

## PURCHASING GUIDE

Buying a home can be a complex and time consuming business and probably the biggest investment you will ever make. This guide has been created to help make life more simple, but please remember that it may not cover every point which could arise. If you have any questions contact a member of our conveyancing team who will be happy to help.

### Stage 1. Events leading to exchange

You have found the property you like, the sellers have accepted your offer and you know how much you can borrow. Confirm your offer to the sellers estate agents and let them have our name and address. You should also try and find out if the sellers have a related purchase and if so, what stage that transaction has reached. Let us have all the details and we can proceed with stage 1.

### Contracts

The sellers solicitors prepare two copies of the Contract and submit them to us for approval, together with 'title' details of the property. We will send you copies of the relevant papers/documents for your careful perusal.

### Searches

Before exchange of Contracts we make a search with the Local Authority. This involves asking various questions about the property – for instance:

- Is the road adopted and maintained at public expense? Are there any road proposals within 200 metres of the property?
- Are there any planning decision which may affect the property?
- Does the Local Authority have plans which may affect the property?

**It is important you realize that the Local Search will not tell you anything about neighbouring properties, including any planning applications they have made.** If you have any concerns about such matters you should take time to visit the Local Authority Planning Office, before exchange of contracts, to ask in person. Alternatively, you may decide to have a "Plansearch Residential" (personal property search) carried out. This 'optional' search gives details of planning applications/decisions within 250 metres of the house you are buying. This radius is extended to 500 metres to give details of the Council's "Land Use Policies" and also information relating to "Flood Plains". If you require this search please complete the relevant section in the Purchase Questionnaire.

If the property is situated within a coal mining area, we will make a search with the Coal Authority. It is now necessary to make enquiries of the Water Company to ascertain that the property has the benefit of mains drainage.

## **Environmental Report/Environmental Indemnity Policy**

You should give very careful consideration to having an Environmental Report carried out against your Property. In view of the recent environmental legislation this issue needs to be given careful consideration. The Report will cover such matters as landfill and waste sites and contaminating and polluting processes e.g. power stations, chemical manufacturers and processors.

Local Searches only deal with environmental issues on a limited basis. You could find the value of your property reduced if contamination exists or existed on site or nearby. Where Local Authorities discover contamination, they will be duty bound to get it cleaned up. It is possible that you could be liable to pick up the bill for the pollution of those who owned the land previously. If you wish to have an Environmental Report, please complete the appropriate section of the Purchase Questionnaire. You will be responsible to carry out any further investigation/enquiries recommended by the Environmental Report and seek any technical advice which may be necessary in interpreting the Report. The Search Provider we use provides a free written report giving clear advice on the next steps if a potential risk is detected.

An alternative to an Environmental Report is a Home Environmental Liability Policy (H.E.L.P) – in other words an indemnity policy to claim against in the event of you being held liable to remedy pollution. If you wish to have the benefit of a HELP Policy please complete the appropriate section of the Purchase Questionnaire. The cost of a policy varies according to the value of the property but presently a limit of indemnity of £100,000 costs £57.75.

## **Enquiries**

We shall raise a number of enquiries on the property with the sellers solicitors. A copy of the replies will be sent to you. Please check carefully and if you believe any of the information to be incorrect or inaccurate, let us know straight away. The sellers will produce a ‘Fixtures Fittings and Contents Questionnaire’, which will detail what items are included in and those excluded from the purchase. The questionnaire will be added to the Contract as a formal record of what is included in the purchase price hence the need for checking its accuracy. If you decide to purchase any additional contents from the seller make sure you let us know so it can be recorded in the Contract and we can collect the additional sum from you prior to completion.

Wherever possible, we will send you a plan showing the boundaries of the property. You should check the physical boundaries, against the plan and inform us of any discrepancies. If there are any shared facilities such as a common driveway, once again please inform us so we can ensure your “rights”/”easements” have been properly protected.

## **Co-Ownership**

If you are purchasing a property in joint names, you need to choose from two options as to how you will hold the legal title:

1. **Joint Tenancy** – this legal term means that neither of you will be entitled to a distinct or separate proportion of the property: each of you owns all of it. Consequently, if either of you

were to die, the deceased's interest would automatically pass to the surviving co-owner; irrespective of what your Will may state. Most married couples, or couples intending to marry, hold the property in this way.

- 2. *Tenants in Common*** – this legal term means that each of you would hold a proportion of the property, i.e. 50/50, 60/40, etc. If either of you were to die, the deceased's interest in the property would not automatically pass to the surviving co-owner, but would be subject to the conditions of that person's Will or the rules of intestacy. If you are not contributing to the purchase price or mortgage repayments in equal shares you may want this to be reflected in your deeds.

If you decide to hold the property as 'tenants in common' you must make sure that each of you have made Wills.

## Surveys and Inspections

**'Caveat Emptor' – let the buyer beware!** Obviously, you will need to know whether the house is structurally sound and, as neither the sellers or their estate agents are obliged to point out any defects you should have an independent survey before exchange of contracts. Basically there are three options open to you:

- 1. *Rely on the mortgage valuation made by your Lender*** – if you are obtaining a mortgage, your Lender will require a mortgage valuation. The Lender will normally allow you to see the Report but it is only a valuation. It is the result of a superficial inspection of the property and not a survey. A valuation alone may be considered adequate where you are purchasing a newly built property which is to be covered by the National Housebuilding Council 10 Year Guarantee.
- 2. *Commission a 'Home Buyers Survey and Valuation Report'*** – this option represents a 'half way house' between a mortgage valuation and a full structural survey. It is often done by the surveyor who carries out the mortgage valuation, saving time and money. It will provide information about the general condition of the property, factors likely to materially affect the value of the property and the value of the property on the open market. The HBSV report is intended to point out in a concise report format, significant but not minor defects. Surveyors will look at the property as they find it, but are not expected to see things that are hidden in a cluttered loft, under furniture or beneath carpets.
- 3. *Instruct an independent surveyor to carry out a full structural survey*** – this is carried out by a Chartered Surveyor. It is undoubtedly the most expensive option, but the inspection will take several hours and should provide a detailed examination and report on all visible parts of the property, subject to accessibility. If you decide on this option, you should ensure that the surveyor is correctly instructed to investigate all aspects of the property.

## Specialist Reports

No matter which type of survey you choose, the surveyor may recommend or you may decide to arrange additional specialist reports e.g. for timber defects, heating survey, electrical report or a wall tie corrosion survey. If you are in any doubt about these matters you should ask a qualified specialist to test

and report to you. **Remember it is your responsibility to carry out all necessary surveys and checks, before exchange of contracts.**

## Repairs

If your survey or inspection reveals the need for repairs, you should obtain estimates. If you feel the seller ought to make a contribution, let us know and we will try and negotiate an allowance. Should your mortgage offer stipulate that repairs are needed to the property, we will discuss this with you to ascertain whether you require them to be carried out before or after completion. Your lender may retain a percentage of your mortgage advance until the repairs are carried out.

## Stage 2. Exchange of Contracts

### Signing the Contracts

When we have carried out all our pre-exchange investigations and a satisfactory mortgage offer has been received, we will ask you to sign the Contract. At this stage you should discuss a completion date with the sellers. Completion usually takes place 2 to 3 weeks after exchange. This can be varied if all parties agree and provided sufficient time is allowed for the legal work to be completed. If you have a related sale then the completion date will also have to be agreed with your buyer. The fact the Contract has been signed does not mean that it is legally enforceable. The Contract only becomes binding when formally exchanged between us and the sellers solicitors. Once contracts are exchanged you cannot change your mind!

### Deposit

On exchange of Contracts you are required to pay a deposit equivalent to 10% of the purchase price. If you are selling a house, we will try and arrange that the seller will accept the deposit we receive on that transaction as the deposit on your purchase. Although you are still liable to pay the full 10% deposit should you fail to complete your purchase after exchange of contracts.

### Insurance

**You must ensure cover is in force on exchange of Contracts and provide us with full details of the policy.** You need to ensure that the locks and other security measures at your property meet the requirements of your Insurance Company.

### Removals & Outgoings

As soon as you have been advised that Contracts have been exchanged you should:

- arrange your removals;
- inform the Gas, Electricity, Water companies – See Don't Forget!
- Find out from the sellers where you can collect the keys on the completion date. This may be directly from them or via their estate agent.

## Documents

We use the time between exchange of Contracts and completion to finalise the paperwork, so if any documents are sent to you, please return them to us (undated) immediately. The document which transfers legal ownership is called the Transfer Deed, is prepared by us and will state the capacity in which you will hold the property i.e. Joint Tenants or Tenants in Common. This will only come into effect when we pay the balance of the purchase price to the sellers solicitors.

## Cash

Before completion, we will send you a completion statement detailing the finances of the transaction. If the statement shows monies are due from you, these must be with us **at least 5 working days before completion, to allow clearance at the Bank**. Failure to complete the purchase on time (for whatever reason) could render you liable to pay 'penalty' interest and damages to the sellers and a persistent delay could result in you losing your deposit on the property, and worse!

## Stage 3. Completion

At last the big day has arrived! On the completion date we pay to the sellers solicitors, the balance of the purchase monies and at this point the house becomes legally yours.

After registering your ownership at the Land Registry the title deeds and documents will be sent to your Lender. If you have paid cash for the property we can, depending on your instructions send them to you or hold them on your behalf, free of charge.