



Purchase handbook

This handbook aims to...

- Outline the legal work your lawyer does for you at each stage including Exchange of Contracts (when the purchase is legally binding) and Completion (when you can have the keys)
- Give general information and advice which you should read now and also refer to during your purchase.
- Answer your purchase questions





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Important advice

These are the key points you need to know at the outset. Please read them before you instruct your lawyer to exchange contracts on the purchase of your property.

- You buy the property as seen, with all its hidden defects and faults.
- A valuation report carried out for your lender is not a survey. You must not rely on it to tell you about any faults the property may have.
- Guarantees for works carried out to the property are often not enforceable. You must check for yourself whether a guarantee can be transferred or if the company which did the work still exists.
- Do not confirm the completion date with your removal company until contracts have been exchanged.
- Until exchange of contracts has taken place no one can guarantee you will move on your preferred completion date. We advise you not to treat any suggested completion date as fixed, even if all parties have agreed to it, until contracts have been exchanged. You may need to be flexible as to your preferred completion date; if your lawyer is unable to exchange contracts soon enough for all parties to make the necessary arrangements you risk wasted costs.
- Once contracts have been exchanged there is no turning back, as the completion day is fixed.
- You must have buildings insurance cover from exchange of contracts (if you are buying a leasehold flat, your lawyer will tell you if the Landlord is arranging the building insurance).

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Identity



Government Regulations mean your law firm will need proof of your identity before they can deal with your conveyancing.

Why?

The UK is a major international financial and legal centre with a strong reputation for honesty and integrity. Banks and conveyancing service providers are targeted by money launderers – criminals who try to hide stolen money by turning it into a legitimate income, by buying or selling property.

For this reason, there are compulsory checks that conveyancers have to make on their clients. This does not mean you are under suspicion. The identification requirements apply to all conveyance lawyers.

How does this affect you?

Your law firm will carry out an online check to verify your identity. This is a straightforward check but they do need to speak to you over the telephone to complete it. They will also obtain a copy of any identity documents

you have provided to your Countrywide estate agent or mortgage consultant. In some cases, this may not be sufficient, they then will request further evidence of your identity. They will also need to check the identity of anyone providing funds towards the purchase, adults who will be living at the property or any other person with a financial interest in the purchase.

What if I want you to speak to someone else on my behalf?

For reasons of confidentiality and for your security, your lawyer will only take your instructions or update you about your transaction. However, if you would like them to speak to someone else you can instruct them to do so. They will need your signed written authority giving the full name of this person and they may request additional information such as address and date of birth. They will still need to speak to you personally just before exchange of contracts to confirm details, and get your authority to exchange contracts.



Timescales



How long will it take to complete the purchase of my property?

The truthful answer is we don't know.

If you do not need a mortgage, you are not selling and there is no chain then it is possible for the transaction to move faster.

On the other hand, delays can arise due to incomplete information; late arrangement of a mortgage; complications in the legal title; long chains; sellers and buyers who cannot agree on a completion date; people saying one thing and doing something else or just changing their minds.

Make sure that you tell your lawyer of any preferred moving date and they will keep you updated on progress and delays. At the start neither your lawyer, the estate agents, nor anyone else can guarantee a specific date for completion. Making definite plans in reliance on preferred dates could be a waste of your time and money.

Many customers are surprised to learn that their law firm is not able to speak directly to the other parties when they have their own lawyers. This is to ensure compliance with their rules of professional conduct. Estate Agents are not bound by the same restrictions and are often best placed to keep you informed about what is happening up and down the chain which may assist your lawyer to achieve your preferred completion date.

What is a suggested completion date?

Until contracts have been exchanged, your preferred or a suggested completion date is only a target. Your lawyer will work on your behalf to achieve the date you want to move.

They will keep you informed when the circumstances of your purchase or events beyond their control mean that the target date will not be achieved.

The completion day when you can move into the property is not fixed until contracts have been exchanged. You can make provisional arrangements with your removal company but do not confirm a date with them until your lawyer has told you that contracts have been exchanged.

When do I need to arrange building insurance cover?

You must make provisional arrangements for buildings insurance well before exchange of contracts. If you are buying a leasehold property your lawyer will tell you if the landlord arranges building insurance.

I am currently renting – when can I give notice to my landlord?

If you are in rented accommodation, you will have to give notice to your landlord. Do not give notice to end your tenancy before contracts have been exchanged as this could make you homeless.

State and condition



What does the seller have to tell me about the property?

The seller must make an Energy Performance Certificate (EPC) available to you. This tells you the energy efficiency of the property. You should ensure that you see this before exchange of contracts.

You buy the property as seen, with all its hidden defects and faults. The seller is not required to give you any information about the structure and condition of the property or about the water, drainage, heating or electrical systems. After completion you will have to pay for all repairs, even if the building work needed doing before completion, so do not rely on any assurances given when speaking to the seller and do not assume that the conveyancing process will uncover such matters.

The seller will complete a Property Information Form. This is a standard list of questions which asks for information the seller would know from living in the property. Check none of the answers are different from what you expected. Let your lawyer know if you have any concerns about any of the answers.

If you are buying a re-possessed property or a property in which the seller has never lived, you will need to take extra care to satisfy yourself because very little information will be provided by the seller.

Do I need a survey?

Yes, if you want to avoid buying a house or flat with hidden defects or faults which would be expensive to repair.

The lenders valuation report is not a survey. It must not be relied upon to tell you about defects and faults to the property.

You should choose the type of survey you need. You can have a HomeBuyer report or a full structural survey. Ask your surveyor about cost and what your survey will cover. Your lawyer can introduce you to a Countrywide Surveyor who can carry out a HomeBuyer report or a full survey for you.

What about contaminated land?

A local authority has an obligation to clean up contaminated land, and this could be at the cost of the homeowner.

A property built on contaminated land may have a reduced re-sale value or be more difficult to sell and could affect your health.

Your lawyer will carry out an environmental search against the property. This search looks for previous uses of the property, which may have caused the land to become contaminated. A copy of the search result will be sent to you.

Is the property at risk from flooding?

It may be. Flooding can affect more than riverside and coastal properties.

An environmental search will provide some information about flood risk. If you have concerns about flooding, ask your surveyor or contact the Environment Agency (www.gov.uk/government/organisations/environment-agency)

If following your enquiries, you believe that the property is at risk from flooding, tell your lawyer and inform your buildings insurer before you instruct your lawyer to exchange contracts.

What will the seller leave behind at the property?

Your lawyer will send you a list completed by the seller of what is included, excluded or for sale separately. Tell them if this is different from what you expected because it will form part of the contract.



Ownership



What am I buying?

Your lawyer will send you a plan of the property provided by the seller showing the area of land they have agreed to sell to you. They will not have seen the property. They rely on you to check the plan carefully and tell them if it is incorrect, or does not match what you have seen on the ground.

What am I allowed to do as owner of the property?

Your lawyer will tell you about any rights which you as owner have over neighbouring properties. They will also tell you about any rights which neighbouring owners have over your property. They will tell you about any restrictions which can limit what you can and cannot do as owner of the property.

I am buying a newly built property – what do I need to consider?

When the builder has finished marking out the boundaries, you should check that they match what is shown on the transfer deed plan.

If building work on your new property is not finished when contracts are exchanged, the completion day will not be a fixed date, but will be on a date notified by the builder. This may mean that moving arrangements have to be made at short notice.

You should contact the site office directly for information about: property specifications, landscaping, the progress of building work, negotiations about extras and arrangements for the connection of services.

You must carry out a final inspection before the completion day. Tell the builder in writing about any work which is unsatisfactory or not finished off. You will not be able to delay completion if there is any minor outstanding work.

I am buying a leasehold flat – what do I need to consider?

You will have a landlord and you may have to pay an annual ground rent and a service charge.

Your lawyer will tell you how many years are remaining on the lease, what rights affect the property, your responsibilities, any restrictions on what you can and cannot do and the payments you will have to make.

Although they will tell you about those parts of the lease which are important you should also read the lease for yourself before exchange of contracts. Tell them if there is anything in the lease which you do not understand.

You may have to make an advance payment on completion to cover the ground rent and service charge. There may be costs associated with serving notice of the change of ownership on the landlord.

Searches



What is the local authority search?

The local search tells you what the local council knows about the property, which could affect your decision to buy the property at the agreed price or if you want to purchase the property at all.

The local search does not tell you about the council's future plans for development on neighbouring properties. You must make your own enquiries to the local council about this.

The local search will show the planning history of the property, and if the council is taking enforcement action because of a failure to comply with building regulation or planning control. Even if the council are not

taking enforcement action and planning and building regulation consents were obtained, your lawyer will advise you to draw your surveyor's attention to any alterations at the property.

What other searches will be carried out on my property?

Your lawyer will carry out environmental and drainage searches. They may carry out other searches on properties in certain locations e.g. coal mining areas. They will tell you about things revealed in these searches which might affect your decision to buy the property.



Paperwork



What is the transfer deed?

The transfer deed is the document which transfers ownership of the property on completion.

What is the effect of signing the transfer deed?

You will be asked to sign the transfer deed in readiness for the completion day. Signing the transfer deed before exchange of contracts does not mean an exchange will happen or that you have bought the property.

Is there a special way of signing the transfer deed?

Yes. The transfer deed has to be signed in a particular way. You are the 'transferee' and the seller is the 'transferor'. You need to sign the transfer deed in front of a witness. The witness should not be a member of your family, or anyone involved in the purchase. A neighbour or work colleague unconnected with the purchase would be an ideal witness.

Each individual transferee's signature must be witnessed separately. The witness must sign and print their full name and address for each signature they witness.

Please leave the transfer deed undated.

How to sign your transfer, mortgage or lease

Signed as deed by

Your name will appear here

You sign your name in the box

in the presence of:

Signature of witness

Your witness signs their name here

Name (in BLOCK CAPITALS)

Your witness writes their name here

Address

Your witness writes their address here

Land Registry

Transfer of whole of registered title(s)

TR1

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

1 Title number(s) of the property:

2 Property:

3 Date:

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

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What is the contract?

The contract, also called the agreement, describes what you are buying, the price, the seller's details and the completion date. It also contains standard conditions to regulate the position should any dispute arise between you and the seller.

You must tell your lawyer if any of the details in the contract are incorrect.

What is the effect of signing the contract?

You will be asked to sign the contract in readiness for the exchange of contracts. Signing the contract does not mean that the agreement is legally binding, an exchange will happen or that you have bought the property. Please do not date the contract.

What is the Mortgage Deed?

The Mortgage Deed is your written agreement with your Lender

What is the effect of signing the Mortgage Deed?

You will be asked to sign the mortgage deed in readiness for the completion day. Signing the mortgage deed before completion, does not mean that you have taken out the mortgage.

Is there a special way of signing the Mortgage Deed?

Yes. The mortgage deed has to be signed in a similar way to the transfer deed. You need to sign the mortgage deed in front of a witness. The witness should not be a member of your family, or anyone involved in the purchase. A neighbour or work colleague unconnected with the purchase would be an ideal witness. Please leave the document undated.

Why does an adult occupier form need to be signed?

If you are buying with a mortgage, your lender will want to be certain that all non-owner occupiers in the property have agreed to leave if you fail to pay the mortgage and the property is re-possessed.

When does this form need to be returned to you?

Your lawyer cannot complete without a signed mortgage deed (and any adult occupier form) and it will be at your risk if you instruct them to exchange without them.

Money



Do I have to pay a deposit?

When contracts are exchanged a 10% deposit is due to the seller as part payment of the price. Often the seller will accept less. If you fail to complete the purchase and a lower deposit has been accepted, you will have to make up the shortfall immediately, so the seller receives the full 10% as compensation.

If you are selling and buying properties, the deposit received on your sale may be accepted as a deposit on your purchase. If neither the sale nor purchase complete, your seller will be entitled to a full 10% deposit notwithstanding the amount you accepted from your buyer. In practice you may find it difficult to recover any balance your buyer owes you.

When do I pay the deposit?

After your lawyer receives your mortgage offer they can calculate how much you will need to pay them to complete your purchase. When they need the money from you they will send you a financial statement which tells you the exact amount and where to send the money. This will include legal fees and third party costs.

If you are a cash buyer, they will send you a financial statement before exchange of contracts.

Any money you send to your lawyer must be cleared in their account for use. The safest way to do this is by an electronic bank transfer. Please note they do not accept cash payments. Your bank may charge you for sending the money.

What if someone is helping to pay my deposit?

Please tell your lawyer at the outset so that they can complete the necessary paperwork and inform your lender as soon as possible. They will write to the person making the loan or gift and carry out money laundering checks.

Any money should be sent from your own account unless your lawyer has agreed with you to accept money from a third party. If money is sent direct from a third party without their agreement there will be a delay and the money may be rejected.

Does my lawyer need to know where my money is coming from?

Yes. Money laundering regulations oblige your lawyer to check any money passing through their account. They will ask you questions so they can do this.

Mortgages

**FOR
SALE**

Why is a written mortgage offer important?

Your lender must confirm to your lawyer the terms on which they will lend the money to you. Your lawyer needs time to report to you on the terms of the offer before contracts are exchanged.

Lenders need up to seven days' notice of the completion date. Any less runs the risk that the money may not be available on the completion day.

Your lawyer will ask your lender to send the money to arrive the day before completion. This reduces the risk of the money arriving late or not at all on the completion day. Lenders will charge you interest from the day the money is sent.

What do I need to check in my mortgage offer?

You need to understand the terms of your mortgage offer and let your lawyer know if you don't understand them.

Check that the amount you are borrowing and the repayments are correct. The amount your lawyer receives from your lender will be less any deductions specified in your mortgage offer.

When you take out a mortgage you agree to make regular monthly payments and to comply with certain conditions. If you do not the lender can repossess and sell the property to pay off the mortgage loan. If the lender sells your property for less than the outstanding mortgage loan you still have to pay the unpaid debt.

Make sure you understand the penalties that could apply if you decide to pay off your mortgage early.

Your lawyer will tell you about any special conditions which need to be satisfied.

Can I transfer my existing mortgage to my new property?

No. You will need to apply for a new mortgage application, even if you are staying with the same lender.

Can I transfer existing loans to my new property?

All loans secured on the property (such as a business overdraft facility, Legal Aid charge, or personal loan) must be paid from the sale proceeds, unless the lender agrees to transfer the loan to your new property. This may take some time for the lender to organise and you should ask for consent as soon as possible. If the lender consents they will send written instructions to your lawyer. This will involve additional legal fees.

Cyber security



What do I need to know?

If you receive any communication which appears to come from your lawyer and which tells you they have changed their bank account do not send any money but telephone them, using a number you have used before, to verify that the information has come from them.



Exchange



What does exchange of contracts mean?

From the moment contracts are exchanged the agreement to buy the property is legally binding.

Exchange of contracts is agreed with the seller's lawyer over the telephone and the deposit is paid. Your lawyer will speak to you shortly before that call is made to obtain your final authority to proceed. If there are joint buyers, they will speak to only one of you to obtain this authority unless there are particular circumstances where they believe it would be in your best interests for them to speak to both parties.

There is no turning back once contracts have been exchanged. Neither you nor the seller can change your mind about selling or buying the property without having to pay compensation.

Once your lawyer has told you that contracts have been exchanged, you can confirm the completion date with your removal company and utility providers.



Completion



What is the completion day?

This is the day when your lawyer sends the seller's lawyer the agreed money. The seller must move out of the property and give you the keys. Ask the seller what time they intend to move out of the property.

Can the completion day be at the weekend?

No. The completion day can only be on a weekday when the banks are open to transfer the funds.

Where possible you should choose a completion day which allows at least one week between exchange of contracts and completion. This will give you more time to finalise arrangements. It will also enable your lawyer to carry out all the work they need to do between exchange of contracts and completion.

Where can I collect my keys?

On the completion day the seller may give you the keys direct or they may be left at the estate agent's office. Ask your seller what they intend to do with the keys. Keys will not be released to you until the seller's lawyer has received all the purchase monies from your lawyer.

Can I exchange contracts and complete on the same day?

Yes, but this is not advisable and you and the seller would need to consider the risks before you instruct your lawyer to do this.

There is no legal commitment between you and the seller until contracts are exchanged

and therefore no certainty that completion will take place on your preferred date or at all.

If you do instruct your lawyer to exchange contracts and complete on the same day, you will have to make plans and incur costs with no certainty that it will happen.

These may involve your job, child care, removal companies and utility suppliers in readiness for a proposed move which might not happen, or at least not on your preferred date. In such circumstances, you will be unable to recover any costs.

What if I have a problem on completion?

This is unlikely but tell your lawyer as soon as you become aware of any problem especially if the seller has not moved out on completion.

They will work with the seller's lawyers to resolve the problem. If there is no easy resolution and the matter is disputed they cannot deal with the claim for you as they are not litigation lawyers but they can recommend solicitors who do this type of work.

When will I receive my title deeds?

After completion your lawyer will register you as owner of the property at the Land Registry. This may take several weeks.

Evidence of your ownership is held electronically by the Land Registry. If there are any documents e.g. warranties or planning consents which you might need for a future sale or remortgage your lawyer will send them to you to retain.



