

TRANSACTION GUIDANCE NOTES

TRANSACTION

We adopt the Law Society's recommended method for buying and selling houses, known as TransAction, which is designed to make the legal process as streamlined and simple as possible. The system relies on both the Buyer's and the Seller's solicitors keeping each other and all others in the chain fully informed of the progress of their client's transaction and any related transaction and mortgage. We will be following this practice unless you tell us that you wish any information to be withheld. If this is the case please let us know, as a matter of urgency and your wishes will of course be observed.

TIMESCALES

Timescales are difficult to estimate as they will depend upon the other parties in a chain, however on a normal transaction involving at least two properties exchange can be expected within approximately four to six weeks from receipt or issue of the documentation and completion within four weeks of exchange depending upon the circumstances of everyone in the chain.

THE CONVEYANCING PROCESS

A conveyancing transaction can be split into three stages:

Stage 1: Up to Exchange of Contracts

Stage 2: Exchange to Completion

Stage 3: After Completion (Purchase only)

Although you may not be selling and buying, we describe both so that you are fully in the picture.

SALE

STAGE 1 - UP TO EXCHANGE OF CONTRACTS

- a. The deeds to the property will be requested by the Seller's solicitor from the Seller or mortgage lender (if held by them).
- b. The Seller's solicitors will send the Property Information Forms to the Seller to complete and return (these form part of the Contract).
- c. Upon receipt of the Property Forms the Seller's solicitors will then prepare the draft Contract. The Contract is the document setting out the terms on which agreement is reached for the sale of the property. Once prepared, this is sent to the Buyer's solicitors, with any relevant accompanying documentation (such as a plan of the property, details of title and a copy of the lease, if leasehold).
- d. The Buyer's solicitor will usually conduct searches and await any necessary mortgage offer. They will also raise any necessary enquiries with the Seller's solicitors. These are questions about the property, title or transaction generally which the Seller will need to assist his solicitor in answering.
- e. On or before exchange of Contracts a date is agreed between the Seller and Buyer for completion. This will obviously also need to be agreed with any conveyancing chain. The completion date being the day on which the Buyer's solicitors must pay the balance of the price and on which the Seller must vacate the property and hand over the keys.
- f. Once the Buyer's solicitor is satisfied with the results of his searches and enquiries, and the Contract has been agreed, both the Seller and the Buyer will each sign a copy of the Contract. The agreement becomes legally binding when the two signed parts of the Contract are exchanged. The Buyer will pay an exchange deposit (usually 10% of the purchase price) on exchange which represents part of the purchase money. This deposit is required as cleared funds in order to exchange Contracts.

N.B.

Exchange Deposit funds can be transferred direct into our Client Account or be in form of a Bankers Draft or Building Society cheque payable to Neale Turk LLP.

We strongly suggest you contact your Bank/Building Society immediately to ascertain whether they will be charging a full month's interest on completion as this may affect your decision relating to the proposed completion date.

STAGE 2 – EXCHANGE TO COMPLETION

- a. The Seller's solicitors will notify all interested parties that exchange has taken place.
- b. The Seller's solicitors will obtain a redemption statement, as at the completion date, from the Lender in respect of any mortgages on the property and will prepare a Completion Statement of monies due to or required from the client on completion, taking account of all fees and outlays due.
- c. After agreeing the terms of the draft documents with the Buyer's solicitors, the Seller's solicitor will send the Transfer deed to the Seller for signature and return before completion. Completion cannot take place unless the Seller's solicitor holds the Transfer deed duly signed by the Seller.

On completion the Seller's solicitors will, on receipt of the sale proceeds, redeem any mortgages, pay any Estate Agents commission due and distribute the proceeds of sale. The signed Transfer Deed, title deeds and documents will also be sent to the Buyer's solicitors.

PURCHASE

STAGE 1 - UP TO EXCHANGE OF CONTRACTS

- a. The Buyer's solicitor will investigate the legal title to the property following receipt of the draft Contract and associated documentation from the selling solicitor.
- b. The Buyer's Lender will carry out a valuation of the property to determine whether and how much it is prepared to lend. This valuation is carried out on behalf of and for the benefit of the Lender, not the Buyer. If any defects are found in the property after Exchange of Contracts the Buyer will not have any recourse against the Seller, and it may be difficult for the Buyer to establish a claim either against the Lender or its surveyor. We therefore recommend that a Buyer considers instructing an independent structural survey to be carried out, preferably after the Lender's surveyor has reported, so as to avoid the unnecessary expense of an additional survey fee if the Lender's surveyor finds the property unsatisfactory. Alternatively your Lender may offer a combined valuation and structural survey which may save both time and cost.
- c. If the property being bought is less than ten years old it will probably have the benefit of a protection scheme against major building defects e.g. one issued by the National House Builder's Council. Whilst they cover concealed or hidden defects, it excludes defects which the Buyer knew about or should reasonably have known about when the house was acquired. Please let us know if you are aware of any such matters so that we can ensure that the Seller notifies the NHBC prior to exchange of Contracts. Again this is a matter on which your surveyor can advise.
- d. The Buyer's solicitor will make a search at the Local Authority to discover whether there are currently any matters registered which might affect the property. The enquiries made of the Local Authority are not extensive. If you are concerned about any potential development in the vicinity you should immediately contact the Planning Department at the Local Authority to see if there are any proposals which may affect the property. Once you have made any such enquiries please contact us before Contracts are exchanged.
- e. Local Authorities have power to inspect land for contamination and if they find the land to be contaminated to serve a notice requiring the land to be remedied to an agreed standard. Liability primarily falls on those who cause or knowingly permit the contamination but if that party cannot be

identified, liability can fall on the present owner. Even if no entries regarding contaminated land are disclosed on the Local Authority Search, we would draw to your attention that this is not conclusive. When acting for a Buyer we will therefore put in hand an Environmental Search.

f. The vast majority of properties are connected to the public sewer but it can be expensive to extend the property over such a sewer. We usually therefore request a drainage search to ascertain the route of the public sewer. We would draw to your attention that

- a) The drain running between the property and the public sewer is probably now maintained at public expense but some may not be. If you are concerned as to your own possible maintenance costs you should consult with your surveyor as to the likelihood of your having to repair or maintain the drain connected to the Property and the likely cost.
- b) If you intend to extend the property you may not be permitted to build over an existing sewer.

g. Preliminary Enquiries will be sent to the Seller's solicitors. These are specific questions about the property of which the Seller should have personal knowledge. Sometimes it is necessary to ask further enquiries, should other matters about the property come to light.

h. If the Buyer is purchasing with mortgage finance or are re-mortgaging the Buyer's solicitors will almost certainly also act for the Lender. Among other things the instructions from Lenders oblige the Buyer's solicitors to:

- i Satisfy themselves as to the borrower's identity and
- ii Bring to the Lender's attention any matter which in their opinion might affect its decision to lend. This includes problems with the title to the property, adverse matters revealed by searches and enquiries and details of your financial circumstances or changes in them which might influence the lender.

If you do not agree that we may pass on to your Lender without the need to obtain further authority from you any information which comes into our possession by whatever means during the course of acting for you, you must let us know immediately as this may effect our ability to act for you in the purchase

i. If the Buyer requires mortgage finance, Contracts will not be exchanged until the Buyer has received a satisfactory offer of a mortgage loan and signed the lenders legal charge document. The Buyer should notify his solicitor of any problems in obtaining a loan.

j. When the Buyer's solicitor is satisfied that a good title to the property can be acquired, that the results of all searches and enquiries are satisfactory, that the Contract is agreed and that the Buyer's mortgage offer is satisfactory, the Buyer's solicitors will report to their clients and have the Contract signed. The Seller's solicitors will also report to the Seller and have the Contract signed. When authorised by their respective clients and a completion date has been agreed, Contracts can be exchanged

k. The Buyer should be prepared to pay a usual deposit of 10% (and definitely at least 5%) of the purchase price.

STAGE 2 – EXCHANGE TO COMPLETION

a. The Buyer's solicitors will report on the title to any Lender and request the mortgage advance in time for completion.

b. It is normally the Buyer's responsibility to insure the property from the date contracts are exchanged. If you are using the lenders building insurance it is essential that all forms are completed and returned to the Lender to enable the policy to go on risk on a telephone call to them. The Buyer's solicitor will advise them when contracts are exchanged and request the policy go on risk. If you are arranging your own insurance you must ensure that the policy is in accordance with the Lender's

requirements, that the policy goes on risk at this time and that details are confirmed to us. If however you are purchasing a new property the builder usually insures it until completion and if you are purchasing a flat the Lessor/freeholder usually insures the building as a whole throughout.

c. The Buyer's Solicitors will make searches of the Land Registry and (if appropriate) against the Seller to ensure no adverse entries.

d. The draft Transfer deed will be prepared and submitted to the Seller's solicitors for approval. It will usually be signed by the Buyer first and then returned to the Seller for signature before completion. (Unless duplicate copies are used).

e. The Buyer's solicitor will prepare a Completion Statement with details of any monies required from the client to complete the transaction and these will be needed by the Buyer's solicitor in their client account before completion.

f. On the day of completion, the balance of purchase monies are transferred to the Seller's solicitors

N.B. Please note that any balance of the funds needed to complete must be cleared funds on the day of completion. We will therefore require either

- i. a Building Society cheque at least four working days before; or**
- ii. a Bankers Draft at least four working days before; or**
- iii. a Bank Transfer by at least the working day before the completion date, into**
Neale Turk Client Account No. 01476009 with National Westminster Bank Plc
Old Market Square Branch, 3 London Street, Basingstoke, Hampshire RG21 7NS
Sort Code: 60-02-49.

STAGE 3 AFTER COMPLETION

a. Following receipt of the Title deeds the Buyer's solicitors pay any Stamp Duty Land Tax to the Inland Revenue and submit an application for registration of the title to HM Land Registry.

b. After registration is completed the deeds are usually given to the Buyer for safekeeping.

COMBINED SALE AND PURCHASE

ALL STAGES

a. If a solicitor is acting for a Client who is synchronising a sale and a purchase, all the information under the individual Sale and Purchase headings will be relevant.

b. Exchange of Contracts on the sale and purchase transactions will be linked to take place the same day.

c. The Buyer should be prepared to pay a usual deposit of 10% of the purchase price. The Seller may be able to use the deposit received from his Buyer towards the required deposit on his purchase.

d. The date of completion will be arranged so that, if possible, all parties in the chain of transactions can move out of one property and into their new one on the same day.

LEADING UP TO YOUR MOVE

(Merely for your assistance– time scales will vary)

REMOVALS

When choosing a removal firm it is best to go by recommendation from friends and neighbours. Failing that the British Association of Removers will be able to give you the names of a reputable company (contact number 01923 699480). It is wise to obtain several quotes and check carefully to see what is included in the total cost. Some firms prefer to do their own packing, and terms and conditions with regard to insurance cover do vary. Please ensure that you are insured for full replacement of the goods whilst in transit. If placing goods in storage check the insurance arrangements – is fire damage covered for example?

Companies tend to be fully booked at the end of the month and on Fridays as people generally like to move at those times. Choosing a less popular time for completion may help you save some money.

Please always ensure that everything is put in writing to the company and it is worth making a telephone call a few days before the move just to check that all is in order.

N.B. Do not book removals until contracts are exchanged but do check prior to exchange as to their availability

SERVICES

You must notify the gas, electricity, telephone and water companies of the date of your move and request that they read the meters and disconnect (if appropriate) on the day of the move. If you are buying a property without a telephone this will involve additional costs as any existing line will have to be reconnected. It is possible to take your telephone number with you if moving within the same area and again this could involve you in additional costs. You should liase with your telephone provider to obtain up to date figures. Arrange for a plumber, electrician etc to disconnect the cooker, washing machine etc.

Cancel any standing orders with the bank for council taxes and advise them of your impending move. You should continue making payments however until such time as you move.

Mail can be redirected by completing a form online (royalmail.com/redirection) or from the Post Office giving at least 5 working day's notice. There is a charge for the facility.

Remember to transfer medical and dental records.

TIMETABLE OF EVENTS

TWO WEEKS BEFORE THE MOVE DATE

Remember your pets.

Get rid of all that unwanted rubbish.

Label any crates with non-essentials in order to give you a leisurely time with regard to unpacking of the crates.

ONE WEEK BEFORE THE MOVE DATE

Speak with Bank/Building Society regarding mortgage payments and cancel direct debit/standing order instructions if necessary.

Organise the last of the crates you are packing yourself and label them. If you are leaving any items behind mark them **DO NOT REMOVE**.

Wrap breakables carefully.

Put important documents somewhere safe until the move is completed.

Regarding house keys, check with the other parties involved where they are to be left for example with Estate Agents

Check confirmation of removal men.

Check arrangements with seller and buyer about electricity, heating and water being left on or off etc. The Estate Agents should be able to help you here.

Cancel milk, papers and settle any outstanding bills.

Colour code packing boxes in order that the removal men will know which room to put them in.

Remember to empty loft, shed and garage and any other outbuildings. Keep enough emergency equipment back such as nails, screwdrivers, which may be useful.

THE DAY BEFORE THE MOVE

Organise the survival kit to take in the car with you – meals, drinks, kettle, spoons, milk, towel, soap, matches can opener and anything else you feel appropriate.

Pack the overnight bags if it is a two day move.

Pack any houseplants.

Defrost the fridge.

Charge your mobile/ipad as your landline may be switched off early on the completion date.

COMPLETION DAY

If you are taking pets with you make sure that they are secure.

Explain the labelling system to the removal men. Ensure that they have the correct address for the new property.

Collect all the keys you are likely to need and put in a safe place

Your solicitor will call you on your mobile (if possible) when your sale/purchase has completed and you can leave your sale keys with the selling agents and collect your purchase keys from that agent.

CHECK LIST

Book removal firm or storage

Book hotel if appropriate

Check insurance cover

Book electrician, plumber, carpet fitter

Notify Gas, Electricity and Water/Drainage Companies plus Local Authority

Complete forms to redirect mail

Order change of address cards

Arrange babysitter if necessary

Inform the following of your change of address:-

- Employer/DSS
- Bank/Building Society
- Credit Card
- Life, motoring and contents insurance companies
- DVLC
- Premium Bonds etc
- HP Companies
- Accountant
- Doctor
- Dentist