

Guide to
BUYING
a property

Freeman Johnson

Solicitors

31 Old Elvet, Durham DH1 3JA

Tel: (0191) 386 4843 & (0191) 386 9619 Fax: (0845) 389 3203 DX 60210 Durham

Website: www.freemanjohnson.co.uk

Offer

Congratulations! Your offer has been accepted. At this stage, it's important to bear in mind that neither you nor your seller are committed to the transaction, so don't give notice on your rental property or order that new sofa just yet! If either of you withdraw before exchange of Contracts (which you can do, for any reason) you won't have any comeback on the other party. You can't claim compensation or expenses.

Now the offer is made, it's over to your lawyer to carry out the legal work.

There is no fixed time for how long this takes. We recommend that if at all possible you avoid agreeing a completion date until the legal work has been completed. Certainly you shouldn't commit to any removal arrangements until your lawyer tells you your purchase is ready.

A typical transaction takes around eight weeks from the date your lawyer receives the draft Contract papers to the date you move house. Please bear in mind we might not receive the draft package straight away. Please also bear in mind that some transactions proceed more quickly, but if there are any legal issues, if you are buying a leasehold property, or if you are in a chain of people buying and selling, it can take much longer.

You will probably hear from us every week or so, but please give us a call or send us an email if you would like an update.

Pre-exchange – matters for you to do

Do not

agree to pay any deposits direct or enter into any written agreement with your seller or anyone seeking to represent the seller without speaking with us first. You could be putting yourself into the position of being bound by a contract that might not be in your best interests.

ID

We will need to verify the ID of each purchaser as early as possible in the transaction, but at the very latest before exchange of Contracts. We will give you details of what documents we require and what to do if you can't get into any of our offices. Please note we must see each buyer with their ID; we can't accept copies of ID or documents brought in by another person.

Survey

You need to decide if you require a survey of the property. You must organise this yourself; the Estate Agent will help co-ordinate access. We cannot organise your survey for you. You can find details of local surveyors and their fees online, in the phone book or your Estate Agent may have a surveyor they use.

There are various levels:

- a basic valuation. Your mortgage company may require this as a condition of your mortgage offer, but please note that it will be prepared for your lender's benefit and may contain a condition saying you cannot rely on it.
- a Homebuyer's survey. This is the most common type of survey and comments on the overall condition of the property and any areas which might require further tests or investigation.
- a full Structural survey. This may be required if you are buying an old or unusual property, one that is listed or if you have renovations planned.

A surveyor will be able to explain the differences and give you a quote. Please give a copy of your survey to your lawyer as there will be a legal section for us to comment on. Your survey may indicate potential issues or work to be done to the property. Your Estate Agent will help you organise quotes for work or potentially negotiate with the seller if you want them to carry out repairs before you proceed, or if you want a price reduction.

Some people prefer to wait until some of the legal work is started to make sure there are no problems with the title before they pay for searches. Other people prefer to get the survey underway as soon as possible to avoid any delays and to allow plenty of time to get specialist reports or quotes. It is up to you which order you do things in.

If you choose not to obtain a survey please bear in mind that it is your responsibility to check all physical aspects of the property; we can't do this for you. If you discover a problem with the property after exchange you would have no claim against the seller. We call this *caveat emptor*, or "buyer beware".

Electrics and Boiler

As part of our enquiries we will ask the seller if they have evidence of the boiler and electrics having been serviced. If they do not it will be up to you whether you want to:

- ask the seller to arrange a boiler service and / or electrical test. Please bear in mind there is no legal obligation on the seller to do this, and they might refuse.
- arrange a test at your own expense before exchange
- accept the boiler and electrics as they are

You must satisfy yourself that these are good working order before exchange, as you will have no comeback on the seller if they are found to be faulty or require repair following completion.

Mortgage

If you require mortgage finance, you will need to apply for the mortgage yourself; your lawyer will not do this for you. You can go directly to the bank or building society, or use a mortgage broker. Make sure you give your lawyer's details to your lender so they can issue the offer. It can take a little while for an offer to be issued, so you should apply as soon as possible. Sometimes when your lawyer receives the offer there may be errors, or information may have come up in the legal process that needs to be referred to the lender, so again it is helpful for us to have the offer as early as possible.

Deposit

When your purchase is ready to proceed, we will ask you to pay a deposit to us, ready for exchange. This is usually 10% of the purchase price (even though you might be putting in a different amount to top up your mortgage, eg 20%). You may want to make sure your deposit is accessible. We will ask you to tell us in the Purchase Questionnaire if you have less than 10%. Your deposit must come from you, and not from any other person. If you have a sale, we can usually use the deposit you will receive on your sale.

Buildings insurance

Your buildings insurance will need to start on the day we exchange Contracts (**not** the date you move in). We recommend you get a quote as early as possible so that when we are ready to exchange, you can arrange for the quote to start quickly and easily, and can send us a copy. If you need additional information, such as details of the types of lock at the property, your Estate Agent will be able to help. Don't forget to make the insurer aware of past flooding or a risk of flooding, if this has been revealed as part of the legal work. Contents insurance is not compulsory, but you may want to consider this at the same time.

Pre-exchange inspection

We recommend you visit the property again immediately before you instruct us to exchange Contracts to make sure nothing has changed since your last visit, for example to check there has been no damage caused, and no one else has moved in. Some people also like to use this visit to measure up and ask the seller to show them where the meters are and how to use the boiler, for example.

Pre-exchange – matters for us to do

Searches

We will ask you to pay for your searches at the start of the transaction so that we can submit the search request as soon as possible. Searches can take several weeks to come back. When we get the results we will report to you on them and tell you about any problems. If you require a mortgage, having searches is not optional. If you don't require a mortgage you can decide which of the searches you want (though we recommend you carry out all of them). You can find details about the searches and what they cover on our website.

Title

Your lawyer will check the title to your property, such as any rights you will have as the new owner, rights other people might have over the property, and any covenants (legally binding promises) which you will have to observe. We will tell you about these so that you can check they won't cause you any problems before you buy.

Enquiries

Your lawyer will advise you about the matters contained in your searches and the title and will most likely raise enquiries of the seller's lawyer if there are any items missing or any issues. It can sometimes take the seller and their lawyer a little while to reply to these enquiries or to resolve any problems. Please bear in mind that this part of the transaction is out of our hands; we have no control over how quickly the seller replies. We can 'chase' the lawyer to see if they can speed things along, or you can ask your Estate Agent to do this if it has been more than a week (for example) since the enquiries were raised.

Signing

When you have a satisfactory survey, we have checked the title, we have your searches and mortgage offer and all replies to enquiries, we will arrange for you to sign the paperwork ready for your purchase. We can post this to you to sign and send back or we can make an appointment for you to come into the office to sign with your lawyer. Signing doesn't commit you to anything – we will contact you again to take your final instructions before we exchange on your behalf. Exchange of Contracts is when you are committed to the purchase and can't change your mind. For this reason, it's really important you are 100% happy with everything before you tell us to exchange for you.

Exchange of Contracts

Exchange of Contracts (usually just called “exchange”) is when you and the seller commit to the transaction. The “exchange” happens on the telephone between the lawyers, the signed documents are dated and the deposit is paid from the buyer’s lawyer to the seller’s lawyer. You can’t change your mind after exchange, or you would lose your deposit. You do not need to come into the office, but we will need to contact each buyer (by telephone or email) to take your authority to exchange on the exchange day. You don’t usually agree a date for exchange – it happens as soon as all the legal work is ready.

The date for completion is agreed when you exchange. This date will need to be agreed between you and your seller (and anyone else in the chain). There is usually at least a week between exchange and completion so that your lawyer can get funds from your mortgage lender, and get any funds required from you. We will need those funds from you no later than the day before completion. We will give you a completion statement nearer the time, to include the legal fees as well as disbursements like any Stamp Duty Land Tax or Land Registry fees.

Completion

Completion is the date the balance of the purchase money is paid to the seller’s lawyer, and the date you get the keys to your property. We can’t guarantee what time this will happen for a number of reasons:

- If you are in a chain of properties, we will have to wait for the money to get from the bottom of the chain to the top
- When we put money in the banking system, the bank won’t guarantee how long it will take to arrive. It typically takes an hour or so, but could be any time up to 5pm.
- Even when legal completion has taken place, the seller might still be physically moving their belongings out of the property.

We will aim to get your completion through as early as possible, but you should be prepared that there might be some waiting around. It is often a good idea to ask your removal company to come slightly later in the morning, rather than first thing! You can also liaise with your seller about what time their removals are booked and how long they think it will take them to move out. We will contact you once completion has taken place so you can get the keys from the Estate Agent.

Post-completion

Once completion has taken place we recommend you take meter readings and let the utility companies and the Council know the completion date.

If there are any problems, for example if the seller has taken an item of furniture they said they were going to leave, please let your lawyer know as soon as possible so that they can try to help.

We will deal with registering the property at the Land Registry for you, but this can take a few weeks. We will write to you at your new address with a final letter, a copy of the title, and any original documents. Please note that your ownership will be registered centrally at the Land Registry and you can get a copy of your title from them at any time for a small charge. There may not be any historic title deeds, but if we receive any you are welcome to have them for information purposes.