

ANDREW JACOBS CONVEYANCING

INFORMATION FOR CLIENTS ON BUYING A PROPERTY

1. **Introduction**

- 1.1 This is intended as a general guide only but it does contain points of advice which are relevant to your purchase. If you in doubt about any specific issue please ask us for further advice.
- 1.2 If you own an existing property but have not yet advised us, please do so as soon as possible as it is important that we have full instructions on all matters affecting your transaction.
- 1.3 Our job is to ensure that your interests are protected and that the agreements that you make, in relation to what is likely to be your biggest financial commitment, are in your favour so far as can be achieved.

2. **Initial Steps**

- 2.1 You will have received from us a questionnaire and confirmation of instruction letter. Please complete this questionnaire and return it as soon as possible. We will not be able to start work on your behalf until we have this back from you, together with any funds requested to cover initial search fee expenditure.
- 2.2 Do not agree to pay any deposits direct, nor enter into any written agreement with your Seller or anyone seeking to represent the Seller without having discussed the matter with us first. You could be putting yourself into the position of being bound by a contract that may be contrary to your interests.
- 2.3 If you need finance to assist in the purchase you should take steps to obtain your mortgage offer /loan as soon as possible.

3. **Caveat Emptor (i.e. let the buyer beware)**

If you do not have a survey carried out and do not find out about any problems with the property until after exchange of contracts, it is too late to do anything about it and any expenses incurred as a result, are your sole responsibility.

4. **Survey**

- 4.1 We strongly advise you to obtain an independent surveyors report and valuation on the property you are to buy, whether or not you are to obtain a mortgage. Only an independent surveyor will be personally responsible to you and take your particular requirements into account. An independent surveyor will cost you a little more, but when compared with the investment being made and the potential risk involved this extra expenditure is extremely worthwhile.

- 4.2 It is surprising how even on a survey of a comparatively modern property a report can highlight defects and potential expenses you may not otherwise be aware of. Once you become aware of such potential problems or defects then you can negotiate further with the seller.

5 **Insurance**

- 5.1 Buildings insurance cover on the property, and its cost, becomes your responsibility when you contract to buy the property. If this is **not** dealt with via your Lender or Landlord (in the case of a leasehold flat), then you will require your own policy. Please check the position carefully and ensure that you let us have full instructions on this point. It is your responsibility to provide us with the appropriate confirmation that you have arranged your own buildings insurance.
- 5.2 Contents insurance is a separate issue, though it may be offered as an extension of the buildings insurance policy. It must be for you to determine the amount of cover required and to ensure that the policy has commenced.
- 5.3 Even if you are intending to have a mortgage on the property, unless it is a specific term of the mortgage you are being offered, you will be free to make your own buildings insurance arrangements. However, please be aware that under the Council of Mortgage Lenders' Handbook, there are strict criteria that we have to fulfil in order to permit you to arrange your own buildings insurance. It is, therefore, essential that we know as early as possible and certainly, at the point of exchange of contracts, what arrangements you propose to make. It is essential that you check your Lender's requirements and complete all necessary documentation, as failure to do this, can result in the Lender being unwilling to release mortgage monies which can cause unnecessary delays and additional expense.

6 **Estate Agents Details**

If an estate agent is involved in the sale of the property you will have received a copy of the agents details. Please check the details very carefully to ensure that they are accurate and represent the agreed terms of purchase. If there are any discrepancies please let us know straight away.

7. **Legal Work Prior to Contracting to Buy**

- 7.1 Before you can contract (exchange) the following steps must be completed:-
- 7.1.1. Receipt of satisfactory draft contract from Sellers lawyer.
 - 7.1.2. Receipt of satisfactory replies to all enquiries on the property.
 - 7.1.3. Receipt of satisfactory results of searches; this will cover;
 - a) development, planning permission, road schemes (if they are to be carried out near the property), grant conditions, compulsory purchase

- b) orders, smoke control regulations, conservation area and listed building orders tree preservation orders.
- c) drainage and sewerage connections and water supply.
- d) additional searches as required depending on the nature and location of the property.

Such searches **do not** give information on proposed development on neighbouring land so if you have any queries on this aspect, specific enquiries will need to be made at the Local Authority Planning Office, perhaps necessitating a visit to inspect plans. If you are concerned about what may happen on adjoining land and wish us to make specific enquiries, please let us know as soon as possible.

Please remember, we can only obtain information from the Local Authority on current or past planning applications. There can be no guarantee that the user of adjoining land will not change in the future and indeed, no guarantee that a planning application will not be submitted after you are committed to buying the property.

Please also note that your Sellers are under no obligation to reveal any building works that were carried out without the proper consent. Please, therefore, let us know if there would appear to have been any structural alterations or additions so that we can check that any necessary permissions were obtained. This is particularly important if the alterations were carried out, or appear to have been carried out within the last four years.

7.1.4. Confirmation that your survey is acceptable or otherwise.

7.1.5. Receipt of your mortgage offer and the Lender's mortgage instructions.

- 7.2 Any other items in 7.1. above may give rise to the need to ask for more information which will need to be dealt with before you sign the contract.
- 7.3 Once we are satisfied on all matters under 7.1. we will report to you concerning the transaction.
- 7.4 At this stage we will go through all the financial aspects of your move in detail and a deposit will be requested from you to enable exchange of contracts to take place (see 11 below).
- 7.5 Unfortunately, there are many matters in a conveyancing transaction over which we have no control and the estimate of time usually taken must be regarded as a guide only and is not to be relied upon.
- 7.6 If you are buying a property which forms part of a chain of property transactions it will not be possible to exchange contracts for you until the last link in the chain is able to exchange. This could therefore affect your timescale.

8. **Reporting to you up to Exchange of Contracts**

- 8.1 As you will now appreciate there are a large number of matters that need to be investigated to ensure that your interests are fully protected. We will try to keep you advised of progress on a regular basis either by letter or by telephone call.
- 8.2 Should you have any queries on any matter at any point please contact us as soon as possible
- 8.3 If your instructions change at any stage we will ask you to confirm those instructions in writing so that we can all be clear on what further steps are to be taken.

9. **Our responsibility to your Lender**

- 9.1 We are only permitted to act for both you and your Lender if your Lender is instructing us in compliance with Rule 6(3) of the Solicitors Practice Rules 1990 which, in effect, means that your Lender must be instructing us in compliance with the Council of Mortgage Lender's Handbook. The majority of corporate lenders are part of this scheme but please note that there are still some Lenders who insist on instructing their own lawyers to carry out the mortgage work. You will, of course, be liable for those lawyer's fees also, if your Lender takes this course of action.
- 9.2 If we are instructed by your Lender to complete a mortgage for you, then we are also acting for your Lender independently of you. Your Lender is also our client and as explained in their terms and conditions you are responsible for their costs.
- 9.3 We have to ensure that the Lenders interests are properly looked after. Also we have to advise the Lender if there are any problems with the property, with the title to the property and the terms agreed for the property purchase.
- 9.4 One matter which will concern your Lender is whether there are to be any persons living in the property who will be over 17 years of age on the date you move in and who will not be a joint owner with you. If there are to be any such persons it is essential that we are notified of their names and ages. There is a section on the instructions questionnaire for this information to be given.

Because such persons could be treated in law as being eligible to claim an interest in the property, possibly in preference to your Lender, your Lender will require such persons to sign a form postponing any such rights until the Lender has first been paid back all that is owed. Therefore all such persons should be advised to seek independent legal advice on their position before actually signing such a form and we would need to write to them to this effect. It would be helpful if, as well as advising us of who such persons are, you could also show them this section so that they are aware of the steps that they will need to take in order that you are able to complete your purchase of your property.

10. **Signing your Contract**

- 10.1 We will provide a full report to you and when you are satisfied we will obtain your signature to the contract.

10.2 Signing a contract and paying a deposit to us does **not** bind you to buy. However, once you are satisfied then we will proceed to exchange contracts on your behalf.

11. **Exchange of Contracts**

11.1 Exchange means swapping the contract signed by you for the other contract signed by the Sellers and paying over to the Seller's lawyers the deposit. At this stage a completion date i.e. your moving in date, is fixed, and neither party can back out of the transaction or delay completion without suffering a financial loss.

11.2 Such loss could include; (a) interest loss for late completion, (b) the deposit that you paid, (c) a claim for the balance of 10% of the purchase price, if the deposit you paid was less than that, and (d) damages to compensate the Seller and any other parties suffering loss involved in the chain of transactions.

11.3 It is vital that you are satisfied that you can meet the completion date before you instruct us to exchange contracts.

12. **Between exchange and completion**

12.1 During this period completion searches are made and the deeds signed to transfer ownership to you and create any mortgages you require.

12.1.1 Completion is usually in the region of two weeks from exchange. However, if you are buying a new plot from a builder, this is subject to the builder's timescales.

12.1.2 We must make sure that all mortgages taken out by the Seller on the property, as well as local authority grants, etc, will be repaid at completion.

12.2 Any monies that may be due from you must be paid to us at least 7 working days before completion to allow for any clearance of cheques. We will send you a detailed statement of all monies required, which will include our charges and all out goings for the purchase and any mortgages and additional work that you may have instructed us to do.

13. **Your ownership of this property**

13.1 If you are buying a property on your own there is no real matter to be discussed. You will be the sole owner.

13.2 If you are in a long term relationship and (such as a married couple) buying jointly as husband and wife then usually method of ownership is as joint tenants. This means that in the event of death of one of you the property is passed to the survivor without further documentation. You should be aware, however, that in the event of the relationship ending, there is a presumption that the proceeds of sale will be divided equally between you and accordingly, if you are contributing to the purchase monies unequally, this method of ownership may not be appropriate.

13.3 If two or more people are buying, then purchasing as tenants in common is an alternative that should be considered. This means that the property can be owned in specific shares to allow for the different proportions that each may have contributed

or will contribute to the purchase and further upkeep of the home. It also means that your share in the property is your own asset and can be left under the terms of your will, or to anyone that you wish to benefit in the event of your death. It also means that if you decide to sell the property the sale proceeds are divided correctly between you. If you require this method of ownership, please let us know and it may be necessary for a declaration of trust to be prepared.

- 13.4 We will give you full advice on this matter if you require it and may be in a position to prepare the additional documentation to protect your interests wherever needed. You should now be aware of the differences in the manner of ownership from notes above.
- 13.5 If you are buying jointly you will receive a letter from us explaining the different options again and asking you to complete and return a questionnaire.
- 13.6 Whether you are buying a property alone or together with another person or persons, we would strongly recommended that you make a Will, or review your existing one. We will be happy to recommend a Solicitor for this purpose.

14. **Practical points for completion**

- 14.1 Make sure that you have clear arrangements for the transfer of keys. Check with us if you have not been able to deal with this either through the estate agents or the Seller direct.
- 14.2 Make sure that you arrange for the water, gas, electricity and telephone service suppliers to read meters, transfer accounts etc, on the right day. As many service suppliers no longer visit the property to read meters, we strongly recommend that you read maters yourself when taking occupation and as a double precaution, telephone such meter readings through to the appropriate supplier.
- 14.3 Book your removals in plenty of time.
- 14.4 Check your property and life cover are adequate.

15. **Completion**

- 15.1 Provided that you have complied with 11.3 above, we will make sure the money is paid and that the keys are released by the Sellers lawyers.
- 15.2 We will confirm to you in writing that completion has taken place and send you complete financial accounts for the transaction.
- 15.3 We will deal with payment of stamp duty land tax, if applicable, and apply for registration of your ownership of the property and registration of any Lenders mortgage with the Land Registry.
- 15.4 Once registration has been completed we will send you a copy of the title information document. The originals will be sent to your Lender as security for your loan if required. If your Lender does not require these they will be sent to you for safe keeping.

16. Miscellaneous points

- 16.1 If your property is mortgaged you must observe the rules and conditions of the Lender, which will include keeping the property in good repair, making no structural alterations without consent, not allowing anyone else to obtain rights of occupation without their consent and keeping mortgage payments up to date.
- 16.2 Properties under ten years old will, most likely, have the benefit of an NHBC or similar guarantee. Older properties may benefit from other guarantees affecting the structure or condition of the property. Available guarantees will be filed with the original deeds.

17. Conclusion

We will do all in our power to comply with your reasonable requirements and timescale. Should there be any points you wish to discuss as matters proceed, please contact us. We will be pleased to help.