

A GUIDE TO PURCHASING YOUR HOME

Your Property

Now that you have found a property and agreed a price, if anything has to be put in writing always include the wording subject to contract – this means that there will be no actual binding contract on the part of either the buyer or the seller.

Once your offer has been accepted, subject to contract, then the legal side commences. You and the seller will exchange solicitor details through the estate agent and the estate agent will correspond with your solicitor giving them the details of the purchase.

You must never assume that the matter will proceed until contracts have been exchanged. Therefore you should not, for example, book a removal van, buy furniture for the new home or give notice to your employer or landlord. A completion date will only be fixed once everybody in the chain is ready and contracts have been exchanged.

Exchange of Contracts

Also known as the “Agreement” the Contract sets out the basic details of the transaction. Exchange occurs when all enquires have been completed and the seller has signed his contract. The copy of the contract you sign (and your deposit) is exchanged for the copy the seller has signed as proof of your intention to proceed. This is usually done by a legally binding telephone call between solicitors. If there is a chain of transactions all parties have to be able to proceed at the same time. You should prepare buildings and life/health insurance but do not commence cover until we have informed you that contracts have been exchanged.

Completion date

At the point contracts are exchanged a date is agreed for completion. It is on this date that the balance of purchase money is given to the seller’s solicitors and in return you are given the keys and the title deeds will be collected by us on your behalf. All monies are passed through this firm and, apart from any preliminary deposit you may have given to the agents, do not pay and other purchase monies or money for contents etc. to anyone except ourselves.

Deposit

The deposit is payable at the time the contracts are exchanged and is usually 10% of the purchase price. If you are also selling we will usually request the same of your buyer. Sometimes however, the sum offered is less than 10%, as some people obtain a higher percentage mortgage. To make the position clear, if you have 10% available you are expected to pay this on exchange or such lesser sum as you do have. Please make your position clear as soon as possible. Do not at this stage make arrangements to borrow money as this can usually be avoided. If you have no liquid funds please let us know, we understand that buyers frequently fund house moves by the sale of a house and an increased mortgage to cover expenses etc. All we ask is that you make your position clear to us.

The first thing that we do once the identity of the seller's solicitor has been received is correspond with them to obtain the 'usual papers', consisting of: -

- The seller's legal title to the property – this proves ownership of the house and that the seller is entitled to sell it. It also gives information of any 'restrictive covenants' which affect the property. These are generally of little significance (e.g. you may only use the property for residential not business use).
- Draft Contract (or Agreement) – prepared by the seller's solicitor recording the terms agreed. Both parties will sign a copy of this document.
- Property Information Form – a series of questions, completed by the seller, regarding legal issues affecting the property.
- List of Fixtures and Fittings – A list of items included and not included in the sale.

You will be provided with copies of these for checking. It is difficult to say when this will be as some people instruct their solicitors sooner than others. When we finally receive the papers we can start our part of the work. This can only be done once you have formally instructed us and we have received the requested funds to carry out searches etc.

We only check the legal title to the property and we only inspect the documents relating to it. We do not consider any physical aspects or its value; this is the surveyor's responsibility. We cannot usually tell you the precise route of any services crossing the property or leading to the property; you will need to enquire with the relevant authorities.

On receipt of the documentation we will apply for searches and we will also check through the paper work received. At this stages copies of the paperwork will be sent to you.

Local Search – this is a series of questions that the local authority reply to about the property you are buying but not about any adjoining or adjacent land. If you wish to enquiry about any other land we must be told in writing and a further fee will be involved. You can also contact the local council planning department by telephone. Strictly speaking, the Local Search is only accurate at the day it is carried out, as matters could change the day after. Generally a Local Search is considered valid for 3 months, so if the matter is delayed a fresh Local Search will have to be carried out, incurring a further fee.

Other Searches – these are dependent on individual factors such as location.

Water Search – This is an enquiry to the water company and should confirm whether the property has mains drainage and send a plan showing the route of the nearby services. This search is required where, as in most cases, the local authority no longer provides this information.

Mining Search – This is an enquiry of the Coal Authority confirming whether the property is likely to be adversely affected by coal mining operations

EnviroSearch – This is a new type of search. For approximately £40.00 you can obtain information as to the surrounding area within 500 metres of the property mainly on environmental matters such as risk of flooding, subsidence and landfill sites. This search is recommended for the sake of completeness.

Completion Day

We will transfer the balance of the purchase money which we will have collect from you. These can only be transferred when we have them as cleared funds. There is sometimes a delay in receiving money especially on a related sale. We always try and avoid delays by asking the lender for the monies in advance, normally for a cheque at least 4 days prior to the completion date or preferably bank transfer at least a day prior to completion. Your lender will charge interest accordingly. Once our bank has been instructed we have no control over when the seller's solicitor receives the money. If the money is not received by contractual time (normally between 1-2pm) then you may have to pay interest and other sums for your breach of contract. This will be in the case even if you are not at fault.

In accordance with the Law Society Rules we can only draw against a cheque you give us after clearance which is usually five working days. Bank Transfers are valid the same day but because of the cost charged by the bank it is only appropriate for larger sums of money. Bank Drafts and Building Society counter cheques are also acceptable but again these take five working days to clear.

Where ever possible the person in charge of your file will return your telephone calls, and if he or she is not available, someone else in the office may be able to help. If not please leave a brief note of the nature of your call. We recommend that you make an appointment rather than just call into the office to avoid the disappointment of me not being there.

What next?

To be ready for exchange the following has to have been achieved: -

By you

1. A satisfactory Survey and valuation.
2. A satisfactory mortgage offer (if required)

By us

1. Satisfactory result to local and any other searches
2. Title and other papers checked and found satisfactory
3. Signed Contract
4. Deposit resolved
5. Completion date agreed

By others

1. All other linked transactions have to achieve the same position

Peter Dunn & Co.

03.03.03