

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.

THE CONVEYANCING PROCESS

A conveyancing transaction can be split into three stages:

- Stage 1: Up to Exchange of Contracts. This usually takes 8 – 14 weeks.
- Stage 2: Exchange to Completion. This is usually 1 – 2 weeks.
- Stage 3: After Completion (purchase only)

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

We are unable to give accurate timescales due to the number of parties and factors involved in a conveyancing transaction. As an estimate we would say 12 – 14 weeks during busy periods and 8 – 10 weeks during quieter periods. Leasehold or more complicated transactions are likely to take 12 – 14 weeks.

SALE

STAGE 1 - UP TO EXCHANGE OF CONTRACTS

- a) The deeds to the property will be obtained by the Seller's solicitor, either from a Building Society or Bank if in mortgage, from the place where they are deposited, or if the property is registered, from the Land Registry.

The Seller's solicitors will send the usual property information forms to the Seller to complete and return.

- b) 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).
- c) The Buyer's solicitor will usually raise preliminary enquiries and conduct searches. These are questions about the property, title or transaction generally which the Seller may need to assist his solicitor in answering.
- d) On or before exchange of Contracts a date is agreed between the Seller and Buyer for completion, being the day on which the Buyer must pay the balance of the price and on which the Seller must vacate the property and hand over the keys. Obviously if there is a chain involved, all parties will need to agree the date.
- e) Once the Buyer's solicitor is satisfied with the results of his searches and enquiries, any mortgage offer required has been received 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 a 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.

We strongly suggest you contact your mortgage lender 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 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. This step often takes place before exchange.

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) Once we have received the Memorandum of Sale from the Estate Agent, together with your completed Acceptance of Quotation Form, we will create a file for you. Upon opening a file we will request identification, source of funds information and money on account for searches. We usually hope to open a file within 1 week of receiving the Memorandum of Sale and Acceptance Form.
- b) The Buyer's solicitor will investigate the legal title to the property following receipt of the draft Contract and associated documentation.
- c) 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 having an independent structural survey 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. We shall be glad to help if you need any advice on the appointment of a surveyor. Alternatively your Lender may offer a combined valuation and structural survey which may save both time and cost.
- d) 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 issued by the National House Building Council or similar warranty provider. Whilst it does 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 (or other warranty provider) prior to exchange of Contracts. Again this is a matter on which your surveyor can advise.
- e) 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. These include the planning history and any record of Building Regulation approvals relating to the specific property. The search also reveals whether the property is in a Conservation Area, if there are any tree preservation orders and whether the road fronting the property is an adopted public highway.
- f) The Buyer's Solicitor will also generally undertake environmental and drainage searches.

Drainage Search

This will disclose whether the property is connected to mains drainage and will also provide a plan showing the route of the public sewer. Any shared sewer is now public and maintenance is the responsibility of the drainage authority. You are not permitted to build over an existing public sewer without the consent of the drainage authority. Unfortunately the plans are not up to date and it may therefore be necessary for you or your surveyor to inspect the property to ascertain the exact route of the public sewer.

Environmental Search

Local authorities have the power to inspect land for contamination and if they find the land to be contaminated, to serve a notice requiring it 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.

The search also reveals whether the property is in area susceptible to subsidence, flooding and Radon gas.

Planning applications in the vicinity of the property are also revealed. However, if you are concerned about any potential development in the area we would recommend you contact the Planning Department of the Local Authority immediately to see if there are any proposals which may affect the property.

Depending upon the area in which the property is located, the Buyer's Solicitor may also undertake additional searches e.g. coal mining or tin mining search, Radon search, highways search, flood search etc.

- 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 is 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 affect our ability to continue acting for you.

- i) If the Buyer requires mortgage finance, Contracts will not be exchanged until the Buyer has received a satisfactory offer of a mortgage loan. 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, the results of all searches and enquiries are satisfactory, the Contract is agreed and the Buyer's mortgage offer is satisfactory, the Buyer's solicitors will report to their clients and have the Contract signed. This will usually include a draft financial statement setting out any balances due.

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 generally be prepared to pay a deposit of 10% 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. It is therefore essential that all insurance forms are completed and returned to the insurer to enable the policy to go on risk on a telephone call to them. 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 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 there are no adverse entries. They will also conduct bankruptcy searches against the Buyer if there is a mortgage involved.

- d) The draft Transfer deed will be prepared and submitted to the Seller's solicitors for approval. The Buyer and Seller will generally sign a copy of the Transfer each i.e. not one document. This step often occurs before exchange.
- e) On the day of completion the balance of purchase monies are transferred to the Seller's solicitors.

STAGE 3 – AFTER COMPLETION

- a) On completion, the Buyer's Solicitors submit a Stamp Duty form to HMRC and pay any sums due. They will then submit an application for registration of the title to H M Land Registry.
- b) After registration is completed a copy of the deeds will be forwarded to the Buyer and any lender.

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 generally be linked to take place on the same day.
- c) The Buyer should be prepared to pay a deposit of at least 10% of the purchase price. The Seller will usually 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 name 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, water companies and internet service providers of the date of your move and ensure any meters are read on the day of the move. You should liaise with your service 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 at the Post Office or online. There is a small charge for the facility.

Remember to transfer medical and dental records.

TIMETABLE OF EVENTS

ONE WEEK BEFORE THE MOVE DATE

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

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. Notify relevant authorities (including Council) of proposed move.

Remember to empty loft, shed and garage any other outbuildings.

COMPLETION DAY

Take meter readings for electricity, gas and (if applicable) water on your sale property when you vacate and your new property when you move in. Deliver keys on your sale property to the Estate Agents or, if you have arranged with the Buyer to hand them over personally, check with us the purchase monies have been received. Collect keys for your new property from Estate Agents or, if previously agreed, the Sellers.

FOLLOWING COMPLETION

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