

# CONVEYANCING GUIDE

There are three key stages to buying or selling your home:

## STAGE ONE – Sale

Buyers Solicitor	Sellers Solicitor
<ul style="list-style-type: none"><li>• Asks for your money on account of expenses</li><li>• Receive contract and other papers from seller's solicitors and asks for any additional enquiries necessary</li><li>• Carry out local authority searches (Land, water etc.)</li><li>• Asks you to agree the property information form</li><li>• Received mortgage offer from lender if applicable</li><li>• Reports to you with contract for signature and requests deposit</li></ul>	<ul style="list-style-type: none"><li>• Applies for your title deeds and land registry copies</li><li>• Asks you to complete a property information and fixture, fittings and contents form</li><li>• Prepares a contract and sends it to the buyers solicitors and answers any further questions the buyers solicitor may have</li><li>• Negotiates the move date (completion)</li></ul>

## STAGE TWO – Exchange of contracts – after this the sale becomes legally binding

Buyers Solicitor	Sellers Solicitor
<ul style="list-style-type: none"><li>• Sends contract and deposit to seller's solicitor</li><li>• Prepares transfer and mortgage deeds before sending them to you to sign</li><li>• Arranges final searches</li><li>• Prepares final searches and requests any fees due</li></ul>	<ul style="list-style-type: none"><li>• Confirms completion date</li><li>• Receives the buyer's deposit</li><li>• Obtains a settlement figure from mortgage lender</li><li>• Approves the transfer deeds and arranges for you to sign it</li></ul>

## STAGE THREE – Completion

Buyers Solicitor	Sellers Solicitor
<ul style="list-style-type: none"><li>• Sends the balance to seller's solicitor and receive deeds in return</li><li>• Pays any stamp duty if required</li><li>• Registers the transfer with the land registry</li><li>• Sends the title deeds to the lender</li></ul>	<ul style="list-style-type: none"><li>• Receives balance of purchase price</li><li>• Pays off the balance of the mortgage</li><li>• Hands the deeds to the buyer's solicitor</li><li>• Sends you the balance or uses it towards any purchase of another property</li></ul>

## STAGE ONE – Initial Steps

### Re-Mortgage Solicitor

- Request title deeds and redemption statement from existing lender to determine any monies still outstanding
- Awaits mortgage offer and check title documentation

## STAGE TWO – Offer Received

### Re-Mortgage Solicitor

- Check any special instructions from the lender. In some cases it may be required to carry out searches
- Forward mortgage deed to you for signature
- Send you the redemption statement
- Agree a completion date

## STAGE THREE – Completion

### Re-Mortgage Solicitor

- Often a week's notice is required for a completion date
- On completion date pays off your existing mortgage
- Collects any legal fees and disbursements
- Forwards any remaining money to you
- Register the new mortgage at Land Registry
- Supply original deeds to new lender and copy to you

# JARGON BUSTER

Below are a number of terms you are likely to come across when buying, selling or re-mortgaging your property:

Completion Date	Mortgage
Contract	Mortgage Deed
Deposit	Mortgage Fees
Disbursements	Property Information Form
Exchange Contracts	Redemption
Fixtures, Fittings and Contents Form	Redemption Fee
Freehold	Stamp Duty
Indemnity Contribution	Survey
Land Registry	Title Deeds
Leasehold	Transfer Deed
Legal Fee	
Local Authority Search	

## Completion Date

This is the date that ownership of the property passes from the seller to the buyer. The seller and buyer should agree a suitable date between them and notify their solicitors. You should always bear in mind unforeseen delays i.e. searches not returned on time. Only when contracts are exchanged and completion date is fixed can you virtually guarantee a completion date will be met. Therefore we advise that firm commitments to things like time off work or arranging removals should not be made until you have a fixed date.

## Contract

This is the legally binding agreement between the buying and selling parties. It sets out the main terms of what has been agreed, such as property, price and names in the parties. Two copies of the contract are drawn up and each party signs their own copy, meaning both parties do not have to meet up to sign one contract. When both parties are ready to commit, the contracts will be exchanged and become legally binding.

## Deposit

There is often confusion around the deposit, with most people assuming it is the part of the price the buyer is putting down themselves (the difference between the mortgage amount and the purchase price). Rather, it is the amount of money handed over to the sellers' solicitor upon exchange of contracts. This can be anything up to 10% of the selling price, and should be negotiated in advance. You should be aware that if you pay a reduced deposit and fail to complete through no fault of the seller, you will be liable to make the deposit up to the full 10%. You could also be liable to pay further compensation to the seller through your failure to complete.

## Disbursements

Disbursements are all the payments that solicitors make to other people on your behalf. These are standard costs and include local authority searches, official searches and stamp duty.

## Exchange Contracts

This is probably one of the most important moments in the house buying process. The entire matter becomes legally binding: the seller must sell, and the buyer must buy, at the price stated on the contract. Before contracts are exchanged, nothing is legally binding and either party can walk away at any time.

## Fixtures, Fittings and Contents Form

This is the list of what in the property is included in the sale. The form is completed by the seller and sent to all legal parties and a copy sent to the buyer so everyone knows exactly what is included in the sale.

### Freehold

This means you own both the property and the land the property stands on.

### Indemnity Contribution

Indemnity is taken out by all solicitors to cover losses to clients arising from errors or fraud in dealing with their matters.

### Land Registry

Established in 1925 it is a central body that retains records of who owns land and under what conditions.

### Legal Fee

This is the fixed cost that covers the time our legal experts spend on your conveyancing.

### Local Authority Search

This is a list of questions about the property, which is sent to the local authority. It answers questions like, whether the council maintains the road serving the property, and what planning applications have there been against the property. However, it does not cover any planning applications made or in progress against nearby properties.

### Mortgage

This is the loan to help you pay for your property. The lender will hold your deeds until you have paid off the mortgage or sold the property and paid off any outstanding monies. Contracts will not be exchanged until solicitors have received written confirmation of the mortgage from the lender.

### Mortgage Deed

This is the legal charge of the property to the mortgage lender until such time as the loan is repaid.

### Mortgage Fees

These are fees normally charged for acting on behalf of a new Bank or Building Society

### Property Information Form

This is a questionnaire about the property completed by the sellers. It covers such items as guarantees, neighbours' disputes and boundaries. As a buyer, if you have any specific queries about the property, you should ask them now. As a seller, if there is a question you do not want to answer you must discuss it with your legal representative. Failure to disclose information could give the buyer grounds for legal action against you.

### Redemption

This is the final payment of a mortgage loan

### Redemption Fee

A penalty that can be incurred for paying off a mortgage early

### Stamp Duty

This is a tax paid by the buyer of a property valued at over £125,000. This ranges between 1% and 5% of the purchase price.

### Survey

This is a report into the physical state of the property you are looking to buy. Properties are 'Sold as Seen' and it is up to you as the buyer to discover any physical defects through a survey. If you are buying a property by means of a mortgage, then you will be required to have a mortgage valuation undertaken. This is not a survey, but satisfies the lender that the value of the loan is covered by the value of the property. It is advised that you undertake a basic survey from a RICS qualified surveyor. This may identify any basic faults and for older

properties a full structural survey is recommended. These surveys will cost you money, so shop around! It is highly recommended that you take out the necessary surveys prior to exchanging contracts.

#### Title Deeds

These documents act as proof that the person selling the property owns it to sell. Secondly it sets out any rights or obligations that affect the property. Selling time can be saved by obtaining your deeds as early as possible. Most people's deeds are held by the bank or building society and they may charge you to release the deeds.

#### Transfer Deed

This is the documentation required to show ownership of the property has changed from the seller to the buyer. It is dated with the completion date and will be forwarded to the Land Registry after completion. The Land Registry require this to demonstrate that there is a new owner of the property