



ON THE MOVE

Everything You Need to Know About the
Conveyancing Process

A Guide for Clients





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Everything You Need to Know About the Conveyancing Process

For most people buying their home is their single largest investment. It is essential that you have competent professional advice and assistance.

The transaction must be dealt with properly and efficiently.

Things to consider:

- The best way of arranging your mortgage
- Whether the property should be in joint names
- The synchronisation with other people when buying or selling properties in a chain of transactions

You need to know that in the long term your home is secure as so much is at stake not only in financial terms but also your family's happiness. You do not want to move into a property to find that there is a planning problem or a neighbour has a previously unknown right of way through it.

This guide explains the key steps involved in most conveyancing transactions.



A Guide to Selling

1. Energy Performance Certificate (EPC)

Although Preparation of the Home Information Pack is no longer applicable, the Energy Performance Certificate still is. You will need to obtain an EPC for your property in order to sell it.

2. Enquiry forms to be completed

The seller has to complete property information forms and a fixtures and contents form.

3. Obtain deeds

As most properties are registered at the Land Registry title deeds are obtained by downloading documentation from the Land Registry. Some properties may not be registered and the deeds will have to be brought in to us or obtained from the mortgage lender if held by them.

4. Prepare Contract

Once the title deeds have been obtained and a buyer is found the contract is prepared. This sets out the main terms of the transaction – sellers and buyers names, a description of the property and the price agreed. This is sent to the buyer's solicitor and the seller then has to wait until the buyer is ready to proceed.

5. Exchange Contracts

Once the buyer and seller are ready to proceed a completion date is agreed and contracts can be exchanged. Once contracts are exchanged it is binding and neither party can withdraw without severe penalty.

6. Completion day

The balance of the sale price is paid to your solicitor and they send the title deeds to the buyer's solicitor. Any mortgage on the property sold is repaid and the cost of the sale, solicitors and estate agents fees, are paid. Any money left over is then sent to you unless it is being used to buy another property.



A Guide to Buying

1. Request Energy Performance Certificate (EPC)

Although Preparation of the Home Information Pack is no longer applicable, the Energy Performance Certificate still is. The seller must obtain an EPC in order to be able to market the property for sale. You should ask the estate agent for a copy of the EPC.

2. Request mortgage offer

If required the buyer will apply for a mortgage and the mortgage lender will send a copy of the offer to the buyer's solicitor.

3. Contract received and searches and enquiries raised

The seller's solicitor sends the contract, copy title deeds, property information forms and fixtures and contents form to the buyer's solicitor. The buyer's solicitor will carry out the local authority and additional searches and raise any appropriate additional enquires. Once the buyer's solicitor has the results of all searches and enquiries and a copy of any mortgage offer you will be asked to sign the contract. If you are buying only you will be asked to pay a deposit but if you are selling, in most cases, the deposit paid on the sale is used.

4. Exchange of contracts

Once the buyer and seller are ready to proceed a completion date is agreed and contracts can be exchanged. Once contracts are exchanged it is binding and neither party can withdraw without severe penalty.

At this time you should have arranged building insurance as the property will now be your risk.

5. Completion day

The remainder of the purchase price is paid to the seller's solicitors and the title deeds are sent to the buyer's solicitor. The keys to the property will usually be released to you through the estate agent at this point.

6. Post completion

The buyer's solicitor will now pay the stamp duty (if applicable) and submit an application to register the buyer's ownership of the property at the Land Registry.



ADDITIONAL USEFUL INFORMATION

STAMP DUTY

When you buy a property you have to pay stamp duty if the price is more than the statutory amount which is currently £125,000. The amount of stamp duty is paid on the whole amount of the price on the following scale:

- Up to £250,000 1% (first-time buyers are currently exempt from this requirement)
- Above £250,000 3%
- Above £500,000 4%

CAPITAL GAINS TAX

Capital gains tax may be payable when you dispose of an asset for more than its original price. A person's main residence is usually exempt but if you have more than one property; you run a business from home or let part of your property, a liability for CGT may arise. You should discuss this with your accountant at the outset.

AUCTIONS

A property auction is not for the inexperienced buyer. As soon as a successful bid is made you are bound to complete generally within 28 days. You will have to pay a deposit at the auction of 10% of the sale price which you will lose if you withdraw.

So before you make a bid you must make sure that:

- All legal formalities including searches have been dealt with
- Your mortgage if required has been arranged
- You have the results of any private survey
- You have the deposit ready

Most properties sold at auction will have an "Auction pack" which will include evidence of title, completed enquiry forms and searches. You should make sure your solicitor gets to see the pack before the auction so he can advise you of any issues that may affect your decision to bid for the property.

BUYING JOINTLY

If you are buying a home with another person it may be a good idea to own the property jointly. There are two different sorts of joint ownership called Joint Tenancy and Tenancy in Common.

With a joint tenancy the property automatically passes to the other owner and is the usual way for husbands and wives to own property. Under a tenancy in common each owner has a separate share in the property which will not pass to the other owners automatically. Instead it will pass in accordance with the terms of that persons will. This type of ownership is common for example where a brother and sister buy a property together or where the buyers are paying the price in unequal shares.





Buying a New Property From a Developer - A Simple Guide -

When you buy a brand new property, it most probably will not have been built yet and you will have to rely upon the site layout plan and the specification shown in the brochure supplied by the site office at the development.

Once you have chosen the property you wish to buy you will need to sign a reservation form and pay a reservation deposit of approximately £250.00 to £500.00.

When you buy from a developer, one of the conditions imposed is a strict exchange deadline and thereafter, the developer may increase the price, resell the plot or withdraw some/all of the incentives offered.

In order to meet the exchange deadline, you must:-

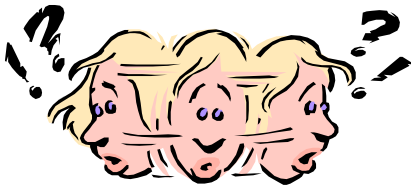
- Contact your solicitor and advise him/her of:
 - a) The number of the plot you are buying and;
 - b) The reservation fee you have paid.
- Provide your solicitor with money on account to carry out searches.
- Arrange your mortgage.

If you are selling a property or part exchanging it with the developer you should:

- Advise your estate agent that you are buying a new property.
- Advise your solicitor and give him/her details of your mortgage account number. If you do not have a mortgage, details of where your title deeds are.
- Ensure that your buyers are aware that the property that you are buying may not be ready for some months. You may wish to consider moving into temporary accommodation until your new property is ready.

Once contracts are exchanged the developer will advise your solicitor when the property is ready for occupation. The exact notice period will be set out in the contract and is normally between 10 – 14 working days before you have to complete.





ANSWERS TO THE MOST FREQUENTLY ASKED QUESTIONS ABOUT CONVEYANCING

What is conveyancing?

Conveyancing is just a long word for managing the legal formalities of buying and selling a house.

How long will it take?

If there is no chain, the property is empty; the buyer does not require a mortgage, and if;

- i) Draft documentation is received promptly by the buyer's solicitors.
- ii) Monies are readily available and;
- iii) There are no enquiries to raise.

a sale or purchase can all be completed very swiftly.

It is, however, more likely that a mortgage will be required and there will be a chain of transactions. If that is the case, it will usually take 4-6 weeks to exchange contracts and then another 2-4 weeks between exchange of contracts and completion making a total of 6-10 weeks from start to finish.

We always try to do all that we can to progress your transaction as quickly as possible but we cannot offer any guarantee about the time it will take and you should not believe anyone else that says they can!

What things can slow everything down?

The conveyancing process often runs quite smoothly but occasionally there can be a problem and the most common things to arise are:

- i) Incomplete documentation received from the seller's solicitor.
- ii) Queries arising relating to the lack of planning permission/building regulations approval.
- iii) Additional matters to be dealt with as a consequence of conditions in the mortgage offer.
- iv) Incomplete chain.
- v) Other parties in the chain aiming for different completion dates.
- vi) Issues arising out of the use of rights of way and;
- vii) The need to enquire as to breach or possible breach of restrictive covenants (restrictions imposed on the property).

How soon do I need to pay any money?

If you are purchasing a property your solicitor will ask you for £350.00 at the commencement of the transaction to cover the search fees and a 10% deposit will be payable one week prior to exchange of contracts. The balance of the price and the solicitors' costs etc will be payable one week before completion.

If you are just selling you will need to pay £50 on account. The legal costs and estate agents fees will be paid out of the sale proceeds on completion before any balance is sent to you.



Do I need a survey?

If you are obtaining a mortgage a valuer will inspect the property on behalf of the lender. Although his report will give you an indication as to whether he thinks the property is worth the amount that you have asked to borrow, you will probably not be able to rely on it.

For an extra fee you can usually arrange for the same valuer to carry out a more detailed "Home Buyers Report". This can be relied upon by you so if at a later date you find a problem that is not mentioned in the report, you may have some redress against the valuer.

If the property is quite old and/or you are particularly concerned about its condition you can obtain a full structural survey report which is even more detailed.

Always remember the golden rule is "let the buyer beware" so (provided you have not been misled) you will be liable for any problems that you discover after exchange of contracts.

What searches do you carry out and why?

There are six main types of search that can be carried out and the buyer's solicitor will decide which of these are necessary in any particular case:-

Local Authority Search

This reveals details of the planning history for the property and whether the Council are aware of any breaches of planning, any proposals for new roads or traffic schemes, tree preservation orders, conservation areas and any other matters within the Council's control that may affect the property.

Drainage Search

This will show whether or not the surface and/or foul water drains run into a public or private sewer and the route that they take.

Environmental Search

This is carried out to see if there are any landfill or waste disposal sites in the area, or if the property has been built on an old industrial site and whether there are any risks from contaminated land, toxic emissions, flooding, subsidence etc.

Planning Search

This is carried out at the same time as the environmental search and will reveal all planning consents that have been passed within the vicinity of the property. If a neighbour has got planning permission on an adjoining property but has not yet started work you will be able to decide if it will affect your decision to proceed.

Land Registry Search

This is carried out just before completion in order to find out if there are new mortgages registered against the property that have not previously been disclosed. If there are then the buyers solicitor will obviously require confirmation that these will be repaid.

Land Charges Search

If you are obtaining a mortgage the lender will ask your solicitor to carry out a search to make sure that you are not bankrupt! Quite often this search will show an entry against someone else with a similar name. If so you will be asked to sign a copy of the result to confirm that it does not relate to you.

Can I exchange contracts before I receive my mortgage offer?

If for any reason the mortgage offer is declined or delayed or it contains any conditions that you cannot comply with, the money may not be available when required so it would be extremely dangerous to exchange contracts without it and any competent solicitor would strongly advise you not to do so.

When do I need to arrange buildings insurance?

Unless the building insurance is being arranged by the lender or it is a leasehold property and the insurance is dealt with by the landlord, you must arrange buildings insurance from exchange of contracts as the property will be at your risk from that time.

The amount of cover should be the estimated cost of re-building the property if it burns to the ground and this is not necessarily the same as the current market value. If you had a survey, or you are obtaining a mortgage, your surveyor or the lenders valuer will usually have suggested a minimum amount of cover in their report.

When should you book your removal company?



Start planning your move as soon as your offer is accepted. You should get three quotations as early as possible. Do not leave it until the last minute as you will have far more pressing things to take care of. Take time to shop around. Booking early reduces stress and allows you to book the removal company at a time to suit you. If your time is limited, let the removers pack for you. The best removal companies tend to be booked early so you could end up with your third, fourth or even fifth choice. If you leave it too late, you might not have a choice at all and end up paying for a greatly overpriced company. Remember, however, that the cheapest quotation is not always the best one. Quotations are normally free with no obligation. Beware of cheap firms and do not even consider one that will not visit your house and demands a deposit.

It is highly advisable to avoid Fridays. On a Friday the United Kingdom banking system is exceptionally busy. Any other day of the week everything should happen much quicker and follows therefore with much less stress. There are also often special midweek removal discounts. Try to put a provisional booking down for your most likely moving day. Do not, however, put down a deposit because these dates do change. Please be aware that your legal adviser will find it extremely difficult to indicate the exact date of completion until a few weeks before the due date.

What we suggest is that you make up a removal day survival kit to include personal items, food for the first night, tool box, medication, etc.

What do we need to know if we are buying in joint names?



Most couples who are married or in a stable relationship purchase as "joint tenants" which means that upon the death of one or other of them that person's half share will automatically pass to the other.

There are occasions, however, where it would be beneficial for a married couple to hold the property as Tenants in Common and your solicitor will be able to advise you further.

The alternative is to hold the property as "tenants in common" which means that each persons half share is treated as being separate so that upon the death of one or other of them his or her share will not automatically go to the other but to whoever it has been left to in the deceased persons will or, if there is no will, to his or her next of kin.

If you are putting unequal amounts into the property the person who is paying the larger amount can and often should be protected by a "trust deed" which sets out your respective shares. Then in the event of any dispute or upon the death of one or other of you in the future, your original intentions will be clearly recorded. Once you have considered the above options and/or if you require further advice you should tell your solicitor so that he or she can make sure that your wishes are carried out.

What happens with the keys?



These are usually left with the estate agents (if any) and the buyer collects them once the money has been received by the Seller's Solicitor on the day of completion. If there are no estate agents then the seller will hand them direct to the buyer. Either way it is important that arrangements are made in advance to prevent the possibility of the buyer having to wait outside with the removal van!

Although your solicitor will always try to ensure that everything is finalised as early as possible on the day of completion - and usually this is dealt with by mid-day - there can sometimes be a delay if, for example, your solicitor is still waiting for the mortgage monies to arrive or there is a particularly long chain. If this happens, please don't panic or become upset because your solicitor will invariably resolve the problem by early afternoon - if not sooner!

When will I get my money?



If you are just selling, or there is a surplus due back to you after the completion of your sale and purchase, your solicitor will always try to send this to you on the day of completion or, at the very latest, on the next working day.

Payment is usually made by cheque but for larger amounts your solicitor can transfer the money direct to your bank, for which there will be an additional fee payable. You should request this in advance and provide your solicitor with your account details.





HINTS AND TIPS WHEN MOVING HOUSE

Choosing a removal company?



- Your removal guaranteed by the removal protection bond?
 - Established firm (with minimum ten years)?
 - Member of the British Association of Removers?
 - Members of the National Guild of Removers and Storers?
 - Free written quotation by return?
 - Free home advisory meeting?
 - Specialists in domestic removals and storage?
 - Full all risk insurance cover available?
 - No deposit booking service?
 - Special Mid Week Rates?

A month to go:

- Get estimates from removal companies, checking that comprehensive insurance cover is available against loss or damage. Confirm the date with the firm you have chosen.
- Check on your home contents insurance policies to ensure that you are covered for both the move and at your new address.
- Make arrangements for your gas, electricity and water meters to be read.
- Arrange to take over gas and electricity at your new address, and make sure that all appliances will be properly fitted, plumbed and connected.
- Notify the phone company and ask them to make the necessary arrangements for a final account at your present address, and for taking over, or installing telephone facilities at your new one.
- Arrange for change of address cards to be printed.
- Arrange childcare and pet care for moving day.

A fortnight to go:

- Confirm all arrangements, times etc for meter readings, disconnections and reconnections.
- Make sure you have a good stock of packing materials, sturdy boxes, string and sticky tape.
- Begin to throw out unwanted items from attics and wardrobes. Throw away what you really don't want, or send it to your local charity shop.

One week to go:

- Send off your change of address cards.
- Arrange and pay for automatic re-direction of your mail by the Post Office
- Cancel and pay up accounts for routine delivery services such as mail, groceries, papers etc. Reorganize these deliveries for your new address.
- Defrost refrigerators in preparation for the move and if you are moving a freezer and contents, turn it up to maximum for a couple of days before you move.
- Put aside any inflammable liquids and drain fuel from petrol mower, paraffin fires, etc.

One day to go:

- Complete your packing except for those items you are likely to need overnight and arrange a picnic on the moving day.
- Have a large enough cash float available to deal with unexpected expenses, tips etc and ensure you have collected the documents and valuables together in a safe place.
- Cover carpets which are being left behind, so as to minimize damage during furniture removal.
- Check through previous lists to make sure nothing has been overlooked, then enjoy a worry-free early night.

Moving day:

- Strip beds and pack bedding and nightclothes.
- Pack items for washing/toiletries.
- Take down curtains.
- Take up rugs, carpets, floor coverings etc NOT included in the sale.
- Dismantle any light fittings, etc not included in the sale.
- Turn off electric appliances.
- Disconnect cooker.
- Turn off boiler/central heating.
- Turn off water.
- Read gas meter.
- Read electricity meter.
- Secure all windows.
- Lock all doors.
- Leave key as arranged for new owners e.g. with estate agent *
- Exchange contact numbers and agree meeting time with removal men.
- Remember to pack your kettle, tea and accessories separately.



On arrival at your new home, unpack slowly and methodically so that you can check for loss or damage.

Don't forget to give your new address to...

Banks	Insurance companies
Building societies	Local authority
Dentist	Motoring organizations
Doctor	Newsagents
Driving licence authorities	Other lease, hire or rental companies
Employer	Post office
Family benefit	Professional bodies/trade unions
Friends and relatives	Schools
Gas, electricity, water boards	Store cards and accounts
Inland Revenue	Telephone company

- Strictly speaking, the house belongs to the new owner as soon as the money arrives in your solicitor's bank account. The keys MUST be left with the estate agent the day before completion but they will not be handed over until your solicitor has received the money and has given formal permission to do so. There can sometimes be a considerable time delay between your buyer's solicitor sending the money electronically and it being received in the account of your solicitor (especially if you move on a Friday, like so many others tend to do!).

