

Guide To Buying Residential Property



HEWITSONS

1. Before you make an offer

What you need to do

(a) Check how much you can borrow

It can avoid disappointment and wasted expenses if you have already been told how much you can borrow and on what terms. Most lenders and financial advisors are happy to offer guidance and even an “agreement in principle” if asked.

(b) Check when other money will be available

Ensure that you know how much notice must be given to withdraw savings held in savings accounts. If money is due from an inheritance, divorce settlement or a trust, check when it will be available. Bear in mind that a deposit of 10% of the property’s purchase price is usually payable when contracts are exchanged. However, we will ask if a 5% deposit will be accepted in most cases.

(c) If you are in rented property ensure you know when you can move out

Generally you will only need to give one month’s notice (from the date on which you can pay rent) but this may not always be the case.

(d) Check the costs associated with your purchase

Hewitsons will be happy to estimate their fees and provide details of all associated costs upon request e.g. stamp duty land tax, land registry fees, search fees etc.

(e) Consider if you need any tax advice

If the property is not to be your Principal Main Residence, then there may be opportunities to structure its acquisition in a way which limits your future exposure to Capital Gains Tax and Income Tax. We have specialists who can advise on this and would be delighted to put you in touch with them.

2. After your offer has been accepted

What you need to do

(a) Confirm your instructions to us

(b) Make the application for your mortgage

(c) Consider what type of survey best suits you

Hewitsons have a separate guide on this topic which we can send you.

(d) Ensure your deposit is readily available

If you are also selling a property the deposit your buyer pays can usually be used and, in most cases, will be accepted by your seller. If so, you will not need to pay a deposit on exchange.

What we do

(a) Confirm our instructions to you, the seller’s conveyancers and the estate agents

(b) Read the legal paperwork

This is the most important part of our job and involves carefully considering:

- *the sale contract*
- *evidence of the seller’s ownership*
- *the relevant legal rights and obligations which affect the property*
- *what searches need doing and whether the results of those searches are satisfactory*
- *all information provided about the property*

(c) Make further enquiries and report to you

These enquires will be sent to the seller’s conveyancers for replies. We send you a report on the legal information obtained about the property together with copies of these enquiries.

3. Reaching Exchange of Contracts

What you need to do

- (a) Ensure you have obtained a suitable mortgage offer
- (b) Ensure the remaining balance of the price and the expenses are available
- (c) Agree the date you want to complete the purchase

In doing so there are a number of factors you will need to take into account, including:

- *what date the seller will agree. We recommend discussions about this date start as soon in the purchase process as possible although you should bear in mind that, right up to the moment at which contracts are exchanged, a change in circumstances could mean that your preferred date is not achievable. These discussions can be with the seller direct or via the estate agents*
- *how much notice your mortgage lender requires to send us the loan (the minimum is usually one week)*
- *when you can move out of your current home and the availability of removers*

- (d) Sign the necessary documents and pay the deposit to us (see below)

What we do

- (a) Report to you with papers to sign

When we have received replies to our further enquiries and instructions from your mortgage lender we ask you to sign the contract, transfer document, mortgage deed and Stamp Duty Land Transaction return.

- (b) Clear the deposit
We advise by what means the agreed deposit can be paid to us and ensure that it is "cleared" before exchange.
- (c) Confirm your instructions regarding the completion date
- (d) Confirm the seller's conveyancers hold a signed contract and identical instructions on the completion date
- (e) Agree "exchange" by telephone with the seller's conveyancers

4. After Exchange of Contracts

What we do

- (a) Inform you that exchange has taken place and confirm the agreed completion date

- (b) Report to your lender and request that it sends us the loan in time for completion
- (c) Send you a guide to what happens at completion

What you need to do

- (a) Confirm your removal arrangements
- (b) Notify service suppliers and the Council Tax department that you are to become the new owner
- (c) Finalise your loan and insurance arrangements, including setting up relevant standing orders and direct debits

5. Before Completion

What we do

- (a) Send you a financial statement

This shows what you need to pay us to cover the costs of your purchase after taking into account all monies we receive.

- (b) Pre-completion searches

These ensure that nothing has been registered against you or the property since we first considered the legal papers.

- (c) Obtain replies to pre-completion enquiries

What you need to do

- (a) Pay us the balance shown on our financial statement in accordance with the payment instructions
- (b) Confirm with the estate agents that they will have a set of keys for collection on the completion date

6. After Completion

What we do

- (a) Make the Stamp Duty Land Transaction Return and pay the tax on your behalf
- (b) Register you as the new owner of the property and the mortgage on behalf of your lender
- (c) Send you copies of the updated Land Registry entries

Any other title documents will be sent to your lender or, if it does not require them, to you.

If you are also selling a residential property please refer to our associated Guide to Selling Residential Property.

Your Checklist from Acceptance of Offer to Exchange of Contracts:

- Mortgage offer received
- Acceptance of life insurance proposal received
- Copy property information form/replies to preliminary enquiries received
- All necessary documentation and information received by solicitor
- Buildings insurance cover arranged
- Removal firm available
- Completion date arranged in principle
- Contract signed and deposit paid

From Exchange of Contracts to Completion:

Immediately after Exchange of Contracts:

- Life insurance/pension policy commenced
- Buildings insurance commenced
- Removal firm booked

As soon as possible after Exchange of Contracts:

- Electricity supplier notified
- Gas supplier notified
- Telephone service supplier notified
- Water authority notified
- District Council/Council Rate department notified
- Mail re-routed
- Change of address cards sent
- Balance of monies paid to solicitor
- Transfer, stamp duty land transaction return and mortgage documents signed

This document is written as an outline guide only and any action should not be based solely on the information given here. Appropriate professional advice should always be taken in specific instances.

If further information or advice is required on a specific situation please contact one of our offices:

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