issue the **Certificate of Insurance** for the relevant **Home**, subject to satisfaction of all applicable conditions of a quotation, the **Policy** and these **Rules**.

If in the opinion of the **Surveyor** a **Home** does not comply with the functional requirements and performance standards contained within the **Technical Manual** and therefore does not represent a standard risk to the **Underwriter**, the **Surveyor** will not issue a **Certificate of Approval** to the **Scheme Administrator** and the **Scheme Administrator** will not issue any certification.

4.4 COMMUNICATION

The **Company** must notify the **Scheme Administrator** immediately on becoming aware of any matter which could result in any **Home** not meeting any of the functional requirements and performance standards of the **Technical Manual**.

The **Surveyor** will communicate directly with the **Company** to obtain information about any technical issues involved in the design and construction of the relevant **Home(s)**. The **Company** shall keep the **Surveyor**, who has been appointed to a **New Development**, advised of any changes in the timetable or changes in design or any matter which may affect the insurance which is to be provided.

The **Surveyor** will from time to time issue reports to the **Scheme Administrator** and copies of site inspection reports will be forwarded to the **Company**.

Communication regarding all matters other than technical issues involved in the design and construction of a **New Development** shall be between the **Scheme Administrator** and the **Company** or any intermediary acting on the **Company's** behalf.

4.5 DISPUTES

If in the opinion of the **Surveyor** any item does not comply with the functional requirements and performance standards of the **Technical Manual** during the **Building Period** they will advise the **Company** accordingly. Should the **Company** disagree with the opinion of the **Surveyor** the matter shall be referred to the **Scheme Administrator's** Technical Services Department who will review the case further. The **Scheme Administrator's** decision is final.

5. NOTIFICATION AND COMMUNICATION

5.1 COVER

For a **Policy** under the **New Homes Scheme**:

- a) the **Development Initial Certificate** and the **Home Initial Certificate** each detail the sections of the **Policy** for which cover will be provided for both the **New Development** and each **Home**;
- b) the **Development Initial Certificate** and the **Home Initial Certificate** each confirm the cover provided under Section 3.1 of the **Policy** (subject to satisfaction of all applicable conditions of the **Policy**);
- c) no insurance cover shall apply in respect of Sections 3.2, 3.3, 3.4 and 3.5 of the **Policy** and the **Scheme Administrator** will not issue any **Certificates of Insurance** until a **Certificate of Approval** has been issued by the **Surveyor** and where applicable a **Completion Certificate** has been issued by the **Local Authority Building Control Inspector** and subject to satisfaction of all applicable conditions of the **Policy**.

For a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**:

- a) the **Development Initial Certificate** details the sections of the **Policy** for which cover will be provided for both the **New Development** and each **Home**;
- b) no insurance cover shall apply in respect of Sections 3.1, 3.2, 3.3 and 3.4 of the **Policy** and the **Scheme Administrator** will not issue any **Certificates of Insurance** until a **Certificate of Approval** has been issued by the **Surveyor** and where applicable a **Completion Certificate** has been issued by the **Local Authority Building Control Inspector** and subject to satisfaction of all applicable conditions of the **Policy**.

The **Building Control** function will have been undertaken by **Local Authority Building Control**.

- a) a satisfactory final inspection has been carried out by the **Surveyor**; and
- b) the **Local Authority Building Control Inspector** has confirmed that they are not aware of any circumstances that would restrict their ability to issue a **Completion Certificate**, then:
- c) for a **Policy** under the **New Homes Scheme**, a cover note will be issued, if requested, for each **Home** confirming cover under Sections 3.2, 3.3, 3.4 and 3.5 (as applicable) of the **Policy** is in effect (subject to satisfaction of all applicable conditions of the **Policy**);
- d) for a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**, a cover note will be issued, if requested, for each **Home** confirming cover under Sections 3.1, 3.2, 3.3 and 3.4 (as applicable) of the **Policy** is in effect (subject to satisfaction of all applicable conditions of the **Policy**).

A **Certificate of Insurance** will be issued to the **Policyholder** after issue of the Cover Note, provided that a **Certificate of Approval** has been issued by the **Surveyor** and, if applicable, a **Completion Certificate** has been issued by the **Local Authority Building Control Inspector** and subject to satisfaction of all applicable conditions of a quotation and the **Policy**.

5.2 DEVELOPERS NOT ACTING AS BUILDERS

Where a **Developer** (or proposed **Developer**) is not actually constructing the relevant **Home(s)** which the **Developer** (or proposed **Developer**) wishes to be insured under **LABC Warranty**:

- a) the **Builder** (or proposed **Builder**) who will be constructing such **Home(s)** must also be registered with **LABC Warranty** and comply with these **Rules** accordingly; and
- b) it is the sole responsibility of the **Developer** to ensure that a copy of the **Technical Manual** is provided to such **Builder**.

In respect of a **Policy** under the **New Homes Scheme**:

- a) the **Developer** shall be responsible for any claims arising under Section 3.2 of the **Policy**;
- b) the **Policy** will cover the interests of the **Policyholder** under Sections 3.3, 3.4 and 3.5 of the **Policy** (as applicable) and the **Developer** confirms and agrees that the **Underwriter** will retain all rights of subrogation against the **Builder** under all applicable sections of the **Policy**.

In respect of a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**:

- a) the **Builder** shall be responsible for any claims arising under Section 3.1 of the **Policy**;
- b) the **Policy** will cover the interests of the **Policyholder** under Sections 3.2, 3.3 and 3.4 of the **Policy** (as applicable).

5.3 DEVELOPERS ALSO ACTING AS BUILDERS

For the avoidance of doubt, where a **Builder** (or proposed **Builder**) is also a **Developer** (or proposed **Developer**), these **Rules** and the applicable provisions of a **Policy** which refer to a **Developer** apply also to the **Builder** (or proposed **Builder**) in its capacity as a **Developer** (or proposed **Developer**).

5.4 BUILDING STANDARDS

All **Homes** must be built in accordance with the standards set out in the **Technical Manual**.

5.5 INSURANCE NOT EFFECTED

If for any reason the insurance contemplated under:

- a) Sections 3.2, 3.3, 3.4 and 3.5 of a **Policy** (or proposed **Policy**, where applicable) under the **New Homes Scheme**; and/or
- b) Sections 3.1, 3.2, 3.3 and 3.4 of a **Policy** (or proposed **Policy**, where applicable) under the **Social Housing Scheme** and **Private Rental Scheme**.

is not effected then the premium in respect of such Sections will be returned to the **Company** (after deducting any applicable administration charges and any other amounts due to the **Scheme Administrator** or **Underwriter**). The **Company** must pay the fees of the **Surveyor** whether or not such insurance is effected. If the works on the relevant site have not been completed then, depending upon the stage of the works and the number of inspections undertaken at the date on which such premium is returned, a refund of part of the site audit fees may be applicable (at the discretion of the **Scheme Administrator**). Where the development is completed, in no circumstances shall the **Company** be entitled to any refund or repayment of all or part of such fees.

5.6 SALE OR RENTAL OF HOME

For the **New Homes Scheme** the **Company** must immediately notify the **Scheme Administrator** in writing when any **Home** is sold or rented out by the **Company**. The **Company** must also promptly supply such other information required by the **Scheme Administrator** in respect of such sale or rental.

5.7 CHANGE IN VALUE

Should the actual sale price of a **Home** exceed the estimated market value specified on the relevant **Application Form** then the **Company** must notify the **Scheme Administrator** in writing when giving notice under Section 5.6 of these **Rules**. The **Scheme Administrator** reserves the right to charge an additional premium with regard to the increased value of such **Home**.

5.8 CHANNELS OF COMMUNICATION

If the **Scheme Administrator** receives an application for insurance from a FCA approved intermediary on behalf of the **Company**, the **Scheme Administrator** will issue correspondence regarding applications for insurance and terms for the relevant **New Development** via the intermediary. Information passed to the intermediary will be deemed to be in the knowledge and possession of the **Company**. Any technical queries may nevertheless be raised directly with the **Company**, where considered appropriate by the **Scheme Administrator**.

The **Scheme Administrator** may share any information with relevant parties as noted as contacts in the warranty **Application Form** or as supplied at a later date.

The **Surveyor** will communicate directly with the **Company** or its representative regarding the design check and inspections conducted by the **Surveyor**. The **Surveyor** will issue reports and a **Certificate of Approval** only to the **Scheme Administrator**.

6. THE COMPANY'S RIGHTS AND RESPONSIBILITIES

6.1 THE COMPANY'S RESPONSIBILITY FOR THE WORK OF OTHERS

As between the **Company** and the **Underwriter**, the **Company** shall be wholly responsible for the design adopted for a **New Development** and for the workmanship of any third party except where a **Developer** has employed a separate **Builder** under the **New Homes Scheme**. In this instance the **Builder's** liability is limited to its contractual responsibility to the **Developer**.

6.2 SUPPLY OF INFORMATION

The **Company** shall promptly supply, or arrange for the supply of (free of cost to the **Surveyor**, and the **Scheme Administrator** and the **Underwriter**) all or any of the following upon request:

- a) relevant drawings;
- b) relevant calculations, including (for example) structural calculations, thermal calculations, condensation risk calculations and mechanical engineering calculations;
- c) historical checks on sites;
- d) reports supplied by professionals or other parties regarding a **New Development**;
- e) guarantees and insurance warranties required from third parties, including (for example) in respect of basement design, roofing and commissioning of heat producing appliances;
- f) other information reasonably required by the **Surveyor**, such as details of the site manager etc.;
- g) other information requested to satisfy any **Policy** condition(s).

In addition, the **Company** shall ensure that the **Surveyor** has full access to each **New Development**.

6.3 RESPONSIBILITY DURING THE DEFECTS INSURANCE PERIOD

For a **Policy** under the **New Homes Scheme**:

- The **Developer** is responsible to the **Policyholder** during the **Defects Insurance Period** for any failure to rectify any **Defects**.

For a **Policy** under the **New Homes Scheme** where a separate **Builder** is employed:

- The **Developer** is responsible to the **Policyholder** during the **Defects Insurance Period** for any failure to rectify any **Defects**. In the event that the **Developer** fails to rectify the **Defect**, the **Builder** is responsible.

For a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**:

- The **Builder** is responsible to the **Policyholder** during the **Defects Insurance Period** for any failure to rectify any **Defects**.

The **Dispute Resolution Service** procedure set out within the **Policy** is intended to facilitate the resolution of disputes between the **Policyholder** and the **Company**. The **Company** shall participate in the **Dispute Resolution Service** whenever requested by the **Scheme Administrator** in respect of any dispute between the **Company** and a **Policyholder**.

Any disputes between the **Policyholder** and the **Company** that fall outside the **Dispute Resolution Service** may qualify for referral to the independent resolution scheme under the **Code**. Further details of the **Code** are available in Section 7 of these **Rules**.

Whenever the **Underwriter** has to meet any claim to remedy a **Defect** by the **Company**, the **Underwriter** shall be entitled to:

- a) issue proceedings for the recovery of any payments made;
- b) recover under any indemnity provided by the **Company** to the **Underwriter** on demand; and/or
- c) recover under any bond, undertaking or guarantee provided to the **Underwriter** on demand.

7. CONSUMER CODE FOR HOME BUILDERS

7.1 INTRODUCTION

The **Code** applies to all Home Builders (as defined in the **Code**) who accept reservations (a written statement of intent or contract to purchase a home) from a home buyer for a new or newly converted home on or after the 1st April 2010 and which has been registered with a Home Warranty Body (as defined in the **Code**).

The **Code** sets requirements that all Home Builders must meet when marketing and selling homes as well as in their after sales customer service.

The purpose of the **Code** is to ensure that home buyers:

- a) are treated fairly;
- b) know what service levels to expect;
- c) are given reliable information upon which to make their decisions;
- d) know how to access a speedy, low-cost dispute resolution arrangement if they are dissatisfied.

7.2 TERMS OF REGISTRATION

It is a requirement of these **Rules** that the **Company**:

- a) (to the extent applicable to it) complies with the requirements of the **Code**;
- b) (to the extent applicable to it) adopts equal or better standards of good practice, procedures and information as are detailed in the guidance for each requirement of the **Code**; and
- c) honours any award made against it under any independent dispute resolution scheme.

Where a **Company** is found to be in breach of the **Code**, the **Underwriter** may (without prejudice to any other rights or remedies it may have) terminate the **Company's** registration under **LABC Warranty**.

Copies of the **Code** and appropriate guidance can be viewed or downloaded from our website, www.labcwarranty.co.uk, or by accessing www.consumercodeforhomebuilders.com.

8. CONDITIONS OF INSURANCE

8.1 ACCEPTANCE OF A NEW DEVELOPMENT

Acceptance of the **Company** for registration with **LABC Warranty** does not mean that any insurance will be offered in respect of any **New Development**. The **Scheme Administrator** shall advise the **Company** whether or not the **Company** may take out any warranty under **LABC Warranty** in respect of any **New Development**. The **Scheme Administrator** reserves the right to consider each **New Development** on its technical merits. Similarly, any offer of insurance in respect of any **New Development** does not mean that any insurance will be offered in respect of any subsequent **New Development**. The **Underwriter** may in its absolute discretion decide whether to offer or refuse insurance (and to decide the terms of any applicable offer of insurance) in respect of each **New Development**.

8.2 NEW DEVELOPMENT ACCEPTANCE PROCEDURE

Once the **Company** has accepted a quotation for insurance for a **New Development** and has paid the applicable premium, the terms as put forward on the quotation will apply unless:

- a) the **Surveyor** is unable to issue a **Certificate of Approval** for the **New Development** or **Home(s)**;
- b) where applicable, a **Completion Certificate** has not been issued by the **Local Authority Building Control Inspector**;
- c) there is any material change in the status of the **Company** or any information supplied by the **Company** in support of its application for such insurance;
- d) the **Scheme Administrator** or the **Underwriter** becomes aware of any information that in their opinion would have influenced their decision to provide a quotation for a **New Development**; and/or
- e) there is a low quality assessment score for other **New Development(s)** of the **Company**.
- f) the **Scheme Administrator** is aware of a breach of these **Rules**.

In any of the above circumstances, the **Scheme Administrator** or the **Underwriter** reserves the right to amend or withdraw the terms of its quotation or any offer to provide insurance under **LABC Warranty**.

8.3 PAYMENT OF PREMIUM AND AUDIT FEE

The **Scheme Administrator** will send an invoice to the **Company** in respect of the premium and any other fees specified on the quotation. The **Company** must send payment to the **Scheme Administrator**. For the avoidance of doubt, no insurance will be effected unless such payment is made. No payment terms or credit facilities will apply unless otherwise agreed by the **Scheme Administrator** in writing.

If, where applicable, the fees of the relevant **Surveyor** are not paid, a **Certificate of Approval** will not be issued and:

- a) cover will not be effected under Sections 3.2, 3.3, 3.4 and 3.5 of a **Policy** under the **New Homes Scheme**;
- b) cover will not be effected for a proposed **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**.

If the **Company** does not, within a reasonable time, pay the premium and any other fees specified on the quotation in respect of cover under Section 3.1 of a **Policy** under the **New Homes Scheme** or for the **Insolvency** of the Builder Endorsement under the **Social Housing Scheme** and **Private Rental Scheme**, the cover will not be provided.

9. COVER FOR UNSOLD OR UNOCCUPIED HOMES

Should a **Home** remain unsold or unoccupied after a **Certificate of Approval** has been issued in respect of it, the following procedures shall apply:

- a) if the **Home** is sold or occupied within 12 months of the date of issue of the **Certificate of Approval**, the **Certificate of Insurance** shall be issued and the **Policyholder** shall receive the full period of cover for each relevant section of the **Policy**;
- b) if the **Home** is sold or occupied after 12 months or up to 4 years from the date of issue of the **Certificate of Approval** then the **Defects Insurance Period** shall commence on the date the **Certificate of Insurance** is issued and the balance of cover will be as noted on the **Certificate of Insurance**.
- c) if the **Home** is sold or occupied after a period greater than 4 years from the date of issue of the **Certificate of Approval** then the **Defects Insurance Period** shall be reduced to a period of 12 months from the date of the **Certificate of Insurance** is issued (for **New Homes Scheme** only) and the balance of cover will be as noted on the **Certificate of Insurance**.
- d) if the **Home** is rented out by the **Company** or occupied before it is sold then the period of cover shall commence (or be deemed to have commenced) on the date of issue of the **Certificate of Approval** and the balance of the cover will be as noted on the **Certificate of Insurance**.
- e) if the **Certificate of Approval** for a **Home** has not been issued but the **Home** is completed and has been occupied for whatever reason and the **Certificate of Insurance** is requested, should the **Certificate of Insurance** be issued by the **Scheme Administrator** the **Certificate of Insurance** will determine the periods of cover that will apply.

Please note, for the avoidance of doubt, the decision of the **Scheme Administrator** is final and the **Certificate of Insurance** in all cases will determine the cover and periods of cover in place for a **Home**.

10. BONDS

10.1 ACCEPTANCE OF A NEW DEVELOPMENT FOR A BOND

The **Scheme Administrator** reserves the right to consider each request for a **Bond** on its merits. Similarly, any offer of a **Bond** in respect of any **New Development** does not mean that any **Bond** will be offered in respect of any subsequent **New Development**. The **Underwriter** may in its absolute discretion decide whether to offer or refuse to grant any **Bond** (and to decide the terms of any applicable **Bond**) in respect of each **New Development**.

For the avoidance of doubt, these **Rules** also apply to any **Bond** or to any other insurance policy provided in relation to adoptable works.

11. DISPUTE RESOLUTION IN RELATION TO THE DEFECTS INSURANCE SECTION OF THE POLICY

- 11.1 The **Company** shall use its best endeavours to negotiate in good faith and settle amicably any dispute with a **Policyholder** that may arise out of or in relation to Section 3.2 of a **Policy** under the **New Homes Scheme** and Section 3.1 of a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme**.
- 11.2 If the **Company** fails to remedy any **Defect** and any resultant damage notified to it, or the **Policyholder** is not satisfied with its response then the **Scheme Administrator** may, at its sole discretion, offer the **Dispute Resolution Service**.
- 11.3 The **Underwriter** shall have no liability under Section 3.2 of a **Policy** under the **New Homes Scheme** or Section 3.1 of a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme** unless (in either case):
- a) the **Developer** has not responded to the claim within a reasonable time period (as determined by the **Underwriter**); and / or
 - b) the **Developer** has withheld consent to resolve the dispute by using the **Dispute Resolution Service**; and / or
 - c) the **Developer** has not responded within a reasonable time period (as determined by the **Underwriter**) to a request to resolve the dispute by using the **Dispute Resolution Service**; and / or
 - d) the **Developer** has accepted the decision of a building surveyor after using the **Dispute Resolution Service** but has failed to carry out the works or repairs recommended in the surveyor's report within the time stipulated; and / or
 - e) the **Developer** has not effected the relevant repairs or works determined by the **Dispute Resolution Service** or Arbitration; and / or
 - f) the **Developer** has failed to carry out such repair, replacement or rectification work due to its **Insolvency**.
- 11.4 In the event of a valid claim under Section 3.2 of a **Policy** under the **New Homes Scheme** or Section 3.1 of a **Policy** under the **Social Housing Scheme** and **Private Rental Scheme** (as the case may be), the **Underwriter** may, at its sole option, either pay the cost of repairing, replacing or rectifying any **Defect** and any resultant damage to the **Home** or itself arrange to have such **Defect** and any resultant damage to the **Home** corrected.

12. MISCELLANEOUS

- 12.1 These **Rules** (together with the other documents referred to in these **Rules**, to the extent applicable) contain the entire terms and conditions upon which a **Company** will be, or will remain, registered under **LABC Warranty** and supersede any prior rules or other terms and conditions relating to the subject matter of these **Rules**. The **Company** acknowledges and agrees that it has not relied upon any oral or written representations made to it by the **Underwriter** or the **Scheme Administrator** or their respective employees or agents which are not set out in these **Rules** and that it has made its own independent investigation into all matters relevant to it.
- 12.2 The **Scheme Administrator** will send all notices to the **Company** at the address on the **Application Form** submitted by the **Company** (or as otherwise notified by the **Company** to the **Scheme Administrator** from time to time). The **Company** must send all notices to the **Scheme Administrator**. Any notice to be served shall be sent by first class post or by facsimile or by electronic mail and shall be deemed to have been received by the **Company** within 72 hours if posted or within 24 hours if sent by facsimile or by electronic mail.

- 12.3 Without prejudice to the generality of Section 3.3 of these **Rules**, the **Company** must immediately inform the **Scheme Administrator** if it:
- commits a breach of these **Rules**;
 - ceases or threatens to cease trade;
 - is unable to promptly discharge its debts in full;
 - is a sole trader and ceases to trade in such capacity;
 - is a partnership and there is a change in its partners or membership;
 - is a company and any of its directors cease to be directors or any new directors are appointed or anyone acquires or sells more than 10% of its issued share capital.
- 12.4 The **Scheme Administrator** may immediately terminate the **Company's** registration with **LABC Warranty** on giving written notice to the **Company** if any of the circumstances referred to in Section 12.3 of these **Rules** exists or if the **Company** does anything or any other circumstances exist in relation to the **Company** which (in the opinion of the **Scheme Administrator**) may damage the business, interests or reputation of the **Scheme Administrator** or the **Underwriter**.
- 12.5 The **Company** shall, during and after its period of registration with **LABC Warranty**, indemnify the **Scheme Administrator** and the **Underwriter** on demand and keep the **Scheme Administrator** and the **Underwriter** fully indemnified and held harmless from and against all actions, proceedings, claims, demands, losses, costs, expenses (including legal expenses on an indemnity basis), awards, damages and payments incurred or suffered or paid by the **Scheme Administrator** or the **Underwriter** as a result of or in connection with:
- any failure of the **Company** to comply with (or any delay by the **Company** in performing) any of its obligations under these **Rules** or the **Policy**; and/or
 - any other act or omission (including negligence or breach of any laws) of the **Company** (or its employees, agents or sub- contractors) in the performance or contemplated performance of these **Rules** or any matter connected with the **Policy**.
- 12.6 The **Scheme Administrator** shall be entitled to charge fees for administering any claims made under the **Defects Insurance Period** of a **Policy**. The **Company** shall pay such fees on demand at the **Scheme Administrator's** standard rates applicable at the relevant time (details of which are available on request). The **Company** shall not in any circumstances be entitled to any refund or repayment of all or part of such fees.
- 12.7 The **Scheme Administrator** may without notice to you combine, consolidate or merge all or any of your liabilities to the **Scheme Administrator** or the **Underwriter** and may set off or transfer any sums from time to time owed to you by the **Scheme Administrator** in or towards the satisfaction of any of those liabilities.
- 12.8 If the **Company** fails to pay any amount payable by it under these **Rules**, the **Scheme Administrator** may charge the **Company** interest on the overdue amount from the due date up to the date of actual payment, after as well as before judgment, at the rate of 5% per annum above the base rate for the time being of the Bank of England. Such interest shall accrue on a daily basis and be compounded quarterly and the **Company** shall pay the interest immediately on demand.
- 12.9 The **Scheme Administrator** may at any time replace or modify these **Rules** after giving reasonable notice to the **Company** and the **Scheme Administrator** will notify the **Company** of the effective date of the replacement or modified **Rules**. For the avoidance of doubt, the replacement or modified **Rules** shall have full force and effect (and be binding on the **Company** accordingly) with effect from and including such effective date.