



RESIDENTIAL PROPERTY INFORMATION FOR CLIENTS

Thank you for instructing this firm to act on your behalf in connection with your property matter.

Watkins Stewart & Ross is an established independent firm of Solicitors. We strive to provide our Clients with a quality legal service for Property and Commercial matters. The success of the firm has been built on recommendation, and that requires satisfied clients. We hope you will continue to be one, or join their ranks.

We believe that our clients want their transactions dealt with by experienced professionals, who know what they are talking about. Solicitors are pivotal to buying and selling property and therefore we realise that our clients wish to be able to contact their Conveyancer when the need arises. We try to be friendly, professional and available as far as possible during what can sometimes be a fraught process. Our estimate of fees therefore takes into account the level of service we would wish to provide you with. Do make use of our service to the full and if you would like to speak to the professional dealing with your matter at any time to discuss any matter please do not hesitate to do so.

At the outset of your transaction we will confirm in writing to you:

- ⌚ Your instructions to us;
- ⌚ What action we will be taking;
- ⌚ When you are next likely to hear from us;
- ⌚ Any action we need you to take;
- ⌚ The best information we can give as to the likely cost and how it will be met;
and
- ⌚ Any further information we need from you.

During the conduct of the matter we will do our best to:

- ⌚ Keep you informed of progress;
- ⌚ Advise you of any delays and explain the reasons;
- ⌚ Explain the effect of any important documents
- ⌚ Inform you if a costs forecast needs revising;
- ⌚ Explain any changes of staff affecting your matter



At the end of the matter we will:

- ⌚ Write confirming its conclusion;
- ⌚ Explain any continuing consequences;
- ⌚ Render our bill prior to completion; and
- ⌚ Account to you for all money due to you.

**Our advice will relate to the specific circumstances in which you are instructing us.
You must not rely on it in different circumstances.**

HOW YOU CAN HELP US

- ⌚ Give us clear instructions.
- ⌚ You should give us all relevant information and tell us as soon as possible of any changes to your instructions so that we can represent your interests as effectively as possible.
- ⌚ Tell us if you have any important time limits.
- ⌚ Make sure we have understood each other correctly. Ask us if you are not sure about anything.
- ⌚ Deal promptly with any important questions which may arise.
- ⌚ Keep in regular touch. Do not feel afraid to ask for a progress report if you are worried about anything or do not hear from us when you expect to do so.
- ⌚ Help us plan our working day. For example unless it is urgent, write to us rather than telephone, and make an appointment if you want to see someone. Remember, avoiding unnecessary calls and appointments helps us keep costs down for you.



WHAT WE DO

The following is a broad outline of our work in connection with the usual property matters.

Any unusual features relating to your matter will be particularly detailed in the attached covering letter:

A ROUGH GUIDE TO WHAT HAPPENS WHEN A SALE IS AGREED SUBJECT TO CONTRACT

	<u>Seller's Solicitors</u>		<u>Buyer's Solicitors</u>
1.	You instruct your Solicitor and let them know the whereabouts of the deeds.	1.	Receives draft contract and supporting papers
2.	Obtains deeds and ask you to fill in Standard Questionnaires.	2.	On receipt from you of monies on account of Search fees submits search requests.
3.	Sends out to the Buyers Solicitors a draft contract and a package of information including title details	3.	Checks the title and contract package and raises any additional enquiries with the Seller's Solicitors.
4.	If property is Leasehold, deals with any requirements of the Lease and supplies to Buyer's Solicitors additional information which may be required	4.	
5.	Answers extra questions raised by the Buyers Solicitors and queries resulting from searches or other investigations by the Buyers such as from Survey Reports.	5.	Receives replies and search results and looks through Survey Report (if supplied) and raises with you any issues to be resolved or investigated further.
6.	Receives the contract back approved from the Buyer's Solicitors and agrees everyone is ready to exchange, discusses with you possible completion dates.	6.	Receives Mortgage Offer (if applicable) and confirmation of life cover and buildings insurance availability. Deals with any questions that arise from these, for example, conditions on the Mortgage Offer to be complied with.
7.		7.	Reports to you on the contract title, search results and Mortgage and requests your deposit monies (if not coming from your sale).

**EXCHANGE OF CONTRACTS
EVERYONE IS CONTRACTUALLY BOUND AND THE MOVING DATE IS FIXED**



AFTER EXCHANGE OF CONTRACTS

	<u>Seller's Solicitors</u>		<u>Buyer's Solicitors</u>
1.	Requests redemption repayment figure for any Mortgages (all must be repaid at completion) (NB. Lenders require at least seven days notice)	1.	Requests Mortgage monies. (NB. Lenders require at least seven days notice).
2.	Approves the Transfer and get you to sign this.	2.	Prepares Transfer for approval and raises Requisitions.
3.		3.	Applies for, receives and checks final Searches.
4.	Replies to final enquiries from the Buyer's Solicitors (known as Requisitions).	4.	Receives any balance of purchase monies needed to complete together with costs, Stamp Duty Land Tax and Land Registry fees.
5.	Prepares final Accounts.	5.	Obtains your signature to the Transfer and Mortgage Deeds.

**COMPLETION
WHEN YOU MOVE!**

1.	Receives balance of purchase monies.	1.	Receives Mortgage monies.
2.	Releases keys from the Agents.	2.	Sends purchase monies (these can only be sent out when Mortgage monies and sale monies (if any) have been received).
3.	Pays off any Mortgages (if any).	3.	Receives Transfer and deeds... Arranges payment of Stamp Duty Land Tax to Inland Revenue.
4.	Sends deeds and dated Transfer to Buyer's Solicitors,	4.	Applies for registration.
5.	Sends or arranges for the balance due to you to be paid or collected.	5.	Sends a copy of title to you and deposits deeds in store or if property mortgaged, send them to the Lender.



STAMP DUTY LAND TAX

It is the responsibility of the purchaser (i.e. you) to complete Form SDLT1 (the Land Transaction Return) sign it and submit it to H.M. Revenue & Customs ("HMRC") along with payment of the appropriate tax. The Return must be delivered to HMRC within 30 days of the completion date. If the Return is not delivered to HMRC within this timescale you will be liable to a flat rate penalty of £100.00 if the Return is delivered within 3 months after the expiry of the 30 day period and £200.00 in any other case. You may also be liable to a tax related penalty.

Once HMRC has received the Return, provided it is properly completed and accompanied by payment of the correct amount of tax, they will issue a certificate. This certificate is required to enable the Land Registry to register details of your purchase. If the Return is incomplete or incorrectly completed or if the amount of tax seems to be incorrect, a certificate will not be issued and we will not be able to attend to the appropriate registration at the Land Registry.

Even if a certificate is issued by HMRC they may make enquiries into the Land Transaction Return within a period of 9 months after the expiry of the 30 day period mentioned above or after the date of delivery of the Return if later.

If you realise after completion of the Return that you need to amend it, you will need to tell HMRC. You cannot make any amendment more than 12 months after the expiry of the 30 day period mentioned above. If any amendment is made, HMRC can make enquiries into the Return within a period of 9 months after the date of the amendment.

On exchange of contracts we will submit the SDLT1 Land Transaction Return to you which we will have completed on your behalf. **It will be necessary for you to check the contents as it is your responsibility to make sure the information is complete and correct.** You will need to then sign the declaration on the form. Once you have signed the declaration you will need to return it to us for holding on our file in readiness for completion. If the Land Transaction Return is not in our possession by the completion date of your purchase, we will not be able to complete your purchase which could result in a possible claim against you by the Seller of the property for damages for breach of contract and/or compensation for late completion.

Where you are splitting the purchase price for the property into two prices, one for the actual property and the other for furniture etc., you will only have to pay Stamp Duty Land Tax ("SDLT") on the value attribute to the actual property. You will not have to pay SDLT on the value attributed to the furniture etc. However, this is only the case if the items which you are proposing to pay for separately under the contract are genuine moveable articles and not, for example, part of an integrated fitted kitchen or part of a central heating system.

Items such as these would be considered part of the property and the value of these items should be added to the value attributed to the actual property which would therefore be liable to SDLT. It is also important where you are attributing a separate amount for furniture etc. that the value attributed to these is a genuine second hand value. You should bear in mind that the Inland Revenue have the right to make enquiries into a Land Transaction Return within 9 months of delivery of the form and they may require evidence such as valuations to support the figure which you have attributed for furniture etc.

RE-MORTGAGE



1. Checking on behalf of your proposed new Lender that you have good title to the property.
2. Carrying out the required Searches on behalf of the proposed Lender
3. Carrying out the pre-completion legal arrangements and checks
4. Obtaining the mortgage money from you new Lender and any balance which we will need from you.
5. On the day of completion, paying off your existing mortgage(s) and forwarding any surplus funds to you.
6. Registering your new mortgage with the Land Registry
7. Acting for your proposed Lender to make sure that their interests are properly secured.

STANDARD PROCEDURES

Under the Law Society's Protocol, which is intended to speed up and increase the amount of information available to buyers and sellers of property, it is recommended that we obtain general instructions from you to keep the agents, solicitors and other parties in a chain of transactions informed of the progress of your particular transaction. Where we consider it prudent not to reveal information prematurely, we will not do so, or may seek your further instructions before revealing information which we consider may be particularly sensitive.

However, your signature of the Confirmation of Instruction letter, unless you indicate to the contrary, will confirm your general instructions that we may follow the Law Society's Protocol, and keep all parties informed of the general progress on your transactions.

One of the biggest problems on the completion day for the sale and purchase of residential property is the difficulty of transferring through the banks' telegraphic transfer system the monies required for completion. Since it is prudent for keys to be retained until monies have arrived, and yet there can be no guarantee that the system will ensure early arrival of the funds, it is our policy and recommendation to apply for any mortgage funds for the day before completion. This, at least, has the advantage of removing one possible delaying factor.

Unfortunately, it is possible as a result, that, your Lender will charge you one additional day's interest, but we trust that this is an acceptable additional expense in the interest of speeding the completion transfers up. We, as Solicitors, are members of the Ipswich Property Lawyers Group who are recommending this to all their members.

Unless you indicate to the contrary, your signature of the Confirmation of Instruction letter will confirm your instructions that we may apply for your mortgage funds (if any) one day early, as recommended.

Unfortunately, it is still not possible to specify the particular time on the day of completion that you will be able to obtain possession of and access to your property, and therefore although this policy is hopefully



going to reduce delays on the completion date, it will not remove them, nor the possible additional anxiety and stress of our lack of control over the banks' telegraphic transfer system on the day of completion.

The Land Registration Act 2002

The Land Registration Act 2002 came into force on 13th October 2003. The Act is a major overhaul of Land Registration law and it is hoped that it will make the conveyancing system cheaper and faster. One of the main aims of the Act is to make the Central Land Register as comprehensive as possible about each individual property. The Act seeks to achieve this by reducing to a minimum the number of overriding interests. An overriding interest is an interest to which the property is subject whether or not it is on the Register. The reduction of overriding interests is accomplished in part by putting those interests onto the Register by requiring the applicant for registration (i.e. you) to disclose any overriding interests affecting the land which they are aware of.

In a sale transaction you will be asked to confirm whether you are aware of any disclosable overriding interests.

In a purchase/re-mortgage transaction you will be asked to complete a questionnaire about these interests and, in addition, the Seller of the property will have been asked to disclose any that he is aware of.

Further provisions of the Land Registration Act 2002 have the following implications for property owners:

1. It has become even more important that the address given for the Land Registry to contact you (known as "the address for service") be kept up to date. You can register up to three addresses with the Land Registry. One of these must be a postal address but can be an overseas address. Other alternatives could include an e-mail address. However, the addresses given should be considered carefully as many of the times when the Land Registry will need to contact you, require you to reply to them within a specified period of time. The consequences of not doing so may be severe; therefore, an overseas address in an area with an unreliable postal service would be ill advised.
2. All documents referred to in the Register and other documents held by the Registrar are now open to public inspection. This will include Mortgage Deeds, Leases and correspondence with the Land Registry. Previously, only the entries on the Register could be inspected - the contents of the documents themselves were confidential. It is possible to apply for a document to be considered "an exempt information document" so that if the Registrar agrees, prejudicial information in the document is hidden and only an edited version is available for public inspection.
3. Previously when the Land Registry completed an application to register a property, or, a change of owner, a certificate would be issued known as a Land Certificate or, if you had a mortgage, a Charge Certificate. This would be the evidence of your title to the property in place of the old title deeds. This Certificate would need to be produced to the Land Registry if any entries on the register ever needed changing or updating and in most cases, no changes could be made to your details on the register without production of this Certificate.

The old title deeds would no longer be relevant, all the details of the property having been entered onto the certificate.

Under the new Land Registration Act there will no longer be any Land or Charge Certificates. Instead, the only up to date details of your title to the property will be held on the Central Land Register. It will no longer



be necessary for a Certificate to be lodged at the Land Registry to make any alterations to the title to your property.

The Land Registry will destroy any certificate sent to it as well as any original documents of title - only keeping copies if the Registrar considers it necessary.

In our opinion, it is essential that the Certificate and certain original documents are not destroyed. Therefore, we will be retaining these and sending them to you for you to look after and to pass on to any subsequent owner of the property. You should appreciate that these documents are obsolete and as such, no longer show the up to date details of your title which can only be accessed by obtaining official copies of the up to date register from the Land Registry.

However, we consider it is important to retain these documents should any future query arise in respect of the title to the property, or should any error have been made in compiling the central Land Register which does not come to light until a later date.

YOUR MORTGAGE

In your property transaction we expect to receive instructions to also advise the Bank, Building Society or Company from whom you are obtaining your mortgage. If so, we will have to pass them information you give us that might be relevant to the decision whether to lend the money to finance your purchase. If you tell us things that you do not want the Lenders to know and they are relevant to the Lenders we may have to stop acting for the Lenders and possibly also for you. If we also advise the Lender we are required to check certain points in relation to your property transaction:

1. Evidence of your identity and address. Please refer to the firm's Terms and Conditions of Business
2. We must have sight of the valuation report relating to the property which you are buying/re-mortgaging. We would ask that you let us have a copy of this as soon as it is available.
3. We must establish the source of any balance other than your proposed mortgage) required to complete your purchase/re-mortgage. This information is needed prior to exchange of contracts. For example, if the money is currently held in a Building Society Savings Account, we need sight of the passbook showing the current balance.
4. We must establish whether there will be any other person, other than the borrowers, under the Mortgage Deed in occupation of the property who is over the age of 17. Again, we need this information prior to exchange of contracts.
5. In addition we are required by your Lender to specifically bring to your attention the following information:
 - (i) letting of the property which you are mortgaging either formally or informally is strictly prohibited without the consent of your Lender. If you should want to let your property, you should refer to your Lender for further information.
 - (ii) If your mortgage offer refers to 'Mortgage Indemnity Insurance' or 'High Loan to Value Fee' we are asked by your Lender to remind you that this type of insurance is taken out for the benefit of the Lender only. In the event that the Insurance Company is required to make a payment under this



type of insurance to the Lender, the Insurer will have a right to make a claim against you for the amount paid out.

GENERAL NOTES

THESE NOTES ARE NOT IN ANY WAY INTENDED TO DISCOURAGE YOU FROM PURCHASING PROPERTY, BUT TO ENSURE THAT YOU ARE FULLY AWARE OF THE IMPLICATIONS BEFORE YOU ARE COMMITTED BY AN EXCHANGE OF CONTRACTS, AND THEREBY TO REDUCE ANY ADDITIONAL COSTS OR DIFFICULTIES ONCE THE PURCHASE HAS BEEN COMPLETED

1. Buyer Beware

The rule on the purchase of property is "Buyer Beware". The person selling property to you is under no duty to disclose to you defects in the property, even if he knows about them. Therefore, in all cases you should carefully consider having a survey of the property carried out by a qualified Surveyor. The type of Survey is also important (as to the various types of survey please see below).

Because of the rule, "Buyer Beware" whether or not you have a Survey of the property carried out, it is wise to visit the property several times before you are committed to purchase by exchanging contracts. To visit at different times of the day is also prudent.

It would probably be a good idea to introduce yourself to neighbours as the potential owner of the property, partly to see what they are like, and also to see if they think there is anything you ought to know about the property.

Although on your behalf we will be trying to protect you by carrying out Searches with the Local Authority, investigating the title to the property and raising various Enquiries with the person selling the property (via their Solicitors), we very rarely visit a property.

If you notice any of the following, or for that matter see anything at or about the property you feel is unusual or does not fit with the information we are provided with please let us know:

- (a) Someone on the property not mentioned in the documents we pass on to you.
- (b) Gates, pathways, pipes, manholes, overhead wires etc. which might show someone else has rights over the property not mentioned in the documents.
- (c) Anything about the property, for example, boundary fences in a different place, or a path or roadway you want to use, that does not fit with the documents.
- (d) Recent, i.e. in the last twelve years, alterations to the property. For a listed building any past alterations could be relevant.

2. Written Contract

A contract for the purchase of land must be in writing, incorporate all the terms of the agreement, and be signed for, or, on behalf of, the parties to it. Hence the importance of "exchange of contracts". Until that time neither the Buyers nor the Sellers are legally bound, and can therefore withdraw from the transaction at



any time up to "exchange of contracts" without any liability to the other. They still have to meet their own legal and surveyor's expenses.

Solicitors normally arrange for the Buyers and the Sellers to sign identical copies of the contract which the solicitors then formally exchange between them. This is where the expression exchange of contracts comes from.

3. Searches

We will submit a standard set of Searches:

Local Authority Search;
Water Drainage Search;
Index Map Search (*if appropriate*)
Commons Registration Search

There is another Search that can be carried out which has recently been added to our inventory.

It is an Enviro Search. It is intended to be utilised for residential purchases and is in effect what is known as a 'desk survey' for environmental purposes. By trawling computerised information from the Environment Agency, old OS maps etc., it is intended to locate sources of pollution or land contamination that might affect the property. The Enviro Search will also provide information on flood plains within a 500 metre radius of the property.

We will submit this search unless you notify us to the contrary as we will need specific instructions not to carry out the Enviro Search because of the risk involved in not doing so for the future sale of the property.

If you do instruct us not to carry out the Enviro Search, you should be aware that we may be required to do so if you are obtaining a mortgage and it is one of your Lenders requirements.

Finally, we are also able to carry out a Plansearch Plus. This is a report which will provide the following information about your chosen property:

- ⌚ Commercial and Residential Planning applications made since 1997 within a 250 metre radius of your chosen property - unlike the Local Authority Search which is restricted to Planning applications in respect of the property itself
- ⌚ Land use policies within the same radius so as to give you a good idea of developments that could be allowed in the future
- ⌚ Aerial photography
- ⌚ Details on forthcoming or existing telecom masts
- ⌚ Planning decisions on larger applications
- ⌚ Footpaths and rights of way
- ⌚ Local neighbourhood information

The neighbourhood information will provide the following:

- ⌚ Details of nearby schools and colleges and their performances



- ⌚ Details in respect of the housing market, types of houses and ownership and Council Tax bands
- ⌚ Crime statistics
- ⌚ List of nearest shops, restaurants, chemists, hospitals and other essential amenities

If you consider that such a search would be helpful, please let us know and we will advise you of the cost.

WE WILL NOT CARRY OUT A PLANSEARCH PLUS UNLESS YOU INSTRUCT US TO DO SO.



4. The Deposit

On exchange of contracts a deposit will be paid. The Sellers will ask you for 10% of the purchase price. Perhaps you do not have 10% of the purchase price saved but we would be grateful if you could let us know how much you do have saved so that we can agree the amount of the deposit as soon as possible.

Your mortgage monies (if any) are not available until the completion date, so they must be ignored for this purpose, but if you have a related sale we may be able (we will certainly seek to do so) to use the deposit received on your sale for the purchase.

5. The Completion Date

The day you pay the balance of the purchase monies (having already paid a deposit on exchange of contracts) and have the keys to move into the property is known as "the completion date". You are not usually allowed into the property before that day. Since no two conveyancing transactions are the same it is not possible to give you an accurate idea of the time it will take.

However a very rough average would be four weeks from an offer being accepted (subject to contract) to exchange of contracts and two to four weeks later for completion.

6. Surveys/Valuations

The Valuation carried out for the Building Society we should warn you may not be satisfactory to protect you as a Purchaser of the property. A Surveyor carrying out a Building Society Valuation is only concerned that the Lender can recoup its lending on a forced sale.

There are two forms of survey above and more extensive than a Building Society Valuation. Firstly you can have a Full Structural Survey. This will involve a very careful examination of the property by a Surveyor and a full and lengthy report on the structure indicating any defects that the Surveyor becomes aware of on his inspection. This is usually applicable for older properties or those of unusual construction.

Secondly there is a slightly less comprehensive form of survey, but which is still better than a Mortgage Valuation, and this is called a "Home Buyers Report". Such a survey is aimed at the person purchasing the property and not at the Building Society or Bank lending money on it. It is therefore more comprehensive and a more thorough inspection of the property will have taken place.

We would advise you to have, at least, a Home Buyers Report of the property. If the property is older or has unusual features we recommend you discuss with the Surveyor you propose to use having a Full Structural Survey, but please ensure your Surveyor is also asked to provide a reinstatement value for insurance purposes, and valuation within that Report, as this is not usually included.



7. Purchases from Builders

A purchase from a builder or developer is different from the average purchase for the following reasons:

- (i) Builders usually have a standard contract used by their Solicitors, which is almost always unfair on the Buyers. We will try to correct it, but if the builder's solicitors do not accept the alterations you will either have to accept the clauses as they stand or buy another property.
- (ii) If the builder is a National House Building Council Registered Builder you will usually have the benefit of the "Buildmark" Insurance Policy. You will receive full details of this scheme later. The main points are that it gives you a right during the first two years after the house is built to ask the builder to make good many defects in the house and then for the next eight years you have limited insurance through the N.H.B.C. against structural defects. But, you will not have cover for everything, and remember that like most insurance schemes there are a lot of "let out" clauses.

The scheme does not mean you do not need a good survey of the property. You may be surprised to learn that the rule "Buyer Beware" still applies to a purchase from a builder. Even if the builder does not build the property properly if the N.H.B.C. cover does not provide you with a remedy you may well have to look at the contract which, as mentioned above, is usually unfairly biased in favour of the builder.

- (iii) Almost all building contracts allow the builder unlimited time in which to construct the property. They require you to complete the purchase by payment of the balance of the purchase money even if there are some "minor defects" in the property.

These two "let out" clauses in the contract frequently cause difficulties so it is important that you are aware of them now. You can reduce the problems they cause by visiting the property frequently as it is built to check on progress, your presence may speed the builder up, even if, legally, you have very limited rights of action for any delay.

Secondly, when you visit the property pressurise them to complete all minor works because after completion, when the builder has all your money he will inevitably lose interest in these items. Also what you and the builder think of as minor are likely to be very different. Irritating defects such as sticking doors, cracked window panes or, tiles, he will definitely regard as of minor importance; you may not, when purchasing a brand new home.

Make sure you inspect the property just before completion, preferably with the builder and prepare a "snagging list" of items that need to be seen to. This list should be in writing and try and get the builder to sign it. Then you will be able to prove that the defect existed before you occupied the building.

A written list and written complaint to the builder is also wise because you will need this to apply to the N.H.B.C. in the first two years.