

HELPFUL TIPS ON BUYING & SELLING

from Sale Agreed to Exchange of Contracts





WHAT IS CONVEYANCING?

In essence it is the legal process of buying and selling property, or to give it its legal definition, it is the 'act of transfer of title to property from one person to another'.

PREPARING FOR THE SALE

In order to ensure that your sale can progress smoothly it is wise to do some preparatory work ahead of a sale being agreed. Below is some of the information your solicitor will require to be able to send out a contract package on your sale. Any lack of information can usually be overcome but its absence can result in delays to the transaction.

- In order to comply with recent money laundering regulations your solicitor will need you to supply means of identification. One needs to be a photographic record (such as passport or driving licence), the other a recent utility bill. Please note that the solicitor will require original documents.



"We found our first home with Michael Hardy then went back to them 9 years later when the time came to sell it on and upsize. Not only did they handle our sale quickly, pro-actively and professionally, they handled our purchase as well"

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- If at any time you have made significant alterations to the property - extensions, loft or garage conversions for example - ensure you can provide any related documents such as planning consents or building regulation certificates. If such alterations took place prior to you owning the property it is still likely that these documents will be required. If you have copies from your purchase of the property it will speed things up if you supply them to your solicitor. If you do not have this documentation you should consult your solicitor before trying to get copies from your local council. The lack of documentation can sometimes be dealt with by insurance but usually only if the council has not been asked for copy documentation.
- Any guarantees, receipts or certificates relating to remedial work such as electrical rewiring, damp-proofing, window replacement or timber treatment, should be given to your solicitor.
- When selling a leasehold property, if there is a management company, it is useful to provide their name and contact details along with any block insurance policies and copies of recent management company accounts.

AFTER THE SALE IS AGREED

Ensure that you instruct a Solicitor as soon as possible after the sale is agreed. At this point many vendors are surprised at how quiet it seems to go for a fortnight or so! In fact this is where the conveyancing process begins, below is an indication of some of the action being taken.

- Your solicitor they will send you a Property Information Form and Fixtures & Fittings form. These straightforward questionnaires provide your solicitor with the basic information that will enable them to draft the contract they will send out to your buyers and should be completed and returned along with any of the paperwork listed in the previous section.
- The solicitor will then issue a draft contract to the buyer's solicitor.
- Whilst the legal work starts, hopefully, your buyer will be organising their finances in order to make the purchase. In most cases this involves applying for a mortgage. Lenders, banks and building societies, deal with the application process in different ways. Some lenders will instruct a surveyor to carry out a valuation of the property as soon as the application is made while others will not instruct the surveyor until all the references have been taken and the mortgage is approved subject to valuation. So, whilst the valuation is always a good sign of intent on the part of the purchaser it does not, in itself, mean that the buyer has a mortgage approved. As a rule of thumb the mortgage valuation should be carried out in the first 2-3 weeks.
- When your buyer's solicitor has received the contract papers they will apply for their searches – water and drainage search, Local Authority search and environmental search to name but a few. Some solicitors will wait for the results of the searches before raising enquiries of your solicitor; others may do so before the search results come in, raising further enquiries once the results are received. Many of the questions raised can be answered by your solicitor without reference to you, often by using the information you will have supplied. Some may require further input from you. Solicitors may well raise further enquiries at a later stage, either as a result of the answers that have already been given, or because of further information that has come to light.



EXCHANGE OF CONTRACTS

Once the buyer's solicitor has all their enquiries answered they will approve the contract and send a copy to your solicitor for you to sign. A further copy will be signed by the buyer once all legal checks have been completed and their mortgage offer is in place. At this point the buyer will be asked to provide a deposit. The contract always allows for 10% of the purchase price however solicitors will regularly ask to reduce the deposit to 5%.

Some solicitors, particularly if you are buying a property, may well ask you to come in and go through the contract papers in person. It can be useful to have a meeting with the solicitor to ensure that you fully understand the legal title of the property you are buying.

On exchange the contract is binding between you and your buyer. At this point a completion date is set. The process of exchange starts at the bottom of the chain. The solicitor acting for the buyer at the bottom offers a "release", this means they release the contract for exchange to the solicitor above them. This process goes up the chain to the top. If the release is accepted all the way up then the exchange will have taken place. If the release isn't accepted all the way up to the top of the chain by close of business then the exchange has not taken place and the whole process has to start again on the following working day. This can be frustrating but then again you wouldn't be too happy with your solicitor had they exchanged on your sale but not on your purchase!!

COMPLETION

On the day of completion the monies are transferred between the parties and ultimately, the keys are handed over. It is the day you will move house!

Generally the contract requires that you vacate the property by 1pm. The time of day that completion takes place can often be dictated by the length of chain you find yourself in and the speed with which each respective solicitor transfers the monies from their account. On occasions the completion will go beyond the 1pm deadline but your solicitor will keep you informed of developments. It is very, very rare for a completion not to take place on the date set.

OTHER THINGS TO CONSIDER:

- In the first flush of excitement when the sale is agreed it can often be tempting to try to set some sort of personal timescale. However it is important to bear in mind that your sale may well be in a chain of transactions where each homeowner will have their own agenda, not necessarily matching yours – Mrs Jones in Milton Keynes may not be interested that Mr and Mrs Smith in Wokingham want to complete in March when she wants to complete in April!! There are many variables to a sale, so across a chain of 4 or 5 properties it is not hard to see how time can be eaten up by delays. Try to bear in mind that the average person stays in a house for 7 years, given how long you plan to live in a home will a few days or weeks either way make that much difference?
- In these times of austerity quite a few of the first time buyers we have introduced to our clients are being helped with the deposit by their parents or relatives. This is known to the bank or building society as a Gifted Deposit. Lenders are happy to accept this arrangement but will often want the First Time Buyer's solicitor to verify where the money is coming from before an exchange can take place. On occasions this has caused some delay.

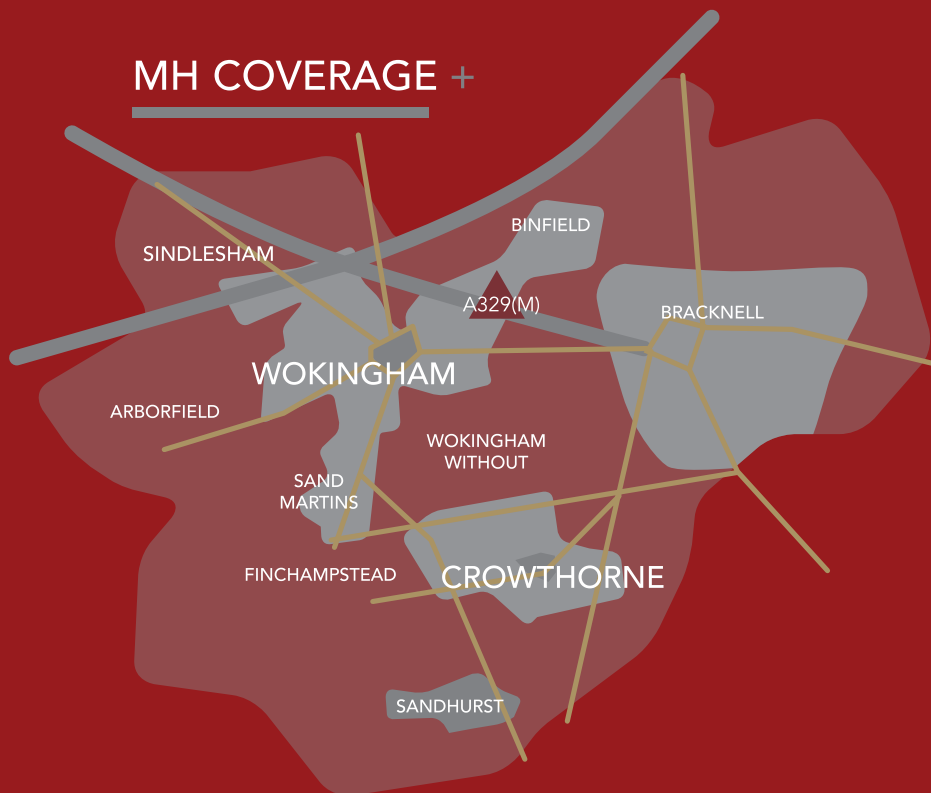
- As mentioned earlier, the property is likely to be surveyed at some point to satisfy the buyer's lender that your property offers a good risk for them to lend money on. It is rare that a property is down-valued by a surveyor but when it does happen it can impact on the buyer's ability to borrow the full amount they have applied for. This may result in them trying to renegotiate the price. Similarly any private survey may point out remedial works that your home requires and, if shown to be significant, may prompt the buyer to get quotes for the work required, possibly resulting in them wanting to revisit the price they are paying.

At Michael Hardy we believe in keeping everything under one roof so our sales progression is handled in-house, in our High Street offices. This means not only are we working closely with the solicitors to get your property through to completion but our dedicated sales progression team are on hand to answer any concerns or queries you may have from the moment the sales is agreed through to handing over the keys after completion has taken place.



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If you would like any further information about Michael Hardy and the services we provide give us a call.

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The logo for Michael Hardy, featuring the name 'Michael Hardy' in a large, white, cursive script font.

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