

## General Stages involved in a usual Purchase Transaction

1. Receive notification from Estate Agent detailing names and addresses of Buyer, Seller and their Solicitors and the purchase price. Acknowledgement of the instructions and request Energy Performance Certificate - immediate
2. Write to Seller's Solicitor to request contract papers - immediate
3. Write to you with terms and conditions of business and request money on account of searches eg Local Authority search fee – within 3 working days of receipt of your instructions
4. You return the initial forms duly completed and supply us with your identification documents so that we can comply with the money laundering regulations. We also require source and proof of funds being provided in addition to mortgage finance. If you are purchasing with the aid of a gift from a family member then there are additional forms for you to complete and we will also have to confirm the identities of the donor(s) of the gift and check their proof and source of funds and inform your Lender accordingly – this is totally in your hands
5. Once you have received a satisfactory survey result and you are sure you wish to proceed you pay us £250 on your debit card. We then submit the searches (once the searches are requested they cannot be cancelled so the fees are lost if you do not proceed) and it takes approximately 5 – 10 working days to receive the results. Amongst other things, we are looking at whether the roads have been adopted, or if the property is in the course of being built whether the Agreement and Bonds in respect of roads and sewers are in place with the relevant authorities, and whether any planning permissions granted affect your property
6. Once contract papers arrive we have to make sure that the Seller is the rightful owner and that everything is in order. Where the property is less than 10 years old we also require the NHBC guarantee from the Builder. We may have to ask additional questions of the Seller's Solicitor and wait for the replies – obviously it is beyond our control as to how quickly we are provided with the contract and some solicitors provide documentation in drips and drabs. If we have everything to enable us to investigate title to the property it generally takes less than 3 hours to approve the contract. If there are further questions arising from our investigation of the paperwork provided we cannot dictate the length of time this stage will take
7. If you are obtaining a mortgage we wait for the Lender to send us the Mortgage Offer. You can assist us by ensuring this is issued to us as quickly as possible. We then check the terms of the Offer to make sure there are no special conditions with which you cannot comply. You must return the Mortgage Confirmation Form supplied to you by us at the beginning of the process – again it is impossible to say how long the Lender will take to issue an offer but as long as you provide them with all the requested details and accept the offer in a timely manner the Lender will issue the offer to us
8. Once we have approved the contract you will be asked to sign it. You will be invited into the office to go through the paperwork in person or provided with a written report regarding the title, search results and mortgage offer. You will be provided with a hard copy of our client bank account details in writing or at this meeting even though we may not request funds immediately. Only use these bank account details. We will not telephone or email you with any change of these details. Before you transfer funds to our client account electronically telephone the office on the telephone number stated on the letterhead of the letter of engagement posted to you at the outset. At this stage, we need a deposit of usually 10% of the purchase price to pay to the Seller's Solicitor on exchange of contracts and it must have cleared before we can exchange. Just because you have signed the contract does not mean you are bound to complete the purchase but by now you will have spent quite a bit e.g survey fee and search fees. At the meeting or in writing we will ask you to sign an authorisation that you are happy for us to proceed to exchange contracts. Please see below additional information if you are purchasing a leasehold property
9. Exchange of Contracts – the following must be available before exchange takes place – usually 8 - 10 weeks have elapsed to reach this point
  - (i) Contract in and approved
  - (ii) Mortgage Offer in and approved (if relevant)
  - (iii) Satisfactory search results eg coal, environmental, chancel, water, local authorityYou are not present at exchange of contracts. It is merely a telephone conversation between the two Solicitors but once done there is no going back. If you are also selling a

property exchange of contracts takes place at the same time in respect of both transactions. The completion date i.e. the date you actually take possession and the money is paid over is set and inserted in the contract. The parties involved agree the length of time between exchange and completion. This date cannot be changed once contracts have been exchanged. The deposit is paid and cannot be refunded if you fail to complete the purchase and indeed you can be sued for the balance of the price plus interest and expenses for breach of contract

10. We prepare the Transfer Deed which the Seller has to sign. This document actually puts your name on the Deeds at the Land Registry and is only handed over to us on completion after the Seller's Solicitor has received the full purchase price. We also submit a Completion Information and Undertakings Questionnaire which address the practicalities of what happens on completion. The Seller's Solicitor has to approve the Transfer and arrange for the Seller to execute it and reply to the Questionnaire
11. We then have to carry out further searches usually via the internet as this is quicker. We make a search at the Land Registry to ensure that the Seller has not done anything affecting the property in between supplying us with the contract papers and the date of exchange of contracts. Also, if you are buying with the aid of a mortgage we need to carry out a bankruptcy search on behalf of the Lender (because we not only act for you but also for them as well) as obviously they do not want to lend you the money if you are bankrupt and therefore cannot pay them back- these results are usually supplied immediately
12. If you are getting a mortgage we have to submit a Report or Certificate on Title to the Lender whereby we are stating that the title of the property you are buying is safe to lend the money on. We usually have to give a least a week's notice to the Lender to give them time to get the money to us in time for the completion date
13. We produce a Completion Statement to you setting out all the figures involved in the transaction e.g. price, mortgage advance, our charges and expenses paid to others. Usually there is a balance due to us to enable us to complete the transaction. Wait until you know the correct figure before transferring funds. You must ensure that we hold cleared funds on the day of completion so if you are giving us a personal cheque or a Bankers draft you must allow at least five working days to ensure your cheque clears. Please ensure that you are not using client bank account details which have been emailed to you as emails are not a secure method of communication. They can be intercepted. You must telephone the office on the telephone number on the hard copy letter of engagement posted to you at the outset of your matter to check with a member of our staff that you are sending money to the correct account. You may, time permitting, send a test payment first. You then need to check with our accounts department or office manager whether the test payment has arrived safely before sending the balance to the same account. Our staff will confirm the account details in your possession; they will not disclose our account details. If monies are owed to you on completion you may wish to receive this direct into your bank account as opposed to a cheque which will have to be cleared. If this is the case, we will use the bank account details you provided on the Client & Lender form signed by all clients but please note that you will be charged an extra £21 plus VAT totalling £25.20 for this service in addition to the amount you have already been quoted. If your bank account details change you will have to notify us with the new details in writing and provide proof eg a bank statement. Please note we cannot always pay your net proceeds of sale on the day of completion especially where funds have arrived late on the day of completion. We aim to pay you on the day but if not, it will be the next working day.
14. Completion – You do not need to come into the office you just concentrate on packing up your belongings and moving in after 2 pm. We send the balance to complete (i.e. the purchase price less the deposit already paid plus anything agreed for fixtures and fittings you wish to buy) direct to the Seller's Solicitor's bank account. Once it is received by them they telephone the Estate Agent who usually holds the key to release it to you. You check with the Agents after 12 o'clock to see if you can collect the key. Sometimes, where there is a long chain of sales and purchases it can take some time for the money to come in before it can be telegraphically transferred out to the Seller's Solicitor's bank account
15. We then complete the stamp duty land transaction form online and pay any duty which arises. This must be done within 14 days of the completion date otherwise you will be charged a penalty

16. We then have to register your title and also any mortgage at the Land Registry. If you have bought a leasehold property we have to give notice to the freeholder that you now own it and let them know your Lender's name. There may be an additional fee payable and this is stated in the lease. Also, in the case of a flat it may be necessary for a management company share certificate to be transferred to you
17. On completion of the registration, we will send you a copy of the up to date Land Registry entries.
18. We usually store Land Registry details and keep any old title deeds on behalf of clients. You may remove them at any time upon production of identification. If you do not have a Will please telephone Tony Learoyd for an appointment as soon as you have settled in your new home as it is extremely important for you to have a Will now you are a homeowner. We will store your file of papers for six years following your completion date after which they will be destroyed. To prevent this please request your file within six years

### **Purchase of a leasehold property**

The purchase of a leasehold property will involve considerably more work than the purchase of a standard freehold property. As we want our services to be recognised as expert, accurate and appropriate, the costs will be higher and there will be additional monies to be paid to third parties, such as managing agents and freeholders. There are no regulations governing the charges which the managing agents and freeholders may make. On completion of the transaction, we will need to serve notice on the managing agents or freeholders to advise them that you are the new owner of the property so that they can update their records. It may be that you will be required to join a management company. It is likely that you will have to enter into a deed of covenant with the managing agents or freeholders to ensure future compliance with the terms of the lease. It is also likely that the managing agents or freeholders have a restriction registered on the title of the property to prevent a sale of the property without their consent. This means that on completion, the managing agents or freeholders will be asked to provide a certificate of compliance which is submitted to HM Land Registry to enable the title register to be updated. There will be additional charges made by these third parties. We cannot advise you as to the likely cost until we are some way into the transaction as the information is provided by the managing agents and freeholders in the Leasehold Information Pack which they provide to the seller's solicitor. However, once we receive the Leasehold Information Pack, we will report to you on it, provide you with copies of all relevant documents, advise you as to the procedure we will need to follow on completion to ensure the correct registration of you as owner at HM Land Registry and the likely charges and costs of doing so.

It is important for you to be aware that there is no standard procedure adopted by managing agents or freeholders and there are no guidelines as to the timescale in which such information has to be provided by them. It is important for you to be aware at all times that we can only progress your transaction as fast as the information required is provided and that will be outside our control.

In order to provide you with best service in relation to the purchase of a leasehold property, Hargreaves Gilman will:

- provide you with a copy of the lease and a full report on its terms;
- report to you in particular on:
  - the length of the term remaining;
  - the amount of ground rent payable;
  - any rent review provisions;
  - any provisions in the lease which may require you to seek the landlord's permission for any matters (such as the requirement to obtain the landlord's consent to subletting, or any works which you may wish to carry out);
  - the amount of service charge.

Should we believe that the rent review provisions are onerous, we will discuss this with you in detail, and should you be taking a mortgage, then we will consider the mortgage lenders' requirements in the UK Finance Mortgage Lenders' Handbook and, where appropriate, report any

onerous provisions to the lender, asking them to refer the matter to their surveyor and asking them to give consent to enable us to proceed.

We will advise you in relation to any intention you may have to carry out any works or sublet the property, then we will ask the seller's solicitor to obtain details as to the procedure for such consent to be granted by the landlord or managing agents.

Upon receipt of the Leasehold Information Pack from the seller's solicitor, we will forward a copy to you showing the amount of service charge payable and details as to what the service charge covers, with copies of the service charge accounts and budget, details as to any sinking or reserve fund managed by the managing agents and whether any works are intended or expected within the next three years, and in particular whether any such works will lead to an increase in any service charge payable.

It is likely that completion will take place during a financial year when the charges for that current financial year are not known. It is important to ensure that neither you nor the seller end up being out of pocket due to any payments required during the year, and we will therefore agree with the seller's solicitor that a retention is made on completion to cover any future or pending charges. A 'special condition' regarding this will be agreed between us and the seller's solicitor and inserted into the contract.

Prior to completion, and once a completion date is known, the seller's solicitor will obtain up-to-date ground rent and service charge figures, calculate apportionments and prepare a completion statement showing the amount required to ensure that all service charge and ground rent is paid up to date by the seller. The statement will also take into account the agreed amount of retention. This will enable us to provide you with a completion statement showing the amount required and will also include the managing agents' or freeholders' charges for the service of the notice of assignment and any other requirements that they may have in relation to completion.

On completion, we will ensure that we have complied with all of the landlord's and managing agents' requirements in relation to the signing of any deed of covenant and/or other documents, and we send the notice of assignment and all supporting documents to the managing agents and/or freeholders together with the appropriate fee.

Once HM Land Registry has completed the registration of you as the owner of the property, we will send copies of the title information document to you. We will ask you to confirm that if the managing agents and freeholders have sent you invoices for ground rent and/or service charge, that the invoices have been addressed to you and not the previous owner; should there be an issue with this we will endeavour to ensure that the situation is rectified. In relation to the retention held for any balancing charges, we will ask you to provide us with a copy of the service charge accounts for the financial year in which completion took place as soon as you receive them, so that we can liaise with the seller's solicitor regarding apportionment of any payments due and agree figures and release the retention as appropriate.

**Note: There** may be different procedures for different types of leasehold properties (retirement apartments, etc.) but the general principles for you are the same.

**After having read all this you can see why it is such a stressful procedure but we aim to take the pressure off you. We would appreciate you supplying us with all information we request throughout the transaction in a speedy fashion.**