

PURCHASE INFORMATION & GUIDANCE NOTES

These notes form part of our essential advice to you.

Please read them ALL carefully NOW and keep them handy for reference during your purchase or you may lose money or overlook important matters until it is too late for our help.

Please tell us if you do not understand them or if you would like any further information.

Please also refer to our purchase timetable

1. What we do

Our role is to act for you and advise upon legal matters related to your purchase in accordance with your instructions and our terms of business. We will correspond with other parties in the transaction, investigate legal aspects of the property, negotiate the purchase contract, complete your purchase and mortgage if any, and register your ownership at HM Land Registry.

We can advise you on other related legal matters, many of which are mentioned below. We will give you the benefit of our long experience in property transactions. However you still have the final decision to proceed and we will help you wherever we can.

2. Instructions

We will act for you on the basis of your general instructions to purchase, but we will not exchange contracts, agree completion dates or any change in the terms of your transaction without your authority. You do not need to attend our offices at exchange of contracts or on the completion date. Please complete our purchase Instruction Form carefully as it is your opportunity to tell us your wishes or matters which you wish us to investigate.

3. What does it mean?

"Exchange of contracts" means the day you become legally committed to buy and cannot withdraw without penalty or loss.

"Completion" means the day on which the price is payable and you move in.

***BEFORE YOU EXCHANGE CONTRACTS -
the following matters must be satisfactory***

4. "Subject to Contract"

If you agree a purchase, make it clear you are doing so "subject to contract". Then you will not be committed until written contracts have been exchanged. We advise you to sign nothing without our advice or you may commit yourself before you are ready.

5. Exchange of Contracts

The contract is prepared by the seller's solicitor. You sign one copy and the seller signs the other.

When both are exchanged through solicitors and the deposit is paid, each side is committed to buy and sell on the completion date agreed.

WARNING : AFTER EXCHANGE YOU WILL NOT BE ABLE TO WITHDRAW FROM THE CONTRACT.

If you do not complete on the date agreed, you will have to pay daily interest at a penalty rate (usually 4% over the bank base rate) on the money outstanding. The Seller can serve notice requiring completion. If you have paid less than 10% deposit, you will be obliged to make up the difference immediately. If you have not completed within usually a further 10 working days, you stand to lose your deposit. The Seller can sue later for losses if the property cannot be sold for the same price as you are paying and for the resale expenses. But the Seller must give credit for the deposit paid.

Please therefore be sure that you wish to proceed and that all purchase funds are in place before instructing us to exchange on your behalf. Take care not to rush into exchange and allow time for money transfers or mortgage money to arrive in our bank as cleared. If in doubt, please seek our advice before proceeding.

6. **Seller's position**

You should ask if the Seller is selling only or buying on, and if so how many other transactions are in the chain. You cannot exchange contracts until all parties in a chain are ready. If the Seller offers to move out before finding another property, check carefully that the Seller will actually do so as many decide against when removal and storage costs are known or completion dates are close.

7. **Stamp Duty Land Tax**

We will prepare for you a self assessment form which must be completed whether or not tax is payable.

It must be correctly completed and signed by you personally. We will then submit it with any tax payable online to the HMRC who then issue a payment certificate which must be produced to enable your ownership and any mortgage to be registered. Your lender will require us to ensure that the tax form is completed before its loan can be spent, and therefore we will wish to address this with you at an early stage.

The Revenue are able to challenge or spot-check forms later. Late delivery and incorrect information can lead to further tax, interest and penalties.

If you anticipate paying an additional price for contents or the price is at or near a tax change level, please seek our advice.

The law related to fixtures and fittings can be complicated. Fixtures are considered to be part of the land and property e.g. central heating, doors, baths etc, fitted kitchens, hobs ovens, and their value will be included with the property for tax purposes. Fittings are not subject to tax and usually include curtains, carpets, loose furniture and furnishings. If you are not sure, please ask our advice first.

Calculation of tax payable can be complex and may require advice additional to our fee estimate. There is a link to HMRC's website in the pricing guide of our website at www.donnelly-elliott.co.uk

8. **Searches**

Before exchange of contracts, we will make

- (a) **Local Search** at the local council, which will answer in respect of the property **only**. They can take between 3-10 days according to the Council concerned.
Please let us know if you are concerned about new roads or the planning use of adjoining land, particularly open space or views from the property.
- (b) **Drainage search** to establish the routes of public drainage and water supply. This will take about 2-5 days.
This search will show the position of the mains drains and usually water supply. It also enquires if the property has a water meter, and if there has been any agreement to build over a sewer, which is very important in some cases.
- (c) **Envirosearch** of registers of available information such as possible risk of contamination, surrounding land use, floodplains, etc.
They can be made and received the same day.
There is a risk that an owner may have to pay for the cleaning of contamination found on their property which may affect its value now or later.
We advise all clients to have an Envirosearch (you must if you need a mortgage) and to consider the result before further commitment to the property. In this respect you may wish to

ask us to carry out the Envirosearch before you spend further money on other searches, mortgage or survey arrangements. Please let us know if you do.

Optional Searches (*prices not included in estimate*):-

Flood Search may be necessary to obtain more detail if there are definite flooding issues revealed by the EnviroSearch.

Plansearch which reveals what residential, commercial, leisure planning applications have been made in the area around the property. It also gives miscellaneous information concerning local plans, crime rates, schools, etc

Chancel search to check if the property is in a parish where there may be liabilities to maintain a local church. We will advise further if there are.

Mining or other special searches may be necessary in some areas of the country e.g. if the property is in coal, tin, china clay or other mining areas.

Please let us know if these issues are likely to affect the property by completing the instruction form accordingly and contacting us to discuss the position

Your lender if any will require us to report any matters revealed in searches which affect the property now or in future under and will not allow us to complete your mortgage until satisfactory explanations have been received.

This information could be important for your insurance of the property. If you are arranging this, we suggest you check with the insurer now that the property is insurable. Please let us know if you encounter any difficulty.

Further if you are a cash buyer without mortgage, you may feel that searches are not necessary or needed to save the cost. Our advice is that it is unwise to buy property without knowing search results as they may contain hidden information which would affect the value of the property or your wish to proceed or be found on your sale later. If you instruct us to proceed without searches, we do not accept any liability for entries found later which could affect you or your use of the property.

9. Mortgages

Your **written mortgage offer must be received before exchange of contracts** to ensure that the loan will be available on the completion date. In most cases, we will act separately for your lender (you must pay its fees) and the loan will be released through us. Normally you must sign the mortgage deed in our presence. If there are to be other adult occupiers at the property, you must expect your lender to require them to take separate legal advice and sign consent forms, at an extra cost.

If your lender is to retain part of the loan until building works are done, you may have to fund the works or an amount equal to the retention, unless the works are completed before the loan is required. Works must be re-inspected before a retention is released, which can cause delay. We can help you deal with these problems and perhaps negotiate for the seller to pay for the works.

10. Survey

A survey is a sensible precaution before any property purchase. Remember that your lender will not let you rely on its valuation, which may only be a 'drive-by' view! Your lender may be able to arrange a joint survey if you ask. Any price re-negotiation must be agreed **before** exchange of contracts. We can help you arrange a survey.

- * ***You must satisfy yourself on the condition of the property as the written contracts will not include any guarantee by your seller.***
- * ***You must tell us before exchange of contracts if you see structural alterations to the property e.g. chimney or wall removal, loft conversion, garage or extension***
- * ***Remember to ask about or inspect for any asbestos products e.g. roofing, pipes, fascias – this can be expensive to remove and dangerous to health to work or drill if dust or fibres are released.***

11. Central Heating & Services

We advise you strongly to see the system in full working order (even in high summer), and to have it checked over by a competent heating engineer. Service documents will help to contact the engineer who knows the system. It is usually the next most expensive item to replace in a house after the main fabric. Remember also to have checks on the gas, water, electricity and drainage systems. They will not be covered by your survey.

12. Guarantees

The Seller gives **no** personal guarantee that the property and its services are in good condition. The fabric of the property may have separate guarantees. We will pass you a copy of any supplied to us. They are only as good as the company issuing them and as many go out of business, there may be no cover.

We recommend you examine them carefully and decide if they give you the cover you want. They should not be accepted instead of a proper survey.

13. Property Information Form

We will send you a copy of a Property Information form supplied by the seller. *Please tell us if you have any special questions about the property as early as possible, particularly with regard to boundaries, access, car parking, neighbouring property, views etc.*

14. Property contents

We will send you a copy of the Fittings and Contents Form supplied by the seller. If you buy some of the seller's contents, please let us have full details for inclusion in the purchase contract.

If you are buying fitted or equipment such as washing machine, dishwasher, and cooker or there is a burglar alarm, or special electrical equipment, we recommend you ask the seller to see all instructions and guarantees, check the condition and see a working test before exchange of contracts.

Consider whether you would buy the equipment separately from the house and if so at what second hand price. It is most unlikely that you will be able to recover compensation from the seller if fails later.

15. Deposit

A deposit of 10% of the purchase price is payable by you on exchange of contracts. Sometimes a lower deposit of 5% can be negotiated. We will ask you to pay this to us unless you have a related sale which covers it. It is not necessary or wise to make any other payment to the seller or his agent before exchange of contracts. Ask for our advice if necessary.

16. House Insurance – * VERY IMPORTANT *

You must be ready to insure the property from **exchange of contracts** as any damage would be your liability. Unless arranged by your lender, you should plan your insurance cover now and check the property is acceptable.

17. Joint Ownership

If you buy a property jointly, you will need to decide what will happen if one owner should die. Usually the survivor will become the owner unless you wish otherwise.

18. Life insurance & Wills

Property and mortgages bring responsibilities and liabilities. You should ensure that in the event of a death, your spouse or partner and family are protected by insurance. You should seriously consider making wills and we can advise and help you.

19. Can you afford it?

May we recommend you check your purchase budget with us, particularly if there have been changes in your plans, property price or your mortgage arrangements.

20. Documents

We prepare transfer, mortgage deeds and the Stamp Duty Return for signature, report to your lender and request the mortgage advance, make final searches, prepare purchase accounts, and liaise with you and the seller's solicitors to pay the price and obtain the key release on the moving day.

We will request any mortgage advance to be paid to us by bank transfer the day before completion to avoid delays.

21. Steps YOU take on, before or after exchange of contracts

When we confirm exchange of contracts and the completion date agreed, you should take the following action:-

- Money** If there is a balance due from you to pay for the purchase, this must be received by our bank from your bank by direct transfer no later than two days before you move in. We will give you details.
You can use the CHAPS system to send money the same day or BACS system which takes 4 days. You need to contact your bank in good time to make arrangements to use these services.
WE CANNOT COMPLETE AND YOU CANNOT MOVE if we do not have cleared funds in time.
If you are late in completing you will have to compensate the seller and will incur extra costs.
- Insurance** **YOUR PROPERTY INSURANCE MUST START ON THE DAY OF EXCHANGE OF CONTRACTS**
- Removal** Confirm the completion date to your remover.
- Keys** Check your seller has keys to all doors, windows, cupboards, safes etc and will leave all instructions, guarantees and codes for equipment, heating, alarms etc at the property on the completion date.
If necessary, ask for a demonstration.
- Local tax,etc** Tell your local council, water and drainage authorities the date you are moving.
- Services** Arrange for a supply in your name. Check that the meters will be read on the completion date.
- Telephone** Arrange for the service in your name.
- Others** Notify your Post Office, bank, insurance agent, domestic suppliers (milk, papers fuel etc.), Sky or TV & cable supplier, business and personal contacts (change of address cards).

22. Completion Date

The completion date is agreed by the parties through their solicitors immediately before exchange of contracts.

Please tell us your preferred time-scale but remember that all dates have to be agreed with other parties and will depend on circumstances.

On the day, we will transfer the price to the seller's solicitor. We may have to wait for any transfer to be received on your sale. If your buyer has a sale or there is a chain of

transactions, there can be delays, and you may not be able to move in until later in the day. This may cause problems with your removals.

While we cannot be responsible for these circumstances, we will do all we can to help the transactions to proceed as quickly as possible. We suggest you stay in touch with by phone so we can keep you updated.

23. Property Condition and Contents

A difficult situation can arise on the completion date if the property is not left in good condition or if contents agreed to be left are removed.

Unless you can confirm any such problem to us before the purchase monies are sent, it is in our experience unlikely that satisfaction will be obtained from the Seller later. Unfortunately if a Seller is prepared to act that way, they are equally unlikely to pay compensation or return property, and may then be many miles away.

If we are asked to attempt recovery after completion, this must be at an extra cost which can rapidly outweigh the value of the work needed or items missing. Any court action would have been funded by you and in small claims under £10,000, court rules provide that no costs can be recovered (apart from the court fee) if you are successful.

We suggest that if you are at all concerned this may happen, you visit the property the day before or if you have time on the morning of completion and check the contents list and property condition with the Seller.

Tell us if you propose to do this and we will not send funds until you confirm you are satisfied. If there is a problem, we can try to negotiate a retention or allowance. Please remember however that we must usually send purchase monies by bank transfer by 11 am to meet the completion deadline of 1 or 2pm.

23. Keys and removals

The seller's keys will usually have to be collected from the seller's agents. They will not be available until the seller's solicitors have received the purchase money and authorised their release. As money is transferred electronically, and may be dependent on sale money being received, it is not always possible to know exactly when keys will be available. It should be around 2.00pm. Keep us informed of your removal plans and stay in touch on the completion day.

AFTER YOUR PURCHASE IS COMPLETED

24. Steps WE take after the Completion Date

We will arrange the payment of Stamp Duty Land Tax if applicable and complete the registration of your ownership and mortgage if any at H.M. Land Registry.

If there is an existing mortgage on the property, the seller's solicitors will issue an undertaking to repay the lender and send us confirmation of the discharge. Unfortunately lenders can be very slow in discharging old mortgages which can delay your registration beyond our control. Dealing with these delays can incur additional costs and payments. If this problem arises we will tell you.

25. Deeds

The Land Registry issue a Title Information Document containing a printed copy of the electronic register of ownership. If you have a mortgage, your lender may not wish to receive and keep other documents such as mortgages, leases, guarantees etc. We can either store them in our deeds store or send them to you to keep safely.

***Please remember, if you are in difficulty or need further information or
are just in doubt, please contact us as we can help and advise you.***

Donnelly & Elliott

02392 505500

Donnelly & Elliott is the trading name of Donnelly & Elliott Limited Co No 5739075 Registered in England

Registered office 38 Stoke Road Gosport PO12 1JG

©D&E 30.11.2018 AJC Purchase Pack AN03D