

Introductory Report on the
Conveyancing Transaction

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INTRODUCTORY REPORT ON THE CONVEYANCING TRANSACTION

A conveyancing transaction can be split into three stages. The first stage is from commencement until exchange of contracts; the second is from exchange until completion and the final stage is after completion. I will describe the first stage in detail now, as that is the one that needs the most explanation.

Although you may not be both selling and buying property, I will describe both sides so that you receive the complete picture.

Sale

1. Following receipt of your instructions we will send to you (either by post or email) our Client Care documentation. When you have returned the necessary documents we will be ready to proceed.
2. Once we receive the Sales Memorandum from the Estate Agents (unless you are selling privately, in which case you will need to supply the details of the buyer and the buyer's Solicitors) we will make contact with the buyer's Solicitors.
3. We will apply online to the Land Registry for up to date copies of your title.
4. It is the seller's solicitor's job to prepare the draft Contract. The Contract is the document setting out the terms on which the agreement is reached as to the sale of the property. Once prepared, this is sent to the buyer's solicitor, with any relevant accompanying documentation (eg a plan of the property or a copy of the lease if leasehold). The buyer's solicitor may wish to amend parts of the Contract, but the seller's solicitor will only agree to them if in the best interests of his client. If the seller's solicitors are operating the Law Society's Conveyancing Protocol (which Burch Phillips & Co. do) when sending out the Contract the Seller's solicitor will also send a Property Information Form and Fittings and Contents Form the details of which have been prepared in advance in conjunction with the seller.
5. If your property is leasehold, we may well need to apply to the freeholders, Management Company or the Managing Agents for information regarding, for example, payments or ground rent and service charges and buildings insurance. There will often be a fee payable for this and we will ask you to put us in funds for the fee.
6. Once the buyer's solicitor is satisfied with the results of the searches and enquiries and the Contract has been agreed, both the seller and buyer will each sign a copy of the Contract. The agreement becomes legally binding when the two signed parts of the Contract document are literally exchanged between solicitors and it is from this point that you will be legally bound to complete the sale or purchase. The buyer's solicitor will send a deposit with his client's signed part of the Contract. This is a sum of money, usually representing 10% of the full purchase price. It shows the buyer's intention to proceed with the transaction and will be forfeited by him if he later backs out of the

agreement. More often than not a 10% deposit will not be available, either because the buyer (purchasing for the first time) is getting a Mortgage of more than 90% of the purchase price or the buyer is selling as well and will be relying on the deposit paid by his or her buyer. In either case a reduced deposit is usually accepted.

7. At this stage, a suitable day for completion and moving out of the property is determined. It is usually about two to four weeks from the date of exchange of Contracts.

Purchase

1. The buyer's solicitor must make sure that the property being bought is as advertised and free from defects. The buyer should check through the estate agents particulars of sale and confirm that the description of the property, including any fixtures and fittings (ie items attached to the property such as shelves, light fittings and curtain rails), is satisfactory.
2. A search will be made at the local authority to discover whether there are any matters or future plans which might affect the property or the surrounding area. At least two other searches will be made, namely a Drainage and Water Search and an Environmental Search, this latter to check whether the property is built on contaminated land. Additional preliminary enquiries will be sent to the seller's solicitor; these are specific questions about the property of which the seller should have personal knowledge. Sometimes it is necessary to ask further supplementary enquiries, should other matters about the property come to light.
3. In most cases it is advisable to have either a full structural survey of the property or a Homebuyer's Report. The selling agents can usually advise on a suitable company to carry out such a survey, or if more appropriate, an electrical check or timber infestation survey. In any case, this is something that is left up to the decision of their client.
4. If a loan is being arranged from a bank or building society, Contracts will not be exchanged until the buyer has received an offer of a mortgage loan. The buyer should notify his solicitor of any problems in obtaining a loan.
5. The seller's solicitor will send a draft Contract for approval by the buyer's solicitor. The Contract sets out the terms on which the agreement is reached as to the purchase of the property. The buyer's solicitor will agree amendments with his opposite number, until he is satisfied with the Contract.
6. When the buyer's solicitor is satisfied with the results of all searches and enquiries and the Contract is agreed, Contracts can be exchanged (as described under Sale). Remember that the buyer should be prepared to pay a deposit of 10% of the purchase price, but see 6 above under Sale and 8 below.
7. On exchange of Contracts a suitable day is chosen for completion, which is usually about two to four weeks later.

8. Although it is usual for a 10% deposit (or sometimes 5% if the seller agrees) to be paid to the seller's solicitors in many instances we are able to negotiate and a reduced deposit is agreed. However, if a reduced deposit is acceptable, please note that in the event of your not completing the purchase, you will still be liable to the seller for the full 10%.
9. The deposit must be cleared funds and therefore, if paid by a personal cheque, must be given to us at least 8 days before exchange. Please note that under no circumstances will we exchange without "cleared funds". An online transfer direct into our Bank Account is the most acceptable form of payment.
10. It is advisable to take out a life policy to ensure that in the event of your death your mortgage will be paid up, although it is unlikely that your mortgage lender will require you to obtain one. Life policies and buildings insurance policies must be put into effect as from the date of exchange.
11. If you are purchasing the property in single or joint names, please tell us clearly as early as possible in the transaction to enable us to ensure the documentation is correct. Where you are purchasing the property jointly, it is usually held as "joint tenants" which means that in the event of one party dying that party's interest in the property will automatically be transferred to the other party. If you do not wish this to be the case, please tell us so that we can ensure the documentation is correctly drawn up. Furthermore, in respect of joint purchases, it may be that you do not wish the property to be equally owned by the parties. If so, please discuss this with us.
12. You will appreciate that we work only from the documents in our possession. It is therefore important for you to inspect the property and bring to our attention any matters of concern such as undefined boundaries, alterations or extensions (so that we can check for appropriate planning consents). Please also look carefully at any plans attached to the Contract document that we will send you to ensure that it is correct.

Completion

This is where the balance of the purchase money is paid to the seller and he in return hands over the transfer document and the deeds to us. Once again, please note:-

1. that if there is a balance which has to come from you, we must have cleared funds as mentioned in 9 above.
2. if you are obtaining a mortgage, then we usually request the TT to be sent to us the day before completion in order to avoid any delays on the actual day. Please note that interest on your mortgage may commence from the date the funds are released to us by your lender.

Combined Sale and Purchase

If a solicitor is acting for a client who is synchronising a sale and a purchase, all the information under the individual sale and purchase headings will be relevant.

However, on exchange of Contracts the solicitor will arrange the transaction so that the client will not be bound to buy a property without having the security of a binding agreement on the sale side.

On the purchase side the client should be prepared to pay a deposit of 10% of the purchase price. On the sale, the client will receive a cheque for 10% of the sale price. The latter may be put towards the purchase deposit, but the client will be notified of the full amount needed nearer the time of exchange.

As the client is involved with a sale and with a purchase, he will have to sign a Sale Contract and a Purchase Contract.

The date of completion will be arranged so that, if possible, all parties in the chain of transactions can move out of one property and into their new property on the same day; see completion procedure above.

I hope the description of the Conveyancing Transaction is clear. I am willing to answer any queries you may have, and I advise you not to sign anything without my advice.