

## Buying a Property

### Introduction

Buying a property contains many stages which your solicitor will have to work through. It would help your solicitor to have as much information as to what you are looking for in your property and details such as Deposits (how much and where is it coming from) and mortgage information before the transaction begins. Below is the basic structure of the procedure which the transaction will have to go through before you own your property.

### Enquiries

Once you have instructed your solicitor they will receive the contracts documentation from the seller's solicitors. Your solicitor must ensure that there are no problems with the legal aspects of the property.

Your solicitor makes the enquiries and searches as follows:-

- **Local searches.** These are enquiries made of the local council about the property. It does not show up any entries relating to neighbouring properties. Information includes, planning, tree preservation orders, whether the roads are maintained by the local authority etc.
- **Drainage and Water Searches.** This search gives details about the connection to water drains, pips and sewers and an idea of where and how your property connects to the same
- **Environmental Search.** This search will provide information as to the environmental factors which affect the property you are purchasing and the immediate area in which the property lies.

- Enquiries made to the seller by the solicitor. These are a set of standard questions about the property, boundaries, neighbour disputes and fixtures and fittings that will remain in the property. There may also be additional questions that the solicitor thinks are necessary, such as the transferability of guarantees for any work done on the house, for example, a damp proof course; and

- enquiries of the Land Registry.

### Deposit

This deposit is often 10% of the price of the home but it can vary. If you are not paying 10% then you must advise your Solicitor.

If you are also selling a house, it is usually possible to put the deposit on the property being sold towards the deposit on the property you are buying.

If you are experiencing issues with raising the deposit, there are options available. You could consider borrowing the money for the deposit from relatives or via a bridging loan from a bank. However, the amount of interest you will have to pay for a bridging loan will be high and

you should check how much this arrangement will cost. You should discuss your options and any issues with your solicitor.

### Exchange of Contracts

Before the signing of the contract your solicitor will report to you on the property. This will either be done by way of a written report or a meeting with your solicitor.

You will then sign the contract, a copy of which will also be signed by the seller, when

- both you and are your solicitor are happy with the report on the property
- any surveyor's report has been received and any necessary action taken (if carried out)
- the formal mortgage offer has been received
- the deposit has been paid or arrangements have been made to pay the deposit
- the date of completion has been agreed.

These signed contracts are then exchanged. At exchange of contracts both you and the seller are legally bound by the contract and the sale of the house has to

go ahead. If you drop out, you are likely to lose your deposit.

Before exchange of contracts you will also need to sign the mortgage deed if you are obtaining a mortgage to fund your purchase. This is registered against the property with the Land Registry to protect your mortgage lenders interest in the property.

You should make sure that buildings insurance is arranged from the date of exchange, because once contracts have been exchanged you are usually responsible for the property. Your solicitor will normally advise you when to arrange your buildings insurance.

### **Before Completion**

Before completion your solicitor will send you their completion statement showing any monies which are either due to or from you. If any monies are due from you then you should make this payment before completion.

The solicitor will also send to you one copy of the transfer for signing which you must have witnessed and the witness also signs. They will send the Land Transaction Return form (Stamp Duty Land Tax Form) which must be signed. Both documents should be returned to your solicitor before completion.

If for any reason the solicitor has not received the signed Land Transaction Return Form from you within 30 days of completion the HMRC will impose a penalty fee of £100.00 which you will be liable to pay.

You should make arrangements for the supply of gas, electricity and telephone service and make sure that the seller is arranging for final meter readings to be made.

### **On Completion**

On the day agreed for completion:-

- the mortgage lender releases the money (if any

mortgage lender, if not you must ensure that the monies due are paid to the solicitor in time for completion). If the monies are coming from the sale of your property your solicitor will need to wait for the proceeds of sale to be transferred to them

- the deeds to the property and transfer signed by the Seller are handed over to your solicitor the seller must hand over the keys and leave the property upon completion.

- Any monies due to you are paid by your solicitor.

### **After Completion**

Your solicitor will then register the transfer (and mortgage deed) with the Land Registry and once this is completed they will send a copy of the amended Land Registry title and plan to you to finalise the matter.

*Please call Kacy Ford on 01233 625 711 for more information, or email them on kf@hallettandco.co.uk*