

Conveyancing Guide

We welcome you as a client of Tyndallwoods and thank you for your instructions.

This guide is part of the Tyndallwoods commitment to quality of service. We are well aware that moving house and dealing with all of the complexities may be daunting and we want to help as much as we can to smooth the way.

Please read this guide carefully as it contains some important information and advice. It should help but if you are worried please contact us. We want you to feel confident and comfortable with the work being done for you and this guide is not intended to be a substitute for the personal touch.

We should add that the explanations given here are outlines and are not intended to be fully comprehensive in legal terms.

Conveyancing has two basic stages

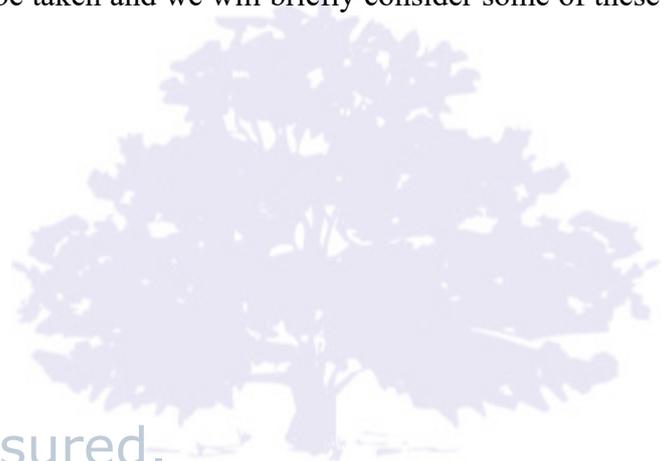
Stage 1 is from the very beginning of negotiations up to "**Exchange of Contracts**", and that is the moment when seller and buyer make a legally binding commitment to each other as to price, completion date and other matters.

Exchange of contracts takes place when the buyer's solicitors exchange a written contract signed by the buyer and pay a deposit (normally 10% of the purchase price) in return for an identical written contract signed by the seller. Until then the matter is "**subject to contract**" and neither party is bound legally and anyone can withdraw or renegotiate about price, repairs or other things.

Exchange of contracts will not take place until after all terms and conditions are agreed and you have signed the contract document, agreed the completion date and given consent for us to exchange for you. If a party backs out after exchange of contracts, the other party can sue and a buyer who withdraws will normally lose at least 10% of the purchase price and often much more, so do not exchange if you have any doubts.

Stage 2 runs from Exchange of Contracts to "**Completion**". This is the date when the balance purchase price is paid to the seller's solicitor and the seller moves out of the property and the buyer becomes entitled to move in.

Within each stage there are more small steps which have to be taken and we will briefly consider some of these now.



STAGE 1 - UP TO EXCHANGE OF CONTRACTS

On your sale

Obtain your instructions and ask you for a payment to cover initial expenditure made on your behalf. Obtain deeds to your home. Ask you for basic property information and to complete a form setting out items included in the sale ("Fixtures Fittings and Contents Form")

Prepare and send the draft contract to the buyer's solicitors with basic property information and Fixtures Fittings and Contents Form

Reply to any further queries from the buyer's solicitors after consulting with you

Receive approval of the draft contract from the buyer's solicitors

Check repayment figures on your existing loans

Arrange signing of sale contract

Agree a completion date

Exchange contracts and receive contract deposit

On your purchase

Obtain your instructions and ask you for a payment to cover initial expenditure made on your behalf. Make the Local Authority search and others that may be needed (such as a Coal Mining Report)

Receive the draft contract and property information from the seller's solicitor and list of items included in the price ("Fixtures Fittings and Contents Form")

Check information received and send to the seller's solicitors any further questions which may arise

Receive and check the replies and the Local Authority and any other searches

Check mortgage details from your lender. Problems with a survey would be dealt with at this point.

Report to you upon the contract pointing out any unusual matters. Send you copy of Fixtures and Fittings and Contents Form and property plan (if available) for approval. Arrange for you to sign contract and possible mortgage and pay any contract deposit required.

Agree a completion date

Check buildings insurance is on risk then exchange contracts and pay contract deposit to seller's solicitors

STAGE 2 - FROM EXCHANGE OF CONTRACTS TO COMPLETION

On your sale

Get final repayment figure from your lender and the bill of your selling agent (if any)

Respond to questions (requisitions) on title

Arrange signing of property transfer

Arrange financial statements of account for you

Complete the sale and receive the balance sale monies

Send deeds to buyer's solicitors

Pay off your old mortgage and selling agents
Notify Council Tax Department and Water Authority of change of ownership

Send you any money left over or transfer balance to your purchase

On your purchase

Check life policies are on risk

Make further searches against the property and against you! Send questions (requisitions) on title to seller's solicitors and check replies. Obtain from you any money due for completion

Prepare the property transfer for the seller to sign. You may also need to sign

Consider replies to requisitions

Prepare reports and request money from your lender. Prepare financial statements of account for you

Complete the purchase and pay the balance purchase monies

Pay any stamp duty and register your title at the Land Registry where details of ownership are maintained.

Notify Council Tax Department and Water Authority of change of ownership

Give notice of assignment of any life policies

After Land Registry have registered your title send the title deeds to your lender

INFORMATION AND ADVICE

How long will it take?

Normally a matter takes 3-6 weeks to exchange of contracts and a further 7-21 days to completion. Timescales can vary considerably depending upon the circumstances and in particular if you are involved in a chain of transactions. We will do everything possible to ensure your sale or purchase is dealt with quickly and efficiently.

Why does a buyer need a Local Search?

The Local Council keeps records of certain things which may affect the house which is being bought. It is vital to check them before exchange of contracts. These include road schemes, planning, compulsory purchase and tree preservation orders. There are limits to the matters revealed. For example the local search does not cover the possible development or redevelopment of any nearby land and **you** should contact the planning department of the local council for the area of the property for such information.

Buyer's Mortgage Offer

When you receive the formal written mortgage offer please read the conditions carefully. Look with particular care at the deductions e.g. an Indemnity Guarantee Premium (see below) or a retention. You should check that your mortgage does not have undesirable insurance conditions or penalties if you repay it earlier than its fixed term.

Mortgage Indemnity Guarantee Premium

This is the sum paid to an insurance company for a compulsory policy (mortgage or indemnity guarantee policy) required by a lender for a loan above the normal proportion of the lender's valuation of the property being purchased (often 70%). The premium will be a "one off payment" and will usually be deducted from the mortgage advance. The insurance is to repay the lender the "extra" proportion in cases where a borrower subsequently defaults on the loan and the property is resold at a price insufficient to cover the amount owing on the mortgage plus all interest costs and expenses.

Buyer's Surveys

A buyer purchases a property in its existing state and condition and it is not normally possible to require the seller to pay compensation once contracts have been exchanged. As a buyer it is essential that you check the physical condition of the property you are to buy. If you are having a mortgage the lender will insist that they arrange and you pay for a valuation and survey. Most, but not all lenders will let you see that report. These reports are not detailed and you should not rely upon them as you will probably not be able to claim against the surveyor if he makes a mistake. We therefore advise buyers to have a private survey which can be by either the same surveyor or by an independent surveyor. This will cost an extra fee but is, in our view, essential. Check first to see how much it will be. We can recommend a reputable surveyor if you wish.

Sometimes the surveyor will suggest further specialist surveys if he has cause to suspect particular problems in, say, drains, heating, wiring, plumbing, timber, damp or structure. Again we can recommend specialists.

After surveys are completed further negotiations may be necessary regarding price reductions or for the seller to undertake repairs.

Plan of Property

Should we have a land registry plan or deed plan of the property you are buying we will send a copy to you. If you are not sure whether the plan is correct you should check by making another site visit or if necessary ask your surveyor to confirm its accuracy. Any discrepancy will need to be resolved before contracts are exchanged.

Contract Deposit

The purchase contract will normally provide that on exchange of contracts a sum to make up 10% of the purchase price must be paid by the buyers' solicitors to the sellers' solicitors. This figure may be negotiable if such an amount cannot easily be found, but the sellers' solicitors do not normally accept less than 5% of the purchase price.

We will inform you if you are a buyer of a property of the amount of the deposit that will have to be paid on exchange of contracts. If you are selling as well, we can normally apply the contract deposit paid by your buyer towards the deposit you must pay on your purchase. If you are paying funds to us by personal cheque either at this stage or prior to completion, please allow us 5 working days for clearance so that we can comply strictly with the Solicitors Accounts Rules.

Buildings Insurance

Normally your lender will arrange the buildings insurance if you are buying with a mortgage. If not then you should arrange to insure the new property **from the date of exchange of contracts**.

Contents Insurance

You will also need to insure the contents of your new property. These are usually covered under a separate policy. You should arrange contents insurance yourself unless you have agreed specifically for your lender to do so on your behalf.

We shall be pleased to assist in arranging buildings or contents insurance for you if you wish.

Reminders for you

Before you agree the completion date you should check the availability of removers and make a provisional booking without commitment. Following exchange of contracts a definite booking should be made.

Any new endowment policies required in connection with your new mortgage should be put on cover well before completion.

You should arrange well in advance for the connection or disconnection of gas, electricity, water and telephone services and for appropriate meter readings on the day of completion. Please remember to cancel your standing order in respect of your existing mortgage instalments and any standing orders for other outgoings relating to your existing property. Contact the post office for redirection of your mail.

Matters you can leave to us

We will repay your existing mortgage on your behalf out of the proceeds of sale on completion and if buildings insurance has been arranged by the lender we will ask for the policy to be cancelled and for any refund of premium to be sent to you direct. We will also ensure that any life policies used for your old mortgage are released. The selling agents (if any) will normally send their account to us and if you approve it and authorise us to do so we will pay it on your behalf out of the proceeds of sale.

Completion Date

This is the day upon which the balance of the purchase price is paid by the buyer's solicitors to the seller's solicitors in exchange for the deeds, the keys and vacant possession of the property. A buyer will not be allowed into the house until it is paid for and if you are selling and buying normally you will have to leave one house and move into the other on the same day. A seller should aim to be able to leave the old home at about 12 noon and to move into the new one early in the afternoon if the distance is not too far. A buyer should normally be able to obtain keys by 2pm. Usually a seller will leave keys with the estate agent (if any) and they will be released to a buyer when the funds have been transferred electronically by the buyer's solicitor to the seller's solicitor. Please telephone us at 12 noon on the day of completion to check how the final completion arrangements are progressing. If you are selling under no circumstances should you release the keys to the buyers until we have authorised you to do so which will be after we have received the whole of the sale price.

Stamp Duty

A buyer must pay a government tax at 1% of the purchase price if the price is more than £125,000.00 but not more than £250,000.00. Where the price is more than £250,000.00 but not more than £500,000 a rate of 3% is payable. Where the price is more than £500,000 a rate of 4% is payable. Normally none is payable if the price is £125,000 or less.

If the property is in the inner city it may be exempt from the first band of stamp duty - though not the higher ones. We will do a post code check to make sure that you get this advantage if it applies.

Joint Ownership

If you are buying a property in joint names there is a choice:-

1. Joint Tenancy

whereby the property is owned by all joint owners but with none of them having a separate and distinct share. If one dies the property automatically remains owned by the survivor(s) alone. A joint tenancy can be changed to a tenancy in common (see next paragraph) at any time by one joint owner giving an appropriate notice to the other(s). It can also automatically change in other circumstances eg. bankruptcy of one owner.

2. Tenancy in Common

whereby each owner has a separate and distinct share eg. 50/50 or 75/25. If one dies his/her share is not automatically transferred to the survivor(s) but will pass under the provisions of the deceased's will or if there is no will under the laws of intestacy.

Paying your new mortgage

At about the same time as they send us the mortgage advance cheque your lender will write to you confirming the amount of your monthly mortgage repayment and the date upon which the first and later instalments become due and giving you details as to how to pay. It is worth checking with your lender whether there is any advantage in completing at a particular time of the month.

Wills

Everyone who buys a property should make a Will or review their existing Will if they already have one. We will recommend (without obligation) that whilst you are in contact with us you take the opportunity to make or review your Will. The legal fees involved are relatively small.

Other Legal Services we offer

Our clients do not often realise the size of our firm and the types of work handled at our various offices. We can assist with all property matters, starting a business, company and commercial work, matrimonial problems, court work, wills trusts and probate and most other legal problems. Should you, or any of your family or friends require any legal services, please do not hesitate to contact us, again entirely without obligation.

Conclusion

These notes do not cover every aspect of the conveyancing process but we have tried to set out simply and clearly the main stages, offer basic advice and answer some of the queries that often arise. We will however keep in close touch with you as the transaction proceeds and we will do all we can to make sure your move is easy.

Thank you for using our services.

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