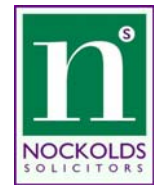


BUYING YOUR HOME



BUYING your home is the biggest financial transaction most people will undertake. Tying all the various strands together can appear a daunting task and it is not surprising that moving home is regarded as one of the most stressful events in a person's life.

We have prepared these notes to explain Conveyancing procedures which we hope will help you understand what we will undertake on your behalf, and what is happening at any particular stage of the transaction. Advice on tax is not usually part of our instructions, but if you require such advice we would refer you to our Tax Department.

THE CHAIN

MOST house sales and purchases involve several properties in a chain of dependent transactions.

The length of the chain may vary but the object of all those involved is to make sure that all contracts in the chain are exchanged at the same time, with the same completion date, so that all parties can move on the same day. The money paid by the first buyer in the chain is passed down the chain to provide the money for all the subsequent transactions, supplemented by mortgage or other money on the way.

As a result every person in the chain has to be ready to exchange contracts, before contracts can be exchanged by any one. This may take time, and the delay is frustrating to all.

EXCHANGE OF CONTRACTS

UNTIL 'exchange of contracts' either the Seller or Buyer may withdraw from the deal. The other party cannot claim any fees or expenses from the party who withdraws. When contracts are exchanged a contract between the parties comes into effect. You should not enter into any financial commitment in relation to the property until exchange of contracts.

To avoid a contract being created inadvertently, if you make a written offer for a property make sure that your letter to the Seller or agent is clearly marked 'Subject to Contract'.

PRELIMINARY DEPOSIT

Sometimes estate agents will ask for a preliminary deposit. It is important to check whether the deposit is returned to you if the deal does not proceed. If the deal proceeds the deposit will be

retained by the agents, and is deducted from the Purchase Price.

There is no obligation to pay the deposit, but it is seen as a sign of good faith and some Sellers consider it shows you are a serious buyer. We recommend you obtain a receipt.

If you are buying a new house from the developer the deposit gives you the right to buy the house for a period, usually 4-6 weeks. If the deal does not proceed then usually some or all of the deposit will be retained.

SURVEY

WE consider you should always have a survey of the property - no matter how new or perfect the property looks.

There are three types of survey:

- Valuation

If you are obtaining a mortgage your Lender will insist on a valuation report. Its purpose is to see that the property is worth enough for the Lender to make a loan against it. Defects in the property reduce its value, but the valuation is not primarily designed to find all the defects in the property

- Homebuyers report

This is a form of survey, which combines a valuation with a more detailed inspection. However the inspection will be more limited than the full structural survey. The Surveyor will not move furniture, carpets etc. If there are defects the Surveyor will note them, but any further investigation will be done as a separate item.

- Full Structural Survey

The most detailed form of survey. Although there are limitations the Surveyor will make a more detailed inspection of the property and investigate matters which come to his attention.

In view of the dangers of the valuation report we recommend that you do not rely on the Lender's valuation. The limitations of the Homebuyers report mean it is best suited for relatively modern properties of standard construction. Otherwise we always recommend that you consider a full structural survey.

DRAFT CONTRACT

THE Seller's solicitors prepare a contract for the sale of the property in draft form and send it to us for our approval. The contract is usually headed

'Agreement'.

We will let you know when the draft contract has been received, and notify you of any matters that need to be brought to your attention and if there is anything which causes us concern.

Until we receive the draft contract we cannot proceed further.

PRELIMINARY ENQUIRIES

It is usual for the Seller to provide certain information about the property in a Seller's Property Information Form. This will include information as to disputes, ownership of boundaries and fences, the services connected to the property, planning and other matters. The Seller will also provide a Fixtures Fittings & Contents Form showing what items are included in the sale and sometimes what items can be purchased as extras. Sometimes the purchase price is apportioned between the price of the property itself and the price of "chattels" such as carpets, curtains and furniture because stamp duty is not payable on chattels. It is important that any apportionment of the price is a true reflection of value. We will send you copies of these two Forms and it is important that you check them.

We will raise "Additional Preliminary Enquiries" with the Seller's solicitors. These are questions about the property based upon the draft contract, copy title deeds supplied or the Forms completed by the Seller.

We do not inspect the property. If, when you have visited the property, there is anything unusual or anything about which you need further information, please let us know and we can ask the appropriate questions. It is particularly important for you to let us know if alterations or additions have been made to the property even if it is simply that new windows have been put in.

We will notify you of any matters that need to be brought to your attention and if there is anything which causes us concern.

If you are buying a leasehold property we will need to check that the lease is not "defective" in any way. We will also advise you about ground rent, service charges and insurance payments under the lease and check whether you need to enter into a Deed of Covenant with the Landlord or become a member of a Management Company. We will also be able to find out what additional costs you will incur including the "notice fees" payable to the

Landlord or others on a change of ownership. Sometimes it takes time for this information to be supplied and this can cause delays.

If you are buying a new property then the developer will usually expect you to exchange contracts quickly even though the property may not be ready to move into for some time. The developer's solicitors will send us a package of documents and often it is not possible to amend any provisions in the draft contract or document transferring the property to you. We will check that the property will have the benefit of a National House-Building Council (NHBC) guarantee or similar and your Lender will not release mortgage funds until the "New Home Warranty" has been issued even if you are satisfied that the property is ready to move into.

THE SEARCHES

WE will carry out various searches on behalf of you and your Lender. When you instruct us we ask you to provide money on account towards the cost of these. Sometimes special searches are required but the standard searches are as follows:

A search with the local council (known as the 'local search'). This will reveal such information as:

- whether the roads are maintained
- whether there are any road proposals affecting the property
- whether any public footpath runs through or near the property
- if the property is to be compulsorily purchased
- what planning and building regulation approvals have been granted
- a large amount of information as to town and country planning

The local search is extremely important: only in exceptional circumstances are contracts exchanged without the local search. If you are obtaining a mortgage your Lender will not allow us to use the mortgage money unless we have a search which does not show anything adverse concerning the property.

We will notify you of any matters that need to be brought to your attention and if there is anything which causes us concern.

The local search will only reveal information known to the local council at the time the search

is undertaken about the particular property you are buying. It may not reveal

- information about adjoining properties (e.g. if the neighbours have applied for planning permission) or
- things which are proposed, or being discussed, about which no definite decision has been made

If you think there is anything such as these which would affect your decision to buy, please let us know as soon as possible and we will ask specific question of the local council. The council will charge an extra fee for this.

If matters are urgent it is sometimes possible to have a private search company undertake a private search of the local council. There are a number of difficulties with private local searches:

- it may not be possible to obtain all the information which the official search will reveal
- if the search misses something, and the search company have not made a mistake, it is not possible to sue the local council
- many Lenders refuse to accept a private search, and insist we have an official search from the local council
- a private search usually costs more than the official search. Also the cost is normally in addition to the official search.

A search with the appropriate Water Services Company:

The result will confirm whether or not the property is connected to the public surface and/or foul drainage systems and also give information about the water supply including the basis on which charges are made. The Company usually supplies plans showing the location of the public sewers and water main. The plans are unlikely to show the route by which the property connects into the public sewerage system and often the connection will be via a private sewer shared with other properties. If that is the case then you will have to contribute towards the cost of maintenance and repair of this section.

An Environmental Search:

We apply for this search as it is important to

establish that the property is not built on “contaminated land”. If it is it will have an adverse effect on the value of the property. The search provides details of past and current industrial use within a radius of 500m and information about discharge licences; landfill sites etc. It will also indicate if the property is in an area more likely to be affected by subsidence or flooding. Everyone has different approaches to environmental risks so even if the search says the property has “passed” there may be information in the search which is of concern to you so it is important that you read it carefully.

TITLE

WE will check the title and the Seller’s right to sell the property.

REPORTING TO YOU

WHEN we are satisfied with the terms of the contract, we have had replies to the Additional Preliminary Enquiries and received back the searches we will usually prepare a written report for you to keep regarding the property.

DEPOSIT

ON exchange of Contracts, you must pay a deposit, usually 10% of the purchase price (although your Seller may agree to accept less), so arrangements will need to be made to find this when required. We will therefore be asking for that amount (less any amount paid to the Agents) when we are in a position to report to you. We cannot exchange contracts until we have cleared funds. There is a charge for special clearance of cheques.

If you are obtaining a mortgage greater than 90% of the purchase price, and the 10% deposit will cause you difficulty, please let us know as soon as possible so that we can see if a lesser deposit can be arranged.

If you are selling at the same time as buying we should be able to use the deposit received from your buyers to pay your deposit on the property you are buying although you may be required to “top it up”.

JOINT OWNERSHIP

We will ask you to fill in a form to say how you want to hold the property and you may wish to discuss this aspect with us during the course of the transaction.

FINANCE

IT is important that before contracts are exchanged you are sure that you will have sufficient monies available to complete your purchase. This means that if you require a mortgage you have a satisfactory mortgage offer from your Lender and can comply with all conditions attached to the offer. We will usually send you a written report on the mortgage but if you have any queries about your mortgage please discuss these with us at an early stage.

If you are relying on additional funding from a remortgage, transfer of equity or any other source please remember to let us know. You will also need to check what notice periods (if any) need to be given for the withdrawal of savings etc.

If you are dependent upon the sale proceeds from your present property or your Lender requires you to pay off the mortgage on that property then that will also affect your ability to proceed.

EXCHANGING CONTRACTS

WHEN everything is in order and everyone is satisfied as to the terms of the contract and financial arrangements have been made, the contract is signed. We then exchange contracts in identical terms with the Solicitors acting for the Seller and the deposit is paid and completion date agreed. It is only when we have exchanged the Contracts that the Seller is committed to sell the property, and you are committed to purchase.

INSURANCE

THERE is a general rule of law that, from the date when contracts are exchanged, the risk of accidental damage to the property passes to the Buyer. Buyers should normally insure the property when contracts are exchanged, not when it is completed.

The contract sometimes varies this rule and we shall advise you at what point insurance should be in place. If you are getting a mortgage the buildings insurance will often be arranged through the Lender. If the Lender has agreed to you insuring then we will usually need you to provide evidence that this is in place prior to completion. Some Lenders will not release mortgage funds until we have sent this to them.

AFTER EXCHANGE OF CONTRACTS

FOLLOWING exchange of contracts we will prepare the Transfer which is the document which

transfers the property and make arrangements for completion of the transaction. Final searches are made prior to completion.

If you are having a mortgage we formally report to your Lender and ask them for the mortgage money in time for completion. Lenders usually send us the money on the day we request and there is no guarantee that this will reach us in time to complete. To avoid any delays in your purchase we will request the mortgage money before the completion date. Most mortgage lenders will only charge interest from the completion date, but a few will charge interest from the date they sent us the money.

We will also ask you to let us have any amount you need to pay to complete the transaction. This amount will include any stamp duty, Land Registry fees and other disbursements (see later) which are payable.

Law Society regulations require us to have all cheques and bankers drafts cleared before we can draw against them. We will therefore ask you to let us have any amount you need to pay five working days before completion for this purpose, or by bank 'CHAPS' transfer direct to our account. If we have to obtain special clearance of a cheque there is a charge. If your Lender pays us the mortgage money by cheque we will ask for it a few days before completion so we can have it cleared. Most lenders will only charge interest from the completion date, but a few will charge interest from the date we present the cheque.

You should, once you know the completion date, make removal arrangements and arrange for the final reading of service meters, telephones, etc.

COMPLETION DAY

THIS is the day you move. Although there is no law as to exactly when completion takes place, if you are selling you should aim to be out of your old home by midday. You would similarly not expect to be in your new home before midday.

Unfortunately there are frequently delays in the transfer of money especially if there is a long chain, so never count on doing anything by a particular time.

If you are buying a new property the builder may not allow you access to the property until the money is received in the builder's bank account. This may take some time, and you may find you are waiting to move in until the money arrives.

AFTER COMPLETION

FOLLOWING completion we will pay any stamp duty, and register the transaction at the Land Registry. We will let you know when this has been completed.

If you have a mortgage the relevant documents will often be sent to your Lender. However, sometimes your Lender will not require all, or even any, of the documents and we are asked to send them to you. It is very important that you keep any documents we send you in a safe place as they will be needed when you sell the property.

If you do not have a mortgage we can place the title deeds in our strong room for safekeeping if you require. There is no charge for this service.

NB Time considerations may mean that the order of events outlined in this booklet may not always be strictly followed.