



CLIENT GUIDE IN CONVEYANCING MATTERS

1. Introduction

We have provided this Guide in the hope that it may explain some of the terms used in conveyancing, the steps which are usually taken (and the reasons for them), and the factors which dictate when these steps are to be taken.

A short written explanation like this cannot cover all the points which may arise. We hope you will discuss worries of any kind with us, so that we may try to remove the cause of the worry.

2. Conveyancing - What is it?

Transferring the ownership of land is not like transferring the ownership of, say, a piece of furniture or a car. Land is always there, and in the course of time many rights and obligations may be created in relation to it. They are often not evident on an inspection of the property. For example, someone may have a right to occupy part of it, but not be there when you call; a neighbour may have a right to enter the property and dig up the drains in order to inspect or clean his drain.

The public, too, may have claims - perhaps there is a public footpath across the property; the council could have rights in respect of, for example, compulsory acquisition or unpaid charges for making up the road. The planning authority or the highway authority are perhaps considering schemes which would affect the environment of the house you are thinking of buying.

Then there is the question: Does the seller really own it and, if so, is he free to sell it? If he inherited the property, were the correct steps taken to transfer legal ownership to him, or is it still outstanding in someone else's hands?

These are only a very few of the snags which arise and which it is your solicitor's duty to discover, if they exist, and advise you about. Conveyancing is the name given to the process of transferring ownership of land from one person to another, the solicitors for the seller and buyer each being obliged to safeguard their client's interests.

3. What happens in a conveyancing transaction?

There are three main areas to consider and we shall briefly look at each. They are:

- (a) The work carried out after agreement in principle is reached, but before the seller and buyer are bound by contract to proceed with the matter.

- (b) The stage between "exchange of contracts" (when the parties become contractually committed) and "completion" (the day on which money changes hands in return for the keys and transfer of ownership, i.e. the day on which you are entitled to move in).
- (c) The conclusion of the formal side of the transaction, when documents are submitted to the Inland Revenue for payment of Stamp Duty Land Tax and to the Land Registry for "registration of title".

4. **Pre-contract**

- (a) The Buyer: You have found the property you want, and the seller has accepted your offer. (Another guide ought to be written about this stage - before most people even consult a solicitor!) Some of the most difficult and responsible work has to be done by your solicitor at this stage. The making/analysing of searches and raising enquiries are by no means formalities. We shall summarise for you the information obtained about the property and advise you as to the meaning of the provisions in the draft contract. It is also your solicitor's duty to ensure you do not "exchange contracts" before you have available all the money needed to pay for the house at completion. We shall be in touch with your lending institution (or your bank, if bridging finance is needed) and with your buyer's solicitors, if you have a related sale. Once all these elements have come together, we shall ask you to sign the contract and pay the agreed deposit to us, so that contracts can be exchanged.
- (b) The Seller: Before marketing you will need to commission an Energy Performance Certificate (EPC) and your selling agent should be able to deal with this for you. Having found a buyer, you will instruct us to send a draft contract to the buyer's solicitors. In order to prepare the draft contract, we shall need the deeds if the property is unregistered or the Title Number if the property is registered, to check the nature of your ownership and the existence of any rights or burdens which must be revealed and passed on to the buyer. If we have acted for you before, we will know where the deeds are (unregistered) or have the Title Number but you should let us have any pre-registration deeds which you may be holding (registered). We will also send you supplemental questionnaires, known as property information forms, (designed to discover from your own knowledge information about the property and items to be included in the sale) for completion.

The buyer's solicitors will then send us enquiries based on the information supplied to them and the contract. Once the buyer's solicitors are satisfied, they will approve the contract and we shall ask you to sign it. Contracts will be "exchanged" and a date fixed for moving and payment:

5. **Between contract and completion**

It is in this period that the buyer's solicitors check the title of the property and prepare the document to transfer ownership to the buyer. The "mortgage" is prepared and the buyer will have it explained to him before he signs it. An

obligation to repay thousands of pounds at a rate of perhaps hundreds a month, is not undertaken lightly. In some cases the "transfer" only has to be signed by the seller. In others it must be signed by the buyer too, either because the buyer must "covenant" with the seller to observe the "restrictions" or because there is more than one buyer and the transfer document contains a declaration of trust. As we approach the date for completion, the financial details will be worked out and the buyer asked to provide the balance of the purchase price in return for the deeds and signed transfer document. At that point you will be entitled to occupy the house and take possession of the keys.

6. **After completion**

What remains to be done is almost entirely in the hands of the solicitor. As seller's solicitors we shall account to you, the seller, for the balance of the purchase price after paying off any mortgage, estate agents and ourselves. If we are acting for you as a buyer, there is rather more to be done. We have to submit a Land Transaction Return to the Inland Revenue together with any necessary duty to be paid. If a purchase price is in excess of £125,000, then Stamp Duty Land Tax is payable by the buyer at the rate of 1% of that price. A higher rate applies in excess of £250,000.00. This is a government tax and should not be confused with our professional charges! Inland Revenue supply a Land Transaction Return certificate which we deliver to the Land Registry together with the transfer with an application to register the title, and also with a cheque for the Land Registry fee. The Land Registry issues a Title Information Document which we lodge with your lenders. Any pre-registration deeds and documents are sent to you. If there is no mortgage, we shall deal with the deeds as you wish. We should be happy to look after them for you free of any charge.

7. **Glossary of terms used**

"completion"	the date fixed for transfer of ownership, on payment of the price. Normally between two and four weeks after exchange of contracts.
"conveyance"	the same where the property is not registered at the Land Registry.
"deposit"	part of the purchase price paid at exchange of contracts, normally 10%.
"exchange of contracts"	literally, the exchange of one copy signed by the buyer for another signed by the seller. At this point both parties become committed to proceed.
"mortgage"	document recording loan of money secured on the property. If payments are not maintained, the lender may have the right to take possession and sell the property.

"registration of title"

ownership of unregistered land is proved by showing its recent history as recorded in the "deeds". A sells to B, who dies, leaving it to C, etc. In all areas of the country title to land now has to be registered in one of the registries maintained by the Land Registry on completion of a purchase. The Register records ownership and all important details of rights and liabilities.

"transfer"

the document transferring ownership.