

GALLOWAY HUGHES LLP

INFORMATION ON PURCHASE PROCEDURE

The below is a guide to the Conveyancing process for the purchase of a property. It is intended to be a very basic guide to the main stages of the process and is far from being a complete overview. The stages set out below are based on a standard residential transaction. Please note that the stages do not always follow the same sequence.

STAGE 1

An offer is accepted via estate agents (or privately) from Buyer for sale of the property.

All parties instruct solicitors.

The estate agents (or if private the parties themselves) send out the Memorandum of Sale to all parties concerned confirming the agreed price and details of the Buyer, Seller and their respective solicitors.

Seller's solicitor applies for a copy of the deeds, including the lease if the property is leasehold, from the Land Registry and sends the Seller various forms/questionnaires to complete such as a Fittings and Contents form.

STAGE 2

Once the Seller's solicitors have received the copy deeds from the Land Registry and completed forms/questionnaires from the Seller, they send to the Buyer's solicitors the contract package.

STAGE 3

Buyer's solicitors review contract package.

Buyer's solicitors submit searches (ie. local authority search, drainage and water search, environmental search and chancel liability search (and if necessary a floor search and/or highways search). Please note these searches are carried out in respect of the property only and will NOT disclose any issues concerning neighbouring properties nor matters arising after the date of the searches.

Buyer's solicitors may request additional information about the property, the legal title or the surrounding area from the Seller's solicitors. If the property is leasehold, additional leasehold enquiries will also be sent to the seller's solicitor to be answered by the landlord or their agents. Such enquiries are to ensure that any rent/service charge arrears are paid by the Seller on or before completion, and that any current disputes that the seller may have with the landlord are resolved before your purchase completes.

Seller's solicitor will deal with any legal enquiries they are able to answer, but may need to forward some enquiries to the Seller to answer.

Buyer's solicitors will send a report to the Buyer on the property which includes a plan of the property and a form indicating items to be included in the sale.

STAGE 4

Buyer's solicitors receive the Buyer's mortgage offer.

STAGE 5

Buyer's solicitors receives the search results and reports to the Buyer on any adverse entries. They may need to request further information from the seller's solicitors regarding any entries revealed in the searches, which could in the future have an adverse effect on the property.

STAGE 6

If the Buyer's solicitors are satisfied with the replies to the Additional Enquiries they will then arrange for the Buyer to sign the Contract documents and request a deposit (if applicable) from the Buyer.

STAGE 7

Once the Buyer's solicitors have received satisfactory replies to Additional Enquiries, satisfactory search results, mortgage offer (if required), signed Contract documentation and a clear deposit (if any) the Buyer's solicitor is then **READY TO EXCHANGE CONTRACTS**.

STAGE 8

The Buyer's solicitor contacts the Seller's solicitor to advise they are ready to exchange contracts and to suggest a completion date.

The Seller's solicitor then contacts the Seller to check if the proposed completion date is agreed. If not agreed the Seller's solicitor will negotiate with the Buyer's solicitors (or via the estate agents) for a completion date acceptable to all parties.

Once a completion date is agreed the Buyer's solicitor and Seller's solicitor **EXCHANGE CONTRACTS**.

Both parties are now legally bound to buy and sell the property for the agreed price on the agreed completion date.

STAGE 9 - THE COMPLETION DATE

On the completion date the Buyer's solicitor will send by same day money transfer to the Seller's solicitor the monies required to purchase the Property.

Once the money is received the Seller's solicitor will authorize the release of the keys to the Buyer either via the estate agents or via the Seller direct.

THE PURCHASE IS THEN COMPLETE.

Please note the following:

- The property searches referred to above reveal information available as at the date of the searches and concern the property only and not neighbouring properties. We cannot advise in respect of matters arising after the date of the searches OR in relation to neighbouring properties (eg. planning applications/permissions or planned works), so if you have any specific concerns then you must raise these with us before we exchange contracts.
- You are not obliged to proceed with the purchase until we exchange contracts.
- If you are also selling a property, we strongly recommend that contracts for the sale and purchase should be exchanged at the same time. If you exchange contracts on your purchase independently of your sale, you may have to obtain bridging finance for an unpredictable length of time, which we do not recommend. You may also find that your new lender will require all existing mortgages to be repaid before they advance the monies required by you to fund your purchase.

- You should not exchange contracts until you have your mortgage offer, and we have received satisfactory results/replies to our searches and enquiries. If not, matters may arise which could either prevent registration of your title and mortgage (if applicable) at the land Registry, or which could cause you difficulties during your ownership and/or when you come to sell the property.
- You should be aware that if you are borrowing money from an institutional lender to finance your purchase, we are also acting for the lender. We are obliged to report any concerns to the lender which could affect their security, or any items which conflict with the valuer's assumptions in the valuation report, such as discrepancies in the purchase price. If we receive instructions from you which conflict with our obligations to the lender, a conflict of interest will arise, and we may have to cease to act on your behalf in the transaction.
- We strongly recommend that you arrange for a house buyer's survey, rather than rely on a lender's valuation. Please note that a copy of the survey/valuation should be forwarded to us so that we can verify any assumptions made by the valuer/surveyor of a legal nature.
- If this is to be a second home, you should discuss tax implications with your financial advisor.
- You should note that whilst we appreciate that you may have a target completion date in mind, this does need to be agreed with the other parties in the chain you are involved in. You must therefore be aware that any completion dates cannot be guaranteed until the solicitors acting for all parties in the chain have both confirmed the completion date, and indicated that they are ready to proceed. Only once you have exchanged contracts will the completion date be legally binding on your buyer. **Please therefore do not make any completion arrangements, such as booking removal vans, booking time off work, or giving notice to your landlord to terminate your existing tenancy (if applicable) until we have received such confirmation from the chain.**

On the day of completion:

- It is essential that you let us have before completion a telephone number where you can be contactable on the day of completion, as you may not be contactable on a land line for a large part of the day of completion.
- It is common for a seller to vacate the property by midday on the day of completion. However, it is advisable for you to liaise with the seller either direct or via the estate agents to clarify key release arrangements in order to avoid any misunderstandings and to check any particular requirements the Seller may have regarding their departure arrangements. However, PLEASE NOTE that the Seller is not obliged to release the keys to you until the purchase monies have been received by the buyer's solicitor.
- Please note that we are required to transfer the money directly to the bank account of your seller's solicitors on the day of completion. In order for us to transfer the funds, we must have received in our account the mortgage funds and, if applicable, the sale proceeds of your connected sale from the buyer's solicitors. Whilst in theory this sounds like a simple process, in practice we are dependent upon our bankers and those of the Seller's solicitors, and buyer's solicitors if applicable, in processing and completing the funds transfer. Unfortunately, this means that we have no control over the time at which the purchase monies will be received by the Seller's solicitor. As a result, we cannot give you a firm indication as to when the keys will be available on the completion day. Whilst we will deal with the matter as quickly as possible, you should not expect to receive the keys until at least lunch time.
- Take meter readings and notify the relevant utility companies as soon as you move in.