

Essential Information Leaflet: RESIDENTIAL PROPERTY

THE PURCHASING PROCESS

The following information is designed to provide you with an outline of the legal procedures involved in the purchase of your property. However, circumstances vary between individual transactions and your own purchase may differ from the following if circumstances dictate. If you have any queries in relation to the following points or your own purchase in general we would be pleased to be of assistance.

1. Initial Actions

Following your instructions to act, we will write to your seller's solicitors requesting the contract documentation. Once we receive this documentation we will ensure that its terms accord with your instructions and do not reveal any problems which may render the property unsuitable for your purchase. It will then be necessary for us to put in hand various searches. These searches will not be made until such time as payment for them is received from you. They will then take the relevant authorities 2-3 weeks to process. The results of these searches will provide us with an overall picture of your property to enable us to advise you. You may wish to delay payment of such fees until you have received a satisfactory survey/mortgage offer, however, this will result in a corresponding delay whilst you await the return of your search results.

Your seller's solicitors will provide a list of items to be included within the sale price and we will forward this to you for you to check. This list will form part of the contract and it is imperative that you check it carefully.

Once we receive all the necessary documentation from your seller's solicitors and the results of the searches, we will provide you with a written report.

The deposit (usually 10% of the purchase price) will be required at this meeting. If you are selling a property it is usually possible to use your buyers deposit as the deposit on your purchase. If you are not selling and your mortgage is for more than 90%, it is usually possible to agree a smaller deposit. If you provide us with a personal cheque we will need to have this cleared before exchanging contracts. A Banker's draft or Building Society cheque would therefore be preferable.

We will discuss a potential date for completion of your purchase, and upon the assumption that there are no remaining queries to be resolved, you will sign the contract. Once this contract is exchanged with an identical contract signed by the seller, you will become legally obliged to purchase the property and the agreed completion date will become final. We advise you against arranging any furniture removals or holidays until exchange has occurred because a suggested completion date is likely to change up until this point.

Any new Life Assurance will need to be put on risk with effect from exchange of contracts, therefore, please ensure any such policies are ready to be put into effect before committing yourself to exchange of contracts. We would point out that we are unable to provide advice relating to the suitability of such policies in relation to your purchase and any such queries should be addressed to your lender or financial adviser.

At the point of exchange of contracts you will usually become liable for insuring the property. If you are funding your purchase by means of a mortgage, then it is usual for your mortgage company to offer you buildings insurance. In the event of you being a cash purchaser, or

insuring other than with your Mortgage Company, it is essential for you to ensure that cover is in force on exchange of contracts. We will advise you if insurance is not required until completion.

We are now required to check your identity when you attend to sign the contract. If you have a mortgage, the types of evidence are restricted.

Following exchange, if for any reason you are unable to complete on the completion date you will be liable under the contract to pay interest and any expenses incurred by your seller by way of compensation and you may even lose your deposit if the delay continues. It is for this reason that we ask for a realistic date for completion. We usually ask for a completion date to be set 2-3 weeks after exchange of contracts so that we are able to finalise the legal side of your purchase. We will not allow you to proceed until all necessary arrangements are in place. Please bear this in mind when discussing a possible completion date with the rest of the chain.

2 After Exchange

We will request your mortgage monies from your lender. With most lenders, the closer to the beginning of the month that you complete, the greater your first mortgage payment will be. This is due to an additional charge being made for the period between completion and the end of the month. Following completion, your lender will write to you confirming the amount and date of your first payment.

We draft a Purchase Deed to be approved by your seller's solicitors, this will activate the terms of the contract when it is signed by both you and your seller's. By this point you will also have signed your mortgage documentation. Further searches will be made some on behalf of your lender, and it may be necessary for you to certify that any entries revealed in these searches do not relate to you.

Between exchange of contracts and completion, we will write to you with our bill and a statement showing the financial side of your purchase, along with the amount that is due from you in order to complete your purchase. It is vital that the funds are received by us at least 4 working days before completion so that we have 'cleared funds' with which to complete.

3 Completion

On the day of completion we will send the balance of your purchase monies to your seller's solicitors through the banking system by way of a telegraphic transfer. Your seller's solicitor will be notified by their own bank that the monies have arrived, and assuming that all of the relevant documentation is signed and in place the estate agent will be informed and the keys to your new property will be released to you. Accordingly, we advise you to arrange your removals for later in the morning so that you do not have an unnecessary wait for the keys to be released. We advise you to liaise with the seller and the agents with regard to ensuring that all keys are handed over. In any event, you are advised to change the locks after completion.

4 After Completion

The title to your new property will be registered in your name at H. M. Land Registry. We will then receive a certificate containing details of your ownership of the land, any mortgages to which it is subject and particulars of any easements or covenants affecting the land. We will forward this together with the deeds and any other relevant documents to your lender, or if there is no mortgage on the property, we will store these in our strong room until such a time as you require them unless you instruct us to the contrary. We will send to you copies of the certificate so that you may be sure as to any matters which affect your new property.

5 Miscellaneous Matters Of Concern

5.1 Valuations and Surveys

Under English law the principle of 'Caveat Emptor' applies to your purchase. It simply means: "Let the buyer beware". Your seller's are not obliged to reveal any defects to you, the onus is upon you to find them by your own inspection and survey. You should inspect the property, paying particular attention to the boundaries, rights of way over the property, any non-owning occupiers and the fixtures and fittings.

Ideally, you should have a full survey carried out prior to exchange, rather than a basic valuation, so that you can satisfy yourself as to the property's state and condition. This can be expensive, and if you are unable to implement such a survey then you should ensure that you thoroughly inspect the property and test as many items as possible (such as the central heating, electrical and water systems) prior to exchange of contracts. Your seller's will not give you any warranties as to the condition of services, for example the drains and the central heating system. You must therefore check these matters prior to exchange of contracts. Following exchange, if any defects become apparent it will be too late for any re-negotiation of the purchase price or to require your seller to remedy the defects. Similarly, if you have a full survey and it reveals work required to the property, you should obtain estimates so that you are fully aware of the cost of putting the property into a suitable state. In the event of you requiring a mortgage, a valuation will be undertaken by your lender. This will be to satisfy them that the property being purchased by you will provide adequate security for the amount of their loan and is not an assurance to you that the property is satisfactory. You will pay the cost of this valuation and will be entitled to see the report but will not be able to rely on it. Remember, this will not necessarily reveal sufficient information about the state of the property to allow you to make a reasoned judgement as to whether or not to proceed with your purchase. You should be aware that the lender will only satisfy themselves as to security for the amount of their loan. There may be defects in the property which are not revealed by the Valuation Survey and there may be omissions or inaccuracies in the report which do not matter to the Lender, but which do matter to you.

If the valuation or survey reveals severe problems, your lender may make a retention which will normally be for the amount that they think will be expended in repairs. You will then have to carry out the repairs to their surveyors satisfaction, at which point the balance of the monies retained will be forwarded to you. It may be necessary for these works to occur between exchange and completion in order for you to have the full mortgage advance if you are unable to find the retention from your own funds. Access to carry out the work between exchange and completion will be subject to obtaining the consent of the Seller. Between the two types of survey discussed above is the Home Buyers Report. This 'halfway house' represents a compromise between the mortgage valuation and the full survey. This will provide information on the state and condition of the property and whether or not any detailed reports need to be obtained e.g. for damp proofing etc., and will also indicate the overall value of the property. In many cases your lender may agree, for an additional fee, to instruct their valuer to undertake this report at the same time as the mortgage valuation, with consequent savings in time and expense for you. However, you should note that this is still relatively superficial in scope and would in no way replace a full survey. As a minimum we always advise a purchaser to have a Home Buyers Report carried out.

As briefly mentioned above, it is also a good idea to have additional reports carried out in relation to damp proofing, central heating, wiring, plumbing, drains, etc. to ensure that these are in good working order. Once contracts have been exchanged, it is too late.

If you are in any doubt as to which survey you should commission you should obtain expert advice.

You should also check the position with regard to the Council Tax Band and Water Rates which affect the property with the relevant authorities prior to exchange of contracts so that you are aware of your liability in this regard.

5.2 Extensions And Alterations To The Property

It is not our policy to make a site inspection, and if asked to do so we will have to make an additional charge. If the boundaries of the property are unclear, appear to have been altered or if the property has been extended, renovated, converted or altered in any way, you must inform us in writing at your earliest opportunity so that we can establish whether or not the necessary Building Regulations or Planning Consents were obtained from the Local Authority. If they have not been, your lender may refuse to lend on the property unless retrospective consents can be obtained, which is extremely time consuming. Accordingly, the earlier you raise these points with us, the earlier any corresponding problems can be resolved.

5.3 Estate Agents

If the property that you are buying is being sold by Estate Agents, they may ask you to pay a preliminary deposit as an indication of your good intention to proceed with negotiations. You should ensure that the agent has the seller's authority to receive the deposit, in the absence of such authority you have no recourse against the seller if the agent misappropriates the money. The preliminary deposit is fully refundable if the transaction does not proceed to exchange of contracts. You are under no legal obligation to pay this sum and our advice is not to pay it. The estate agent will deduct any preliminary deposit from the account that they send to your seller following exchange and will deduct it from the amount that you pay to your seller on completion. If you make a payment of this kind, please ensure that you inform us so that we can take it into consideration. Under no circumstances should you make a payment direct to your seller's, even if there are no agents involved. All payments should be made through ourselves so as to ensure that you do not inadvertently commit yourself to the purchase, similarly, you should not sign any document without first referring it to us.

5.4 The Local Search

This is one of our initial searches, it will reveal whether or not the property is likely to be affected by public road schemes, compulsory purchase, breaches of planning legislation etc. It will not provide any information relating to adjoining properties or undeveloped land in the area. If you are concerned as to the future use of any land you should contact the Planning Department of the Local Authority who should be in a position to give you advice as to whether or not there are any planning applications pending at the present time, or whether they would treat future applications favourably. It is possible to raise additional enquiries on the Local Search for example, regarding public footpaths or bridleways which may cross the property, traffic schemes, advertising, pipelines etc and private road proposals.. These are not automatically raised by us, however, if you require this information please contact us as soon as possible. An additional fee will be payable to the Local Authority in this regard.

5.5 The Water Search

We are required by your lender to make a search with the water authority which serves the property (unless the local authority carrying out the local search deal with drainage enquiries – most do not). This will confirm whether there is a mains water supply and mains drainage connection to the property. The search will also generate a plan showing the position of the nearest adopted sewers and water supply pipes serving the property. The search will also reveal whether or not the property has a metered water supply. Please note that private drains, sewers, pipes will not be shown. You should also be aware that the existence of any pipes, sewers or drains could affect whether or not you would be

able to obtain planning permission for any building work and if you are thinking about having work carried out you should take it up with your surveyor.

5.6 Environmental Search

The contaminated land regime was brought into effect in England on the 1st April 2000 and covers future and existing contamination.

It is now possible for home owners or the occupiers of land to become liable for the cost of “cleaning up” contaminated land.

The Environmental Search looks at the past and present uses of the land and nearby area to see if it is likely that the property may be affected. The search is not conclusive and offers no protection but does at least help to identify whether or not your property is likely to be contaminated.

5.7 Wills

If you are to own the property as beneficial tenants in common it is important that you make a will as the property will pass according to the terms of this and not to the surviving joint owners. We will be happy to provide you with any further advice that you may require in relation to the making of your will.

Finally, we reiterate that the above is merely designed as an outline of the legal side to your purchase. It is not an exhaustive explanation and the procedures may vary from time to time.

The information given herein is not a comprehensive guide to the law and is intended to be a brief and non-exhaustive summary only. Specific legal advice should be sought for actual cases.

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