



Before you can decide whether the property is the one you want to buy and whether the price is right, you will need to know the sort of property you are buying. It may be:

Freehold - most houses are freehold, meaning that there is no restriction on the period of ownership and there is no obligation to pay rent; or

Leasehold – all flats and some houses are leasehold, meaning that they are owned for a fixed period of time and are subject to a liability to pay rent and other charges to a landlord.

If the property is leasehold, you will generally have the right to extend your lease or buy the freehold under Leasehold Reform legislation.

These are the stages in buying your property:

Preliminary steps

1. A verbal offer is made by you to the seller, usually through the selling agents, and the seller accepts your offer, subject to contract, survey and any other matter such as the seller applying for an extended lease. There is no legally binding agreement at this stage.
2. In most cases you will then want to instruct a structural surveyor to survey the property and carry out a valuation. A survey will tell you whether works need to be carried out to the property. You will need this information to decide whether or not to proceed. If you are borrowing to fund your purchase, you should speak to your lender as they will require a surveyor to report to them as well. To avoid duplicating costs, you should check that your chosen surveyor is acceptable to the lender. Alternatively, you may be happy to use the surveyor whom your lender intends to instruct.
3. Before we can act for you we will have to carry out identity checks (as required by law). We would like to meet you and you will be asked to bring to that meeting your passport and evidence of your current address. This may be in the form of a utility bill addressed to you at your present home.

Carrying out legal 'due diligence'

4. Once you have asked us to act for you and identification checks have been completed, we will:
- carry out all necessary conveyancing searches to check whether any planning permissions, rights of way or other obligations affect the property;
 - make formal enquiries of the seller's solicitors to find out information about the property, such as details of any formal notices received and whether the seller is in dispute with neighbours;
 - if the property is leasehold, we will check that the terms of the lease will not restrict your enjoyment of the property and that your lender is happy that the lease is good security for your borrowing. Leases, generally, are long and complex documents. However, the more comprehensive the lease, the less likely you are to run into problems that it does not deal with;
 - check that all the terms that you have agreed with the seller are incorporated into a contract and negotiate the terms of the seller's contract on your behalf until the contract is satisfactory.

Getting ready to exchange

Whilst we deal with the legal aspects of your purchase, you should:

Make your financial arrangements

- **Deposit** - It is usual for a deposit of 10% of the purchase price to be demanded by the seller when contracts are exchanged. We will need to have the necessary cleared funds in time for exchange. As buyer, you either need to sign the contract personally or give us a written authority to sign it on your behalf.
- **Purchase price** - If a proportion of the purchase price is to be borrowed, you will need to obtain a formal mortgage offer. It will rarely be prudent to exchange contracts until we have checked a copy of your mortgage offer and know that all the terms of the offer can be met.
- **Additional expenses** - All property transactions have their fixed costs that cannot be avoided. Local authority, planning, environmental and waters searches can give rise to charges in the region of £400. In addition, stamp duty land tax will be payable. The amount payable will be dependent upon your circumstances.

Following your purchase you will be registered at Land Registry as owner of the property. The Land Registry's fee range from £40 to £910 depending on the purchase price. We will let you know the exact sum.

Arrange for a survey to be carried out

If you have not had a survey carried out before you ask us to act, we advise that you have a survey carried out as soon as possible. Please check with your lender as to their requirements. See also 'Preliminary steps' above.

Insurance cover

If you are buying a flat, it is usual for the landlord to insure the whole building and for leaseholders to meet the costs but if the insurance arrangements are inadequate, or if you are buying a house, you may need to insure from exchange of contracts.

We will let you know before exchange of contracts whether and when you will need to arrange cover. Insurance can be expensive and we advise that you obtain a number of quotes before deciding which insurer to choose. Full details of the property and its use must be given to insurers. Insurance of the contents of the property should also be considered. The insurer will ask you to fill in a detailed proposal form before final insurance is put in place.

Make sure that the insurer confirms that they will insure on the terms that you need to satisfy any requirement that a lender specifies. Discuss this with your lender if you are unsure. You will need to check that the sum insured is adequate to meet all the costs of rebuilding. The sum in question may be substantially more or less than the market value of the property. If you are borrowing your lender will stipulate the figure.

Whether or not you need to arrange buildings insurance, you will need to consider contents insurance. You should do this so that it takes effect as soon as you move in.

Ownership

If you are buying jointly with one or more other persons you will need to decide whether to own as 'joint tenants' or 'tenants in common'. On the death of a joint tenant, his or her share passes automatically to the survivor(s). By contrast, the share in property of a tenant in common forms part of that person's estate and passes in accordance with the terms of the deceased's will (or, where there is no will, under intestacy laws).

Landlord's consent

In the case of a leasehold property, it may be a requirement of the lease that the landlord's consent to any sale is obtained. This, generally, is a formality but will take a few weeks and sufficient time needs to be allowed for the consent to be obtained before completion.

Exchange of Contracts

When we have all the necessary information about the property, we will report to you and send you the contract to sign (or request an authority from you to sign on your behalf). We will also send to you the land transaction return (self assessment tax form for stamp duty land tax) for you to sign. We can only proceed when you have given to us the signed contract (or appropriate authority in writing), land transaction return and we hold the necessary cleared funds for the deposit payable when contracts are exchanged.

Upon exchange of contracts, the obligation on you to buy the property becomes legally enforceable but ownership and occupation remain with the seller until the transaction is completed.

When contracts are exchanged, a completion date is set, usually 28 days later but this can be less or more if both parties agree (eg, one week is not uncommon) but lenders often require five working days' notice to provide funds. During this period we make final checks on the seller's title to (ownership of) the property and, where necessary, report on title to your lender and ask them to send us your mortgage advance. The seller's solicitor prepares a completion statement which sets out precisely how much you have to pay on completion day, taking into account the deposit already paid at exchange, and, in the case of a leasehold property, any apportionments of rent and service charges.

Between exchange and completion, the seller will normally allow you to visit the property (for example, to measure up or obtain estimate for works). However, you must not carry out any work without obtaining the seller's express permission and making appropriate insurance arrangements.

Completion

After contracts are exchanged, a final document is agreed to transfer ownership of the property to you. You must sign both this and your mortgage document before completion. You must arrange for any money that you are to provide to be paid to us in good time before the completion day. We will arrange for your mortgage advance to be paid to the seller's solicitors. When the seller's solicitors have received all monies that are due completion will take place and the keys to the property will be released to you. The keys, generally, will be available from the selling agents.

After Completion

Stamp duty land tax will be payable and will pay this from funds that you give us prior to completion.

We will apply to register your ownership and any lenders' security with the Land Registry, which may take several weeks. Once the Land Registry has completed the registration process we will inform you and any lender.

Additional Information

Finance

If you are financing your purchase, the lender will have their own valuation survey carried out to ensure that the value of the property is sufficient to support the amount of the loan. As mentioned, check that the lender is happy to use your surveyor or you should consider using theirs. Any advance will be provided by the lender immediately prior to completion.

The lender will take security over the property by way of a legal charge which will contain provisions enabling the lender to recover possession of the property and to sell it if the terms of the charge are not complied with. Depending on the structure of the purchase and the complexity of the finance additional security may be required. It is common for lenders to require that you obtain their written consent before you do any of the following:

- alter the property;
- sell, lease or charge the property;
- change the use of the property (eg from residential to office).

The lender will require that the property is kept in good condition and that any repair work that needs to be done on the property in accordance with the mortgage offer is carried out without delay.

If a personal guarantee is to be given for the borrowing, the lender is likely to require references from the guarantor. By becoming a guarantor, that person is committing himself/herself to perform the obligations of the borrower in the event that the borrower defaults.

If you propose to introduce finance to the purchase, it is common for the lender to instruct lawyers to act for them. Often a lender is happy to instruct the buyer's lawyer but where sums are large or the transaction is complex independent lawyers may be used. The lender will require confirmation that the property which you are buying (and on which they are lending) has a 'good and marketable title', meaning that it is free from charges or restrictions that affect its value and that it can be accepted by them as security.

In addition, they will require confirmation that their specific insurance requirements have been complied with, and to provide evidence to the effect that the borrower is neither bankrupt (if appropriate) or in liquidation.

We look forward to being instructed by you when you have found the property that you want to buy.

For further information in relation to anything covered by this Stop Press, please speak to your primary contact or to:



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