

THE CONVEYANCING OUTLINE

IMPORTANT DOCUMENT FOR THE CLIENT

This document is an outline of the work that we will be doing on your behalf with regards to your conveyancing transaction. We appreciate that it is long. However, you should read it as it contains important information and advice. It covers the situations where we will be acting for you only on a sale, or only on a purchase, or both a sale and a purchase. This document is part of your contract with us and by signing and returning our completed questionnaire this becomes part of your instructions to us.

A. SALE

1. PRE-EXCHANGE

When acting for you in connection with the sale of a property we will require from you a mortgage account number if the property you are selling has a mortgage upon it. The mortgage account number will enable us to write to the Building Society or Bank to obtain your deeds. If there is a second mortgage, or subsequent mortgage over the property you must inform us. You must also inform us if there are any other borrowing, giving to us the numbers of all respective accounts. The account number(s) must be sent to us in writing, or confirmed to us in writing, after any initial telephone call.

2. We ask you to return our standard pack of completed documents, including the client questionnaire, fittings and contents form, property information forms, mortgage information form and leasehold information form, together with identification documents to us as soon as possible. This will be your formal instruction and will enable us to submit the contract pack to documents to the solicitor acting for your buyer. If the property is unregistered, you will need to provide us with any original deeds' documents. Please note that we can only send the contract documentation out once we have received all the above-mentioned documents from you.

If you are selling a Leasehold property, we require details of your landlord and / or any Managing Company/Agent as soon as possible as we will need to obtain a management pack on your behalf. Please note there is a fee to obtaining these documents, and it's usually a disbursement fee that we need to cover the fees required by the Landlord/Managing Company/Agent.

3. We will write for a redemption statement in respect of every mortgage on which you have instructed us. There are some cases in our experience of people selling their property and being surprised that a bank has a second charge over their property, or that a finance company has a charge over their property in respect of monies that they have borrowed – for example to purchase a car. If this is the case then such loans must be re-paid on completion, together with all interest accruing. It is important that the price you obtain for your sale property covers all mortgages and legal expenses and estate agents' commission. Otherwise, if there is a shortfall between the sale price and the amount required to re-pay all of your mortgages and our legal costs and estate agents' commission, we shall ask from you the difference prior to exchange of contracts.
4. You need to make sure to ask your Estate Agent to provide us with an Energy Performance Certificate (EPC), which must be dated within 10 years.
5. The contract and the various documents previously sent to the buyer's solicitor are then

reviewed by them to raise the enquiries, which will partially be dealt with by us the client – therefore, you are required to assist with these. Please note that only when the enquiries will be finalised, we will be able to exchange contracts.

6. EXCHANGE

Before the exchange of contracts, we will ask you to sign the pre-completion documents, hence, you are required to sign/witness and return them to us before exchange. After the exchange of contracts, there will be a period for preparations to be made so that the transaction can complete. We ask for a minimum period of 7 days to enable us to do all necessary work properly. This period of time enables the buyer's solicitors to carry out pre-completion searches.

7. The Estate Agent can help you with discussing completion dates, which means that they will be able to speak with all parties involved in the transaction.
8. When we exchange contracts on your behalf the buyer is then contractually bound to complete the purchase of your property. Most often, on exchange of contracts the buyer solicitor will hold the buyer's deposit in their bank account, which is normally 10% of the purchase price, although this can sometimes be less if so agreed.
9. If you are purchasing another property, then we will utilise the deposit for the onward purchase, however, you may be required to top-up this deposit. If this is a lot less than the purchase deposit needed, please advise if you are unable to top-up the deposit.

If your buyer does not complete on the purchase of the property, you are selling then you are entitled to retain the deposit, once a proper notice period has expired. You may then keep the deposit and re-market the property. We may accept a deposit of less than 10% on your behalf but if the buyer defaults, we cannot guarantee that the balance will be recoverable. If you insist on a 10% deposit, you must expressly tell us. If so, it may be that your buyer may not be able to afford to exchange contracts. It is likely, for instance, that if you are dealing with first time buyers, they will not be able to afford 10% of the purchase price because they will be obtaining a mortgage which could be 95% of even 100% of the purchase price. **Please note the contract of the sale of your property is separate from the contract on purchase. Therefore, if you are for any reason unable to complete on one contract it does not excuse you from completing on the other.**

10. Upon exchange of contracts, the Law Society has laid down three formulae.
 - (i) Formula A is where the buyer's solicitors send to the sellers' solicitors a contract with a deposit cheque to hold to the order of the buyers' solicitors until the buyers' solicitors release it. In effect, the sellers' solicitors have the contract and the deposit in their hand but can do nothing with it until it is released by the buyer's solicitors.
 - (ii) Formula B is where the buyers' solicitors exchange contracts and, in so doing, agree to send immediately, by post or otherwise, their clients' signed contract and the deposit cheque which usually (although not always) arrives the next day.
 - (iii) Formula C is slightly more complicated in that exchange of contracts will take place between the respective solicitors on behalf of the seller and buyer but the deposit is likely to move from the bottom of the chain of the transactions to the top of the chain so that it does not go through the respective solicitors' firms in the chain. This is a risky procedure as, in our experience, it can take a number of days for the deposit cheque to get from the bottom of the chain to the top. Of course, if for any reason the sale of the property does not complete, the deposit is then in the hands of another solicitor.

By signing the cover letter you consent to us using any of the Formulae for exchanging contracts at our discretion.

11. COMPLETION

On completion day, we await to receive the funds from the buyer's solicitor, but in the meantime, you will need to liaise with your Estate Agent to discuss the practicalities including the handling of the keys. If you are selling your property and not purchasing another property, then there are likely to be monies to be paid to you at completion. We can telegraph monies directly to your account upon payment of a fee which will be detailed in your client care letter.

After completion we complete a number of tasks. Upon your sale we may have given an undertaking which is a personal commitment from one solicitor to another to re-pay your mortgage, and that he will receive from the Bank, or Building Society or other lending source a receipted mortgage, Land Registry form or other confirmation that the mortgage has been redeemed. These documents, together with any cancellation certificates, will then be sent to the buyer's solicitors and the undertaking will be discharged.

B. PURCHASE

1. PRE-EXCHANGE

We ask you to return our standard pack of completed documents, including the client questionnaire and the co-ownership questionnaire, together with identification documents to us as soon as possible. This will be your formal instruction and will enable us to confirm to the seller's solicitor our position, and to request the contract pack documentation and evidence of title. If the land is registered this will be in a form of what are called 'office copies of the registered entries' (Office Copy Entries for short). Upon receipt of the title, we will check the title prior to exchange of contracts.

We will need to carry out a local authority search. This will be done as soon as we receive the draft contracts from the sellers' solicitors. Lenders require that searches are less than six months old upon completion.

We will also undertake a Drainage Search, Environmental Search, Chancel Repair Insurance Policy on the property and report to you on the results. In certain circumstances there will also be a need for other Searches such as a Mining Search. We will discuss these with you if they become necessary.

Relevant information about the property can be obtained by making a personal search of the data available or asking the local authority or a private company to prepare a search report.

A personal search of the Local Land Charges Register utilizes the same source information as a local authority search (or it should) and is covered by insurance against errors and omissions, whilst the local authority compiled "LLC1" is not insured, although local authorities should compensate directly for any errors or omissions they make.

Once we will review all the documents and searches, we will then raise our enquiries with the other side.

It is your responsibility to arrange your mortgage and funding for the purchase and we urge you to deal with this as a priority as it can often take several weeks to arrange.

2. At this stage, if you are obtaining a Survey, you should do so now.

Once we have everything referred to the above, we will report to you with the findings. You must review this and let us know of any questions you may have. Please note we are a paperless firm, which means that the report document and the related documents will be emailed to you, unless you specifically confirm you wish to have physical copies (there is a fee for this). Furthermore, if you wish to discuss your Report in person, or on the phone, we

are happy to arrange this for you. Once you are happy to proceed with the pre-completion documents for you to sign.

a. **SURVEYS – ‘BUYER BEWARE’**

It is important that you have a survey done on the property. The seller gives no warranty on the condition of the property. It is the buyer's responsibility to ensure that the property is sound and fit for their purpose. As solicitors, we will not actually see the property and therefore rely on you to report to us any unusual features or obvious discrepancies, for example if it appears a boundary has been moved or if the property has been altered.

Please note that while the lender will have carried out a valuation survey on the property you will not be able to rely on that survey if any defects are not detected. You will buy the property in its actual state and condition. As such you must be satisfied about this from your own inspection of the property and from your own surveyor's report. If you expect the seller to remedy any defects, this will have to be agreed with them before contracts are exchanged and special provisions added to the contract.

Do not rely on the lender's valuation. You are always wise to have a full survey, but this is a matter for you and whilst we advise it, it must be left to your discretion. You should arrange your own homebuyer's survey as a minimum. On very old properties it may be necessary to have a full structural survey carried out. Discuss this with your surveyor.

- b. Our planning search should reveal the existence of any planning applications made which could affect your enjoyment of the property, however, it is prudent before you purchase a property to ask neighbours within the vicinity if they are aware of any developments or matters which may affect you or dissuade you from purchasing that property. If there are, then please report the matter back to us and instruct us to raise the necessary enquiry specifically with the seller's solicitor. A local search only tells you about the property you are buying. If in doubt visit or telephone the Local Authority and ask for further information prior to exchange of contracts and notify us in writing of your concerns.
- c. There may be matters which we feel should also be disclosed to your mortgagee. By signing our questionnaire, you are giving us clear authority and instructions to disclose any matters to the mortgagee which we feel appropriate. If you do not wish us to disclose a matter, you must advise us expressly. If however you do so and this conflicts with our obligation to act in the best interests of your lender, we will have to cease acting for either one of you.

3. **EXCHANGE**

When we are satisfied that all matters are in order, we shall exchange contracts on your behalf using any one of the Law Society's Formulae - A, B, or C - and you instruct and consent for their use on your behalf.

4. If you are purchasing a new property from a builder, we may carry out a company search against that builder. We warn you that when deposits are paid to builders as agents for the seller if that company then goes into liquidation between exchange of contracts and completion the liquidator may not honour your contract (he may disclaim it) and you may lose your deposit in the liquidation. Whilst we will attempt to ask the seller's solicitors to hold such a deposit as stakeholder so that it is not paid to the builder between exchange of contracts and completion the seller's solicitors are not obliged to agree our request. If the seller's solicitors refuse such a request, and you instruct us to proceed you must take the risk.
5. You are responsible for insuring the property between exchange and completion unless

agreed otherwise between you and the seller in the contract. You must therefore ensure that this is arranged from the day of exchange of contracts, and you must provide us with a copy of the policy which complies with your lender's requirements if applicable.

6. On exchange of contracts you must pay a deposit of 10%. If we cannot complete the purchase of the property due to the seller's fault, you will become entitled to the return of the deposit (and may be able to claim damages for your loss). The standard conditions in the contract provide that if you do not complete your purchase on the completion date, through no fault of the seller, you will be obliged to pay to the seller penalty interest on the balance of purchase monies. If after a period of 10 working days, you have still not paid the balance of purchase monies plus penalty interest the seller will be able to keep the deposit that you have paid and in addition they may:
 - a. Decide to sue you for the balance of the 10% deposit.
 - b. Decide to sue you for the expenses they have incurred because of your breach of contract which may include the losses suffered by the parties in the chain of transactions above the seller which may be passed down the line to you;
 - c. Decide to sell the property again and if the eventual sale price is lower than the price agreed with you to sue you for the difference.
 - d. You are strongly advised to inspect the property periodically during the transaction, and in particular before exchange of contracts. There are a number of reasons for this.
 - The seller gives no warranty as to the condition of the property. It is up to you to check this.
 - It is important to check who is in occupation of the property. You should notify us if it appears that there are any people in occupation of the property other than the seller, as they may have rights to occupy.
 - You should check that the boundaries accord with your expectations.
 - You should check to see if, for instance, there seem to be any paths or other rights of way over the property.
 - You should check that the fixtures and fittings agreed to be sold are included at the time of exchange.
 - e. Please check carefully the property that you are buying. We advise testing appliances such as the boiler, heating etc. If there is anything suspicious or something that you do not like or feel uncomfortable about, then tell us prior to exchange of contracts. After you have exchanged contracts, it is too late. **Caveat emptor** or 'buyer beware' applies. If there is anything unusual such as the purchase of fixtures and fittings, or a separate agreement between yourself and the other side then tell us. Ask us if this should be incorporated in the contract. Otherwise, you may have no recourse against the other side. We are here to help you and know that house transfers can be both fraught and exciting. Therefore, if there is anything that you do not understand then tell us or arrange to come in and see us. We will be happy to explain.

The standard conditions in the contract also provide you with protection. Should the seller fail to observe the terms you may be able to force them to complete the contract or alternatively look for the return of your deposit and recover the expenses you have incurred from the seller.

7. Between exchange of contracts and completion, we will carry out on your behalf certain searches. These are:
 - (a) On unregistered land, Land Charges Search against the name of the prior estate owners within the title to check that there are no onerous charges listed against them in respect of the land that you are buying.
 - (b) If the land is registered land, we will carry out a Land Registry Search. This will disclose any charges or encumbrances registered on the title since the seller's solicitors deduced title to us. It also gives you (or your lender) a priority period, ahead of any subsequent applications, to register your purchase.

- (c) We will also be carrying out a bankruptcy search against you to make sure you can complete the transaction. If you are borrowing money, your lender asks us to do this.

8. COMPLETION

While you have a legal interest in the property from exchange of contracts, completion is the day that you will effectively move out of your sale property and / or into your purchase property. It is the day when the rest of the money (after the deposit) changes hands. The solicitor must ensure that all searches have been returned, the mortgage advance has been received and any balance monies have been received from you. We usually request your mortgage advance the day prior to completion to ensure that we are able to complete in good time on the day of completion, and by the contractual time stated on your contract. Interest will usually be charged by your lender from the date that funds are released. At completion we will be required to telegraphically transfer the monies into the account of another solicitor. This means that we must have cleared funds on the day of completion. If the funds are not cleared, then we are effectively using other clients' monies and we are in breach of the Law Society's rules, **so we must insist on cleared funds**. Any monies from you required to complete the matter must be in our account as cleared funds **on the day prior to completion**.

9. On the day of completion, the monies are telegraphically transferred from one bank account to another. This requires us to be placed in cleared funds on the day of completion. We are electronically linked to our bank (Lloyds) and make a charge of £40.00 plus VAT for this service. Note that we will deal with the registration of that property which can be a slow process. All purchases and mortgages securing loans must now be registered. Registration means that the property is recorded as owned by you at HM Land Registry and your mortgagee (if any) has a charge on the property. When the documents are returned to us from the Land Registry, we will send you a copy of the Title Information Document. After completing our work, we will return your original documents. We will then scan our paper file and destroy it by shredding or another confidential method. We will keep the electronic copy for a minimum of six years. We advise you that if you own property and there is more than one person owning that property, you will own it on trust. Whilst we do not wish to go into the complications of a trust, unless we are specifically instructed by you to the contrary your property will be purchased under the principle of joint tenants in equity and in law. This means that if one of you dies the property will automatically pass to the other by succession. If you instruct that this is not what you want, and in fact you wish to own half the property each, or in disproportionate shares, you must instruct us in writing. We may suggest a trust clause, or a separate trust deed, to hold the property for yourselves as tenants in common in the shares that you have provided. This may be particularly important to people who are purchasing a property when there are children of a separate or past relationship. You may wish to protect those children to make sure that on the death of one or both parents any entitlement passes to them rather than other owners of the property, which may not have been intended. Again, such instructions must be given in writing, preferably within our ownership questionnaire enclosed, and if you require more details, ask for further information when you come to see us.

C. INSURANCE

It is important that you make sure that you have sufficient life cover to cover the repayment of your mortgage in the event of death or long-term illness. The Policy of Assurance should be affected on the life of **all borrowers** and put on risk prior to completion of your purchase, usually at exchange of contracts. You must also arrange contents insurance and insurance on the property you are buying against damage by fire and all the usual specified perils. All Assurances or Insurances are your responsibility, and you should consult your Broker or lender regarding this. It is up to you to get your insurance sorted out prior to the completed

purchase of your house. We do not arrange or deal with insurance of any description.

D. INTEREST ON MONIES HELD

1. A solicitor is not required to pay a sum in lieu of interest if the amount calculated is £20 or less. If the solicitor holds a sum of money not exceeding the amount shown in the left-hand column below for a time not exceeding the period indicated in the right hand column a solicitor is not required to pay a sum in lieu of interest upon that sum:

Amount	Time
£1,000	8 weeks
£2,000	4 weeks
£10,000	2 weeks
£20,000	1 week

It is a strict rule to be adhered to. However, on occasions, small amounts of money are earned by this firm in respect of interest upon monies held in our client account, and we require your instructions that those amounts of interest are paid to this firm. We put you on notice to this effect that in signing the questionnaire you are consenting to this firm earning those amounts of interest. We take into account these amounts of interest earned when adjusting our conveyancing fees, which are extremely competitive.

2. All attempts will be made by this firm to give the mortgage lender adequate notice of completion. Most lenders will telegraphically transfer the monies on the day of completion, or preferably, the day before. If they do send the monies on the day of completion, or the day before, they may deduct a charge for doing so, and this charge must be paid by you. Our experience has shown that some lenders will not always send the monies early in the morning and therefore delay may occur in your moving into your new house. To ensure the smooth running of completion and your satisfactory removal arrangements we usually request that the lender telegraphically transfer the monies the day before, and you may incur extra interest. We consider this to be well worth the additional cost.

E. GENERAL

Most conveyancing transactions go through smoothly. Nevertheless, problems may occur somewhere along the chain - for example, you may be selling and buying, but at the bottom of the chain there is a buyer who has problems with his mortgage, and you will have to wait until that buyer receives his mortgage offer before you can exchange. In this respect, use your Estate Agent to obtain information because he can obtain intelligence all the way up and down the chain.

F. TIMINGS

A conveyancing transaction usually takes between 8-10 weeks, this could more if for example this is a leasehold transaction. Whilst we aim to adhere to these timeframes, there are various factors which are outside of our control. For example, the searches, management packs, survey results, mortgage offers, solicitor and their response times.

G. WILLS

Lastly, we advise you that if you have not made a Will, or not up-dated your Will in the last 3 years, you instruct us to re-draft your will accordingly. With the property that you purchased, this is an ideal time to look at your estate generally and make sure that your valuable security is going eventually to the right people.