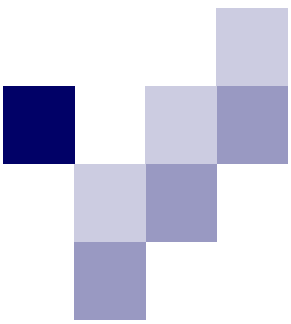


2005 Edition



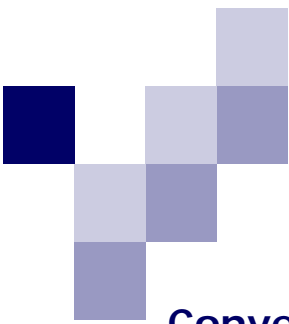
homebuyers' guide

This is not intended as a comprehensive statement of the law and you should consult the lawyer dealing with your case if you require specific legal advice on any aspect of your purchase.



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Conveyancing

Conveyancing is the legal term for buying or selling land or houses. In England & Wales, the professionals who deal with this are solicitors and licensed conveyancers. We'll refer here to your conveyancer as "your solicitor".

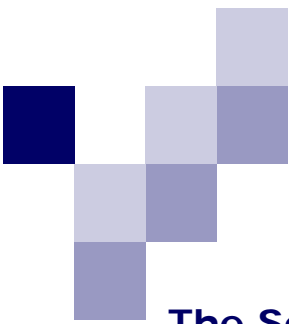
Do I Even Need a Solicitor?

If you are buying with a mortgage, then you'll need either a solicitor or a licensed conveyancer to act on the transaction. The mortgage lender won't trust you to deal with their mortgage monies.

Getting Started

The solicitor's job is to make sure you buy the right property (it has been known for someone to be registered as the owner of the wrong property!), that the appropriate ownership rights are registered and that you know what rights other people have over the land.

The solicitor will do this by making checks against the property in public registers ("the searches"); by checking the legal title documents supplied by the seller's solicitor; and by asking questions of the seller or the seller's solicitors. A solicitor isn't a surveyor. So he/she won't be advising on the physical condition of property or its price or the state of the central heating or other appliances. As your solicitor will not physically see the property, you must be provided with a copy of the plan by your solicitor and check it against the property on the ground.



The Searches

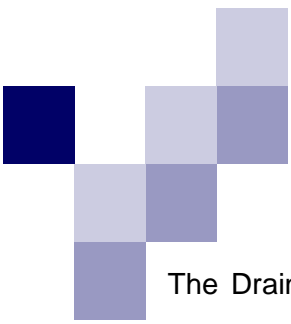
We ask you to pay for these searches in advance and the search fees requested in our initial letter will be deducted from your final account on completion. If you wish, you may wait until your offer of mortgage is received before paying this sum to us. However, some authorities can take several weeks to return searches and delays in exchange of contracts may result if they are not submitted as soon as possible.

If you do not wish us to submit searches until a later stage then you should inform us in writing of your decision. Receipt of search fees will be regarded as your authority to proceed.

The Local Authority search is addressed to the local authority and will reveal the planning history of the property; whether the road outside is maintainable at public expense; whether there are any local land charges registered (did you know that if the local authority carries out pest control at the property and you fail to pay, it can register a charge against the property similar to a mortgage?); and other matters which may directly affect your use and enjoyment of the property.

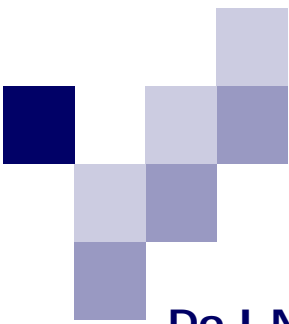
The Local Search will reveal any current planning proposals directly affecting the property, although it will not necessarily disclose planning proposals relating to adjacent land or properties. The Seller is also required to disclose any development proposals of which he is aware. However, we would advise that you make specific enquiries at the local planning department to check the planning status of the land in the vicinity and whether there are any development proposals that might affect the property. This is particularly advisable where the property is adjacent to open land, or not situated in an established residential area. You should note that in agricultural “green belt” areas farmers might readily obtain planning consents for barns and other agricultural installations, which may be unsightly.

The Coal Search is addressed to the Coal Authority and will reveal the existence of any mineshafts within the boundaries of the property, and also any past claims relating to subsidence.



The Drainage Search is addressed to the water company and will confirm whether the company supplies water, and whether water drains into the public sewers. It will also confirm whether there is a sewer running within the boundaries of the property.

The Environmental Search is carried out mainly to obtain a certificate confirming that the land is not considered contaminated. The mere fact that the rest of the search reveals various entries does not necessarily mean there is any cause for concern but it is important that you are aware of the various uses and previous uses in the vicinity of the property.



Do I Need a Survey?

You may wish then to have additional surveys or reports. Whether or not you do so is up to you - as the buyer you have to weigh the additional cost of an extra survey or report against the risk that the property isn't in sound shape and will require substantial repair or other works.

The valuation organised by a lender is *NOT* a full survey and will not necessarily reveal any defects in the property. If you were purchasing an older property we would recommend that you obtain your own survey. Savings can normally be made by instructing the same Surveyor/Valour as the Lender, who will then combine both exercises in a single visit to the property. There are various types of survey available, at different costs and you should discuss with the Surveyor which type is most appropriate in your case.

A survey will often reveal defects or matters requiring repairs and can be used to negotiate a reduction in the purchase price. It may also help you to avoid costly and unexpected repairs in the future.

How do I know if the central heating is working?

An ordinary survey will not cover the central heating, plumbing or electrical wiring. We would advise that you have these installations checked prior to exchange of contracts to ensure that they are in proper working order. The Surveyor/Surveyor may also recommend you have these installations checked as many older installations no longer comply with current standards.

What land am I buying with the house?

We will usually be able to show you a plan of the property as defined in the Official Copies (formerly known as the Title Deeds). We advise you to check that the boundaries on site coincide with the plan and that they are well defined by fences, hedges etc.

Look carefully for any gates, or pathways that might suggest that other persons have a right of access through the property. Similarly, you will need to notify us if any part of the



property you are buying is accessed via other land (e.g. a separate garage or one in a communal block) or if there is a shared driveway.

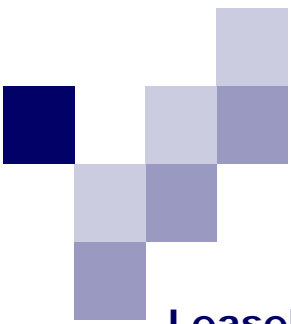
Your future plans for the house

If you intend to extend the house or to alter it in some way, you should check with the local planning authority, normally the local Council, that planning and building regulation consent would be given or that no such consent will be required.

Similarly, if you intend to run a business from the house you may need planning consent. The consent of your Lender (and the Landlord if the property is leasehold) may also be required.

The house has already been extended

If you think the house has already been extended or altered in some way, we will need to check whether all the appropriate consents were obtained. Please let us know immediately as the Sellers may need to obtain retrospective consents or provide copies of consents already given. Failure to advise us at an early stage will cause a delay in your conveyancing transaction.

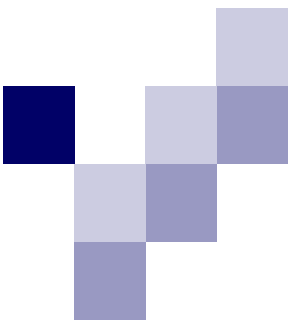


Leasehold Property

A lease gives you the exclusive right to the use, occupation and enjoyment of the lease while it lasts, and provided you comply with the terms of the lease. The length of the lease is known as its term. A lease can be for any time. If you are buying a long lease of residential property then the term will usually be 99 years or more. Depending upon the mortgage provider, you will normally need at least 60 years remaining on the term.

If a leaseholder (the owner of a leasehold property) breaches the terms of his/her lease then, ultimately, the freeholder can forfeit the lease. That is usually a sufficient incentive to encourage compliance with the lease.

The freeholder may be a company, or a private individual. In the case of purpose-built leasehold property, the freeholder can be a company owned jointly by all the flat-owners.



Your Mortgage Offer

A mortgage is a loan provided by a Bank or Building Society to help finance the purchase. The loan is secured against the property so that, if you do not keep up the repayments as agreed with the lender, they may seek to repossess the property and evict you from it – hence “your home may be at risk if you do not keep up your repayments on a mortgage or any other loan secured on it”

When you receive your offer of mortgage, you should check this carefully. We will receive our copy of the offer at the same time or one or two days later than you.

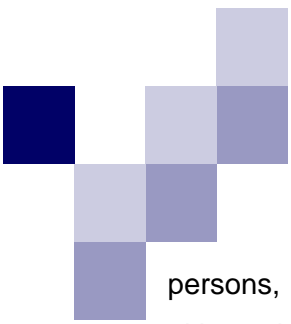
Are there any deductions to be made from the mortgage - e.g. retention for repairs or a deduction for the Insurance Guarantee Premium (IGP)? These can sometimes create difficulties and for a further explanation of these deductions, please contact your mortgage broker, the Lender or us.

Ensure that any acceptance or other forms are returned to your Lender promptly and that any outstanding conditions are dealt with as quickly as possible. If matters such as these are not attended to funds will not be released to us on completion. We cannot complete the purchase if the mortgage monies are outstanding or uncleared at the date of completion.

The purchase price stated in the mortgage offer must be correct and if you are receiving an allowance, deduction or incentive of any kind the Lender must be informed. This may well affect the amount that can be lent to you and the Lender may have to issue a revised mortgage offer, causing further delays.

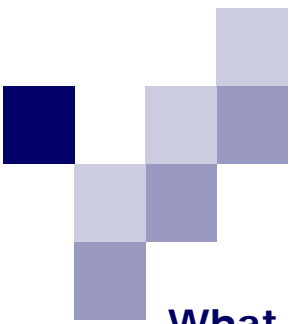
We strongly advise that you receive independent financial advice before entering into any agreement with the Lender.

Your Lender will not make the mortgage monies available until all the conditions on the mortgage offer have been fulfilled and you have signed both the mortgage deed and assignment of Life Policy Deed (if applicable). Under the terms of the Mortgage Offer any



persons, age 17 years or over, whether family or not, who are to occupy the property either with you or in your absence, may be required to sign letters of consent to the mortgage, or a deed of disclaimer.

We do not recommend that you instruct you solicitor to exchange with a firm offer of mortgage. There's no law that says you can't exchange without first having obtained a mortgage offer, however if the mortgage offer doesn't materialise you may have insufficient funds to complete the transaction on the date fixed when contracts were exchanged. This can be embarrassing: you may be liable to forfeit the deposit to the seller (who can then sell the property elsewhere) and also be liable for the financial losses directly caused to the seller and to all the parties higher up the chain of transactions.



What is Exchange?

Exchange is shorthand for Exchange of Contracts. The contract is the legal agreement for the sale and purchase of the house. There are two copies; one copy is signed by the buyer, one by the seller.

At the stage where both parties wish to be legally bound by the agreement, a completion date is fixed and the two copies of the contract are swapped between their respective solicitors.

The buyer also pays a deposit of between 5-10% of the purchase price. At that stage, contracts are said to have been exchanged and the agreement is binding and cannot subsequently be altered save with the agreement of both parties.

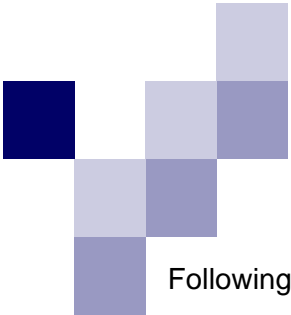
The binding nature of the contract means that all the investigation work (both legal investigations and searches, and also any physical survey) has to be completed before contracts are exchanged. All the buyer's solicitor's enquiries have to be satisfactorily answered prior to exchange. It's too late to query anything after contracts have been exchanged. For better or for worse, you're stuck with the transaction.

Don't arrange moving dates, take time off work or book removal firms in readiness for moving without first checking with us that everything is ready for you to proceed and that Contracts have been exchanged with a firm completion date.

What if I change my mind?

We will not normally exchange Contracts without checking with you first, but should there be any sudden change in your circumstances that might cause you to stop or delay your purchase this must be reported to us immediately. Once you have paid the deposit monies to us in readiness for exchange we will assume that you wish us to proceed with the exchange as soon as it is practicable to do so unless you specifically instruct us to the contrary.

What happens between Exchange and Completion?

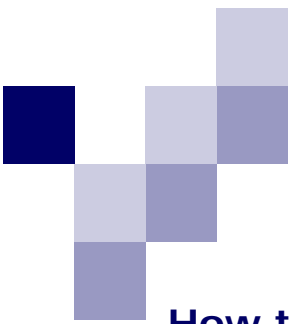


Following exchange of Contracts, you will receive a full completion statement and invoice for our costs, showing any balance required from you to complete. Our costs are included in the statement as a total, and itemised on the Invoice accompanying the statement. Any balance shown as payable by you must be paid at least five days before completion. SHOULD ANY MONIES BE OUTSTANDING ON THE DAY OF COMPLETION THEN WE SHALL BE UNABLE TO COMPLETE. A minimum of five days is required to clear cheques.

We request the mortgage advance, however Lenders usually require several working days notice of the completion date before releasing the advance. If the purchase money is not paid to the Seller's solicitors on the date set for completion, then you will be in breach of Contract. For this reason we generally request the mortgage advance for the previous working day.

You should arrange with the Seller to have any meters read, either on or shortly before the legal date for completion. If you have not previously had accounts for these services you will need to sign supply agreements with the relevant utility companies and you should organise this before the completion date.

If you will not be moving into the property immediately on completion and the property will be vacant, you should advise your lender or Insurance Broker immediately as your Building/Contents insurance may be ineffective. If you are buying a Freehold property you should arrange to have cover in place from the date of Exchange.



How to hold the Property?

Joint Tenants

In this instance none of the co-owners will be entitled to a separate proportion of the property; each one owns the whole of it. The most obvious feature of the joint tenancy is the right of survivorship on death, which means that the property automatically passes to the sole surviving tenant. None of the co-Buyers can leave any share in the property to another party under their Wills.

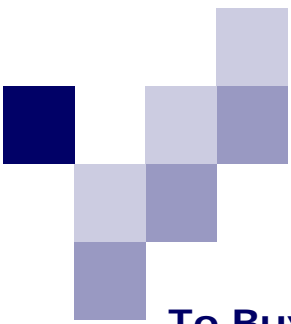
This option is usually selected by a husband and wife, unless there are special reasons for not doing so. You should discuss this point with the lawyer dealing with your purchase if you require further advice.

Tenants in Common

Where a tenancy in common is selected each co-owner holds a specified proportion of the equitable interest in the property. This specified interest can be disposed of e.g. by a lifetime transfer, or under the co-owners Will. Tenants in common can hold the property in equal shares or any specify different proportions if appropriate.

Tenancies in common are most often used where the co-owners are an unmarried couple, or where unrelated parties are purchasing a property together.

If you are considering purchasing as tenants in common you should contact the lawyer dealing with your purchase for further advice.



To Buy in One Name or All Names?

Husband and Wife

In usual circumstances a husband and wife should purchase their home jointly. Many Lenders will require this.

Sole legal ownership by one spouse only may be appropriate in some cases, for example where one spouse is individually wealthy, second marriages where husband and wife may have agreed to keep their respective assets separate or where one spouse is in a “high risk” type of business and the potential of bankruptcy needs to be considered

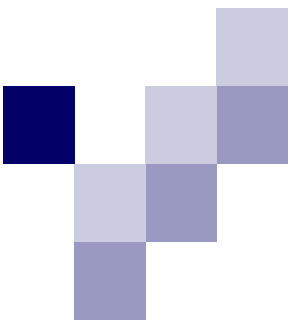
We strongly advise you to seek specific legal advice from us on this point, if you are considering purchasing your property in one spouse’s name only.

Unmarried Couples, Friends, Business Partners etc.

Where a number of persons are purchasing a property they should normally purchase jointly, particularly if they are contributing monies to the transaction, either as capital for the deposit or by payments towards the mortgage. It can be very difficult and costly to establish the existence of an interest in the property if you are not named as a co-owner in the purchase deed.

Trusts for Jointly Purchased Property

In law, co-ownership of land can only exist through the medium of a trust of land. The Trustees (the co-owners) hold the property in trust for themselves. There are two methods of holding the property in trust, and the type of trust that you select will be declared in the purchase deed or occasionally in a separate Trust Deed.

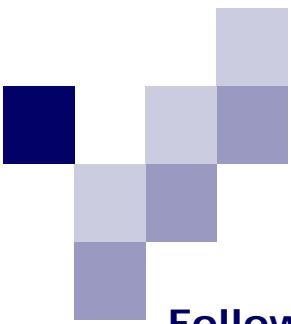


When is Completion?

Completion is the stage in the transaction when the buyer pays over the purchase monies and moves into the property.

Ideally there would be an interval of a couple of weeks between exchange and completion, but this doesn't always happen. Occasionally, exchange and completion will take place on the same day. The worry on a simultaneous exchange & completion is that there's no guarantee that the transaction is going to happen until it does. That can be unnerving if there's a chain of several transactions to synchronise, with all the parties in the chain waiting moodily in their removal lorries, frantically phoning their solicitors and estate agents!

You will only be able to obtain keys to the property on the completion date when the whole of the purchase price has been paid by us to the Seller's solicitors. It is not usually necessary for you to attend our offices on the day of completion. Please telephone late morning or lunchtime to confirm that completion has taken place so that you may collect the keys from either the estate agent or the seller.



Following Completion

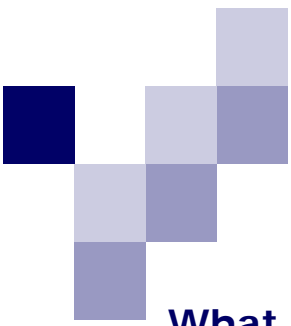
For peace of mind you may wish to have the locks on the front and rear doors of the property changed once you have moved into the property. You will then know for certain that no other person has keys to your property.

Shortly after legal completion has taken place, the Lender will contact you with details as to when, where and how to make your mortgage repayments. You should make enquiries of your building society/bank as to when your first mortgage repayment will be due.

You will need to notify the relevant local authority of your new address as soon as possible, or the authority may demand immediate payment of any arrears that have accrued by reason of your delay.

Your solicitor will arrange the payment of Stamp Duty Land Tax to the Inland Revenue. It is important that you return the Tax Return form as soon as possible, as your solicitor only has 30 days following completion to send it to the Revenue before you start incurring penalties. Many solicitors will send you the form well in advance of completion because of this.

After the Tax has been paid your solicitor will then send everything off to the Land Registry for registration.



What is the Land Registry?

It keeps the official record of nearly all land and properties in England and Wales. It's the last word on the subject: if there's a dispute, the Land Registry record prevails.

The official record (which is open to public inspection) defines the extent of the land and whether it's freehold or leasehold; who the registered proprietors are, details of any mortgages registered against the land, and details of any other rights or liabilities registered against the land.