

WHAT TO EXPECT IN THE LEGAL PROCESS OF BUYING “STANDARD” PROPERTY



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I've been a solicitor all my working-life (I qualified in 1994) and have run my own firm since 2005. My vision is to meet the legal needs of local clients with the smartness and expertise of a city-centre firm – at prices representing real value for money. We deliver with '10 Commitments' to quality and service outlined on the back of this brochure – to which I put my name as my guarantee of your satisfaction. I hope you engage us.



WHAT WE DO

'Conveyancing' is the word used to describe the legal processes through which homes or other properties are bought and sold.

Our conveyancing services involves our carrying-out the legal work for you when buying or selling a property, if you are using a mortgage we will likely be asked to act for your lender too.



WHAT TO EXPECT WHEN BUYING

Unless you already have somewhere to buy privately arranged (e.g. within family), your first step is normally to find somewhere to buy from properties advertised for sale by estate agents. Don't forget that the estate agent is acting for the seller – and they generally get a commission based on the sale price, so the main thing the agent will wish to ensure is that their client gets as much as possible, so they also get paid as much as possible. Estate agents do need buyers for their businesses to work – but their interests are aligned with sellers.

Lawyers normally engage once the sale has been agreed in principal – usually done by the agent's "Memorandum of Sale" recording the deal agreed, including:

- a. the property description,
- b. the identities of the parties and their lawyers. This means you will have picked your lawyer (hopefully us!) by the time the basic deal has been discussed.
- c. the price agreed, and how the buyer is to finance paying that price.

Even if you already have a deal (so there is no agent involved) to ensure there is a common understanding we still recommend a “Memorandum of Sale” be agreed.

Only a small minority of ‘standard’ purchases do not ‘go through’ according to an agreed Memorandum of Sale – so your purchase ‘falling through’ is not something you need to anticipate. More protracted, higher-value, and unusual property purchases tend to be relatively more likely to ‘fall through’ than standard sales.

However, in English & Welsh land law, property can only be bought by an arrangement in signed writing – this normally means that any “deal” is not binding until Contracts have been exchanged (see below). This is what the phrase, “*Subject to Contract*” means – i.e. someone could still back-out.

Therefore at the ‘Agreement’, “*Subject to Contract*”, stage both the buyer and the seller could still ‘back out’ without incurring any obligation to the other. This means nobody should really incur any significant costs on the assumption that any agreed purchase will actually go through, i.e. until after contracts have been exchanged (see below). This also means you shouldn’t sign a Memorandum of Sale.

As a buyer, though, the costs of the investigations you have to undertake prior to exchange can’t really be avoided, that does put you at risk of sales falling-through. It is possible to waste quite a bit of money property hunting unsuccessfully.

A buyer may wish to co-ordinate a purchase with a sale, moving from one house to another on the same day, and using part of the sale price as part of their purchase price. This creates what is known as a “chain”, because sales and purchases are connected. Typical chains only have one or two links, but we have had chains involving up to eight simultaneous transactions. As well as being slow and unstable, very long ‘chains’ occasionally create legal co-ordination difficulties.

Legal process normally commences after Memorandum of Sale, when the lawyers take-over conducting the deal from the estate agents (who often like to monitor their progress). The legal work generally involves the lawyers in two main events:

1. “Contract” (or “Exchange of Contract”, or “Exchange”), and
2. “Completion”



Which two events therefore divide the process in three parts, as follows:

Pre-contract phase (typically 3-6 weeks)

During this time the buyer will carry-out their investigations into the property, and get their finances sorted-out. The seller should co-operate with the buyer's investigations.

1. From the outset the seller will provide the buyer with evidence of the seller's right to sell the property – this is normally copies of Land Registry documents, but may also involve other documents in some circumstances.
2. The buyer will also normally submit property information requests to the seller, for the seller to complete.
3. The buyer may also ask specific questions about relevant matters ("enquiries"), that the seller may need to answer.

The seller's lawyer prepares the Contract; the buyer's lawyer produces the transfer document – these are normally formalities. You'll probably be asked to sign the documents now, for the lawyers to hold ready for use later on.

Buyers normally do other legal investigations into the property, not involving the seller, such as ordering 'searches' from bodies who hold records about land, like Local Authorities. Some Local Authorities can take up to four weeks to give search results; Stockport generally take about two weeks – so this can be time-critical. A buyer may be able to insure against the consequences of not carrying-out searches - that may be quicker and cheaper than doing the searches.

Buyers may also physically survey (and value) the Property.

Unless the buyer has cash the buyer is unlikely to be ready to exchange contracts until their finances are fully in place – this normally means a loan from a bank who will take a



mortgage over the property once bought. Mortgages take time to arrange, so this could also be a critical path in timing.

At the conclusion of this phase the buyer's lawyers will produce a report on the title to the property for the buyer. If all is clear then this means that the buyer's lawyer considers that the buyer (and lender, if there is one) would be able to sell-on the property, normally, after you buy it.

Exchange

Once the pre-contract arrangements have all been dealt with the buyer and the seller will confirm to their lawyers that they wish to proceed “to exchange”, and then a date for the Completion to occur will be agreed.

There is normally a substantial deposit for the buyer to pay to the seller’s lawyer on Exchange – typically of 10% of the price.

The actual contracts are exchanged through a formal telephone conversation between the buyer’s and seller’s lawyers.

CONTRACT	
For conveyancer's use only	
Buyer's conveyancer: _____	
Seller's conveyancer: _____	
Law Society Formale (A1/B/C / Personal exchange)	
The information above does not form part of the Contract	
Date	:
Seller	:
Buyer	:
Property (freehold/leasehold)	:
Title number / root of title	:
Specified incumbrances	:
Title guarantee (full/limited)	:
Completion date	:
Contract rate	:
Purchase price	:
Deposit	:
Contents price (if separate)	:
Balance	:
The seller will sell and the buyer will buy the property for the purchase price.	
WARNING This is a formal document, designed to create legal rights and legal obligations. Take advice before using it.	Signed Seller/Buyer:

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After contracts have been exchanged the deal is committed – the buyer can’t back-out without there being a substantial financial implication on the deposit. Although the seller is also contractually committed, the remedies against the seller for failing to complete, are less impactful; however sellers rarely fail to complete, once exchanged.

Between Exchange and completion (typically 1 week)

Buyers normally request about a week between exchange and completion to allow themselves enough time to draw-down funds from their lender.

This period also allows both parties to make practical arrangements for the day of the move, when they normally both have significant activities to undertake.

There doesn’t have to be any time between exchange and completion, provided the buyer has funds in place and the parties are ready; it is possible to exchange and complete at essentially the same time (referred to as ‘simultaneous completion’ - although contracts are always exchanged prior to completion).

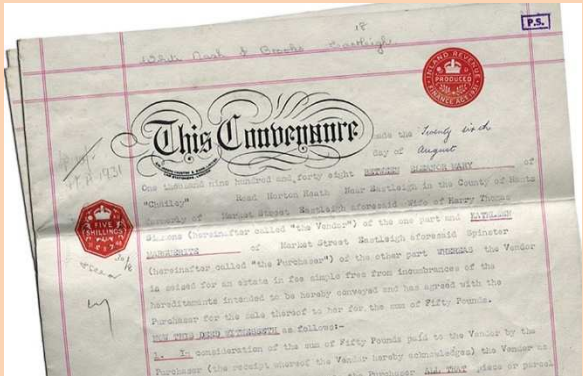


Completion

At completion the actual ownership of the property passes from seller to buyer. Obviously the seller must have moved-out of the property before completion.

Although completion can occur on any working day, Fridays are popular due to the proximity of the weekend to get sorted-out. Completion normally occurs mid-morning, and must occur before 2pm (other than exceptionally).

Completion is normally a formality because its timing is agreed at exchange. The buyer sends the balance of the purchase price to the seller to "hold to order" (which means the seller can't use it until after completion). The bulk of these funds may come from the lender. The lawyers then confirm completion in another 'phone call.



Immediately you complete:

- the buyer's money is released to the seller, who may use part of it for discharging mortgages, paying estate agents, paying the lawyers' fees, etc. and the rest of it will go to the seller (who may be using it for a related purchase in a 'chain' – see above).
- The seller is obliged to hand physical possession of the property to the buyer – normally by lodging keys with the estate agent who then passes them to the buyer. Buyers will frequently take possession straight away – moving in, or perhaps starting any works.

Post-completion

The buyer has various formalities to finish off after completion, in particular paying the Stamp Duty Land Tax that might be due, then registering the transaction with the Land Registry. It is possible the seller might still be called on to help with some aspects of those in some (rare) circumstances.



Although only a few hours' total legal work is actually needed, the legal process typically takes 6-8 weeks. The buyer's local searches, and mortgages, commonly cause most delay. If everything were in place (e.g. funding pre-arranged; search insurance used) the process could take just days. Quick transactions rarely occur, though.

Passions often run high in conveyancing, that can be a very nerve-wracking experience, especially first-time; this tends to be because:

- Relatively large amounts of money are involved;
- Where people live can be very important to them for family and work matters
- People can become unrealistic about houses they've lived in for a long time
- People might be under pressure to move quickly, e.g. due to family circumstances, financial problems, neighbour issues etc.

Anticipating the nerves means they won't come as such a surprise.

You should consider all the expenses involved in moving house:

1. Any estate agents charges (seller)
2. Your legal costs
3. Any property surveyors fee
4. Fees for mortgage applications
5. Removal costs
6. Taxes that might be payable



When choosing your conveyancing lawyer to act for you think about:

- A. Locality :** although there is no reason for the lawyer to have to be situated locally to the property being bought or sold, you might wish to be able to pop into your lawyer's office to give them things, talk to them face-to-face – or you might just like supporting local businesses
- B. Competitive quotes :** it's important to compare like-with-like; the quotes this firm gives are for the entire legal process. We have heard of competitors who advertise lower 'headline' prices because they hide in their small-print extra charges for standard parts of the process, such as making Stamp Duty Land Tax Returns. With Mounteney the price we quote is the price you will pay.

All conveyancers should be professional, friendly and accessible.

Mounteney Conveyancers' commitments over your normal expectations are:

1. our explanations are simple, clear and concise
2. our advice and services are unsurpassed in our sector
3. our fees are more economic than our local competitors'
4. our charges are proportionate to the value we produce for clients
5. in all appropriate instances we quote and adhere to fixed-fee terms
6. we cause no unreasonable delay in pursuing our clients' interests
7. we are readily available during business hours
8. we adopt a smart approach
9. we are scrupulously polite
10. our principles are based on the Christian ethos

Mounteney Conveyancers is a trading name of Mounteney Conveyancers Limited

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