

# Buying and Selling a Property

## Frequently Asked Questions and Conveyancing Glossary



# Frequently Asked Questions

Our dedicated team of property experts are on hand to do everything possible to support and guide you through your property transaction. We want to provide you with as much information as we can about the conveyancing process right from the outset, which is why we have put together a list of Frequently Asked Questions, together with a Glossary of conveyancing terms.

## **How long will it all take?**

On average, straightforward transactions take approximately 8 weeks to complete. However property conveyancing is often dependent on a 'chain' and complications can arise which will hold the process up. When contracts are exchanged a fixed moving date will be confirmed for the first time. PLEASE DO NOT make any financial commitments e.g. booking removals until contracts have been safely exchanged and a definite completion date has been agreed.

## **Should I have a survey done when buying a property?**

If anything is found to be structurally wrong with the property after exchange of contracts the seller is not liable and the buyer will have to pay for any necessary repairs. A mortgage valuation report alone does not cover the condition of the property in detail and offers the buyer no legal protection. For these reasons it is advisable to have a structural survey undertaken and it is often possible, for an extra fee, to arrange for the lender's valuer to carry out a survey at the same time.

## **Is a deposit really necessary when you buy a property?**

When contracts are exchanged, a deposit is paid over to the seller's solicitor and if you fail to complete the purchase on time, the seller can keep this deposit. If you are a first time buyer, the seller's solicitor will often ask for at least 5% of the purchase price as a deposit, and if you cannot raise this, you should contact us immediately for advice.

## **Why is a written mortgage offer so important?**

You will be legally committed to buy your new property when contracts are exchanged and we need written confirmation that your lender will provide the funds you require, and upon what terms, to ensure you can complete your purchase on the due date. There are often conditions in the written offer that need to be satisfied before funds are released, such as work to be carried out to the property. In addition, you need to be happy with the product you are being offered, and to be able to take advice on it. It is important that you can meet all of the conditions before exchange of contracts take place.

## **What is a local authority search?**

This is an investigation to find out any important information affecting the property, which may be on the local authority's records. For example it may reveal an extension is in breach of Building Regulations, or that the nearest road is not maintained by the local authority, or that a road-widening scheme will affect the property. It will not give any information about proposals to develop any neighbouring land or properties, and if you have concerns in this respect please discuss them with us.

## **Environmental matters**

Environmental factors are increasingly important as local authorities can now require owners to clean up any contamination on their property even if the current owner has not caused the contamination. This could prove costly. We will submit an environmental search on your behalf as part of the conveyancing process so that you can be sure your new property is clear of any such problems.

## **How do I check about fixtures and fittings?**

It is important that everyone is clear about what is included or excluded in the sale price. If you are selling you will be asked to complete a list, which we will provide, which will be sent to the buyer's solicitor for consideration. If you are buying we will send you a copy of the completed list for you to consider as soon as we receive it. If necessary, the buyer and seller should get together to discuss these matters in detail and before exchange of contracts, to resolve any issues.

## **What do I do about buildings insurance?**

The buyer should insure the property being bought from exchange of contracts. This will happen automatically if your lender is arranging the insurance for you. If not, the property should be insured for the estimated cost of rebuilding it, (including clearing the site). You will need to make provisional insurance arrangements before contracts are exchanged so that cover can be effected as soon as they are. Your lender's valuation or survey will often give you the figure you need to insure your property for. If not, discuss this with your provisional insurers. Developers will insure their properties until the completion date. So, if you are buying a brand new property, you will only need to insure it from the day you buy it from them.

## **When do the estate agents, lenders and solicitors have to be paid?**

On a sale, when contracts have been exchanged, we will prepare a completion statement (financial summary) which will set out all the figures involved, including the estate agent's fee and the amount(s) required to pay off the mortgage(s) on the completion date. On a purchase, we will prepare a completion statement, which will include the net amount of any mortgage advance, and all other out of pocket expenses such as Stamp Duty Land Tax and the Land Registry fee. You will need to provide the balance required (if any) to complete the transaction, including the legal fees and expenses for the work we do for you and the lender. Any payment must be received by us at least 7 working days before the completion date if paid by cheque, or the day before if paid by bank transfer.

## **Why does completion have to take place on a working day?**

Completion is effected when the purchase monies for the property are paid over to the seller's solicitor. At present, the banks only transfer money electronically on a working day so completion cannot take place on a weekend.

## **How do I sort out the keys?**

On completion the seller should hand the keys over to the estate agents. It frequently happens that this is not convenient and the seller will hand them directly to the buyer. It is important that you find out and agree the arrangements for the keys once contracts have been exchanged.

# Conveyancing Glossary

**Building Regulations Approval** – This document sets minimum performance standards in design and construction for any alterations or additions to a property.

**Buy to let** – Purchasing a property specifically to rent out to gain income rather than live in the property yourself.

**Chain** – This is a line of buyers and sellers all involved in linked transactions.

**Contract** – The contract is the agreement to buy and sell a property. There are two copies of the contract, one that is signed by the buyer and the other, that is signed by the seller. Once the contracts have been exchanged there is a legally binding agreement.

**Completion date** – This is the date on which the money for the purchase (less any deposit) is transferred from buyer to seller and ownership of the property changes hands. This date will be agreed by the buyer and seller.

**Completion statement** – This document sets out exactly what amount is payable by you to complete your purchase and the balance that will be due to you when you complete your sale.

**Deposit** – This is the amount of money confirming the buyer intends to go ahead, guaranteeing the agreement, and is paid upon exchange of contracts. It is typically no more than 10% of the value of the purchase.

**Estate Agent fees** – The estate agent is the person who markets the property on behalf of the seller. They usually take a percentage from the sale as a fee, which is payable on completion.

**Exchange – Exchange of Contracts** – At exchange both the seller and the buyer officially agree that the sale will take place. Once exchange of contracts has taken place neither side can back out (without incurring legal and financial consequences).

**Final Redemption statement** – This is the figure provided by the mortgage lender which shows the amount needed to clear your existing mortgage on the completion date.

**Fittings and Contents form** – When you are selling a property you will have to complete this form, which sets out the items that will be included or excluded in the sale of the property.

**Freehold** – Full legal ownership of the building and land it stands on. It also means you have full responsibility for the maintenance and repairs.

**Help to Buy** – Government Scheme making it possible to buy a new build or existing home with as little as 5% deposit.

**Joint tenants** – There are two types of property joint ownership. One is Joint Tenants – This describes an agreement whereby two people buy a property and together own the whole of it without having a specific share. If one dies there is an automatic right of survivorship. This is the type of ownership most commonly used by husband and wife.

**Land Registry** – Government Authority responsible for recording interests in freehold and leasehold (for a term exceeding 7 years) properties.

**Leasehold** – A property is owned subject to a Lease provided by the Freeholder. Rent is payable by the leaseholder to the owner of the freehold. Most flats and apartments are leasehold.

**Management company** – Landlords sometimes appoint a management company to look after the upkeep of the common parts.

**NHBC guarantee** – National House Building Council warranty. Used for new build properties – normally last for 10 years. New build warranties can also be provided by other providers.

**Planning permission** – Document required for properties to be built on land or the change of use of land or buildings.

**Property Information form** – This document is completed by the seller and provides you with information about the property i.e. neighbour disputes, responsibility for boundaries, structural alterations and guarantees etc.

**Restrictive Covenants** – This is a requirement in a deed not to do something. They are often imposed by a land owner in order to place a restriction on the future use of the land.

**Right to buy** – This is where tenants have a legal “right to buy” the property they live in i.e. council tenant or shared ownership.

**Searches** – When you buy a property or take out a new mortgage, you will have to have certain legal searches carried out against the property, the most typical being local, drainage and environmental. Your conveyancer will advise you if further searches are required on your property.

**Section 38 Agreement – Roads** – This is a legal agreement entered into by the Local Highway Authority and a developer to adopt and maintain a highway.

**Section 104 Agreement – Water** – This is a legal agreement entered into by the Water Company and a developer to adopt a sewer.

**Section 106 Agreement – Planning Obligations** – This is an agreement between the local planning authorities and a developer that is negotiated as part of a condition of planning consent.

**Service charge** – This is a charge a landlord will levy if you are a tenant in a multi-occupancy building, which will be put towards the maintenance of the common parts.

**Shared equity** – This can be a low cost way to get on the property ladder. Shared equity schemes are loans that act as part of the deposit on a property.

**Shared ownership** – This is a way of buying a “stake” in a property if you can’t afford to buy it outright.

**Stamp Duty Land Tax** – SDLT is paid by the purchaser to the Government on most property transactions. The amount is calculated on the purchase price or the transfer value.



**Survey** – A report prepared by a qualified Surveyor to check on the structural soundness of the property.

**Tenants in Common** – This is the second way a property can be jointly owned. This is where two or more people buy a house and each owns a fixed share of the property. Unlike Joint Tenants, the tenant in common is free to dispose of his or her share without restrictions. There is no right of survivorship.

**Title deeds** – Documents that serve as evidence of ownership of unregistered properties, which would show the chain of ownership of the land or property over a number of years.

**Transfer document** – This is the legal deed which transfers ownership of a property from seller to buyer.

**Valuation** – This is the market price assigned to the property by the estate agents or valuer – what they estimate the property is worth in today's market. If obtaining a mortgage, the mortgage provider will definitely require one. A Valuation can also be carried out by a Surveyor of their choice.



### Communication

Buying and selling a property can be a very stressful time, for everyone. At Spratt Endicott we fully appreciate this and we will do our utmost to keep you fully informed of events, as they happen, and make sure you have as much time and as much information as possible. In turn you must ensure that you communicate with us, respond to any request for information quickly and sign and return documents etc. in the timescale required.

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