

MUNDY'S 

specialist property lawyers

getting a move on

A GUIDE TO
BUYING AND SELLING YOUR HOME

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CONTENTS

Introduction	4
Explanation of words	4
Putting your house on the market	7
The Offer	8
The Buyer's Mortgage.....	9
The Survey	10
The Contract	11
The Searches	12
Signing Up	13
New Properties.....	14
Exchange	of
Contracts.....	14
Preparing for Completion	15
Keys.....	16
Completion.....	16
After Completion.....	17
AND FINALLY	18

Appendix:

1. Joint Tenants
2. Sample Contract
3. Searches
4. Money Laundering and ID Requirements
5. Signing the Mortgage Deeds
6. Terms and Conditions
7. Shared Equity
8. Monies Due
9. Survey Options
10. Mundy's services

EXPLANATION OF WORDS

This guide describes each step in turn, whether you are buying or selling your home. You will know exactly what you have to do for a smooth process and what those involved are doing at each stage.

Completion

This is the point where the buyer and seller carry out their most important obligations under the contract and the completion date is the date on which these obligations must be carried out. On that day the buyer must pay the price for the property and the seller must move out, hand over the keys, hand over the deeds and a document transferring his title to the buyer, and pay off any mortgage that the seller had.

Contract

A contract is simply an agreement between two or more people but in the case of an Agreement to buy or sell a property the agreement has to be in writing. In practice, everything that is agreed or done before "exchange of contracts" (see below), is done or agreed "subject to contract". This means that, no matter how far you have got with the transaction and no matter how clear your agreement with the other person, nothing is binding on either side until the contract is formally entered into.

Covenant

This is a promise to do or not to do something on your land. Again these are often imposed when a developer sells houses on an estate or development because it is important to ensure that everyone acts in a neighbourly way towards each other. A covenant can be negative (for example "not to keep pigs or poultry on the property"), or positive (for example "to keep the garden tidy").

Deposit

When contracts are exchanged the buyer will have to pay part of the purchase price as a deposit just as, when you order some expensive furniture that is to be delivered later, you might have to pay part of the price when you order and the remainder when the furniture is ready to be delivered. The standard deposit is 10% of the purchase price but more often than not the buyer is unable to pay the full 10% because the money for the purchase is provided by the sale of their own house and by their mortgage. In those circumstances the buyer will be allowed to pay a smaller deposit on the basis that, if they fail to complete the purchase on the date agreed for completion, they must immediately pay the extra amount required to make the deposit up to a full 10%. The word deposit is also often used to mean the part of the purchase price that the buyer is providing from their own money rather than their mortgage, but that is not the sense in which the word is used in this Guide.

Easement

This is a right that one property has over neighbouring property, for example if two properties share a common drive each will have a right of way over the bit of the drive that belongs to the other property. Easements are very common on post-war estates and developments where properties share common facilities such as drains because, where facilities are shared, mutual rights are necessary: you will have a right for your drains to cross neighbouring land and a right to enter to carry out repairs, and your neighbours will have corresponding rights over your land.

Exchange of contracts

A contract for the sale and purchase of property is prepared in two copies: one is signed by the seller and one is signed by the buyer. When the buyer and seller are ready to commit themselves, the contract is dated, the completion date (see below) is entered in the contract, the buyer's Conveyancer/Solicitor hands the copy of the contract signed by the buyer to the seller's Conveyancer/Solicitor and the seller's Conveyancer/Solicitor hands over the copy signed by the seller, hence the expression "exchanging contracts". From this point on both sides are bound to buy and sell at the agreed price and on the agreed date and if either side

does not carry out their obligations under the contract they will have to pay compensation to the other for their breach of contract.

Freehold title

This is a form of ownership of property that lasts forever; it is the highest form of property ownership in the sense that all other titles or interests in the property are carved out of it.

Joint tenants and tenants in common

When a property is owned by two or more people they can choose to own it in either of two ways; tenants in common or joint tenants. If they own it as joint tenants they are choosing not to specify their shares in the property; each of them is equally entitled to the whole and, if one of them dies, the whole property passes automatically to the survivor. If they own it as tenants in common, they own the property in specified shares, for example, in equal shares, and each of them can leave their share of the property to whom they like by their wills. A detailed explanation is set out in [Appendix 1](#).

Leasehold title

This is a form of ownership of property that is limited in time, for example a six month tenancy agreement or a 999 year lease. A short lease or tenancy agreement normally has little or no capital value so you do not pay a lump sum for it; instead you pay rent. By contrast, a lease with over a hundred years to run has virtually the same capital value as the equivalent freehold property and the rent paid is a very small "ground rent". Leasehold title is essential in the case of flats because it is important that someone has control and responsibility for matters such as insurance, maintenance and making sure that flat owners respect each other's right to peace and quiet; if flats were freehold no one would be able to exercise that control but if they are leasehold (as they invariably are), the landlord can ensure that everything runs smoothly.

Money laundering

Is a process whereby criminals try to make money obtained by illegal means appear to be legitimate. There are strict rules relating to the identity evidence we need from you before we can do any work on your behalf. Further details are given in [Appendix 4](#).

Mortgage

This word is used to mean several different things. Firstly it is a charge on property that gives a lender security for the repayment of a loan; if the borrower does not keep up their repayments the lender can sell the property and repay the loan out of the proceeds of sale. Secondly the word means the actual document that creates the charge, that is, the mortgage deed. Thirdly the word is also used to refer to the loan itself (for example in the phrases "mortgage offer" or "repayment mortgage").

Mortgage offer

This is an agreement setting out the terms on which the lender will lend you money to buy your home. The mortgage offer will set out amongst other things:

- The amount of the loan
- The interest rate
- The period over which the loan is to be repaid
- Whether the monthly repayments include an element of repayment of capital
- That the seller must move out on or before the completion date
- That the seller must move all their belongings out of the property except for things that were agreed to be included in the sale. This means that all unwanted furniture and rubbish must be removed from the property before completion.

Property

This is a general word that covers any kind of home, building or land whether it is a flat, a house or a bungalow, and whether it is freehold or leasehold.

Sellers property information form

This is a questionnaire completed and signed by the seller which provides practical and factual information about the property. For example the Deeds may say that the owner must maintain the right hand boundary but it may be that in practice the owner has maintained the

left hand boundary for many years and the next door neighbour might maintain the right hand boundary. Other areas covered include services, disputes with neighbours, access to neighbouring land for repairs and any work at the property that may have required planning permission. Where leasehold property is being sold there is also a leasehold property information form which gives information about the lease, service charge, landlord, etc. If the seller provides information that is untrue they may be liable to pay damages to the buyer.

Shared equity

This is where you share ownership of your property with another, often a Housing Association. This provides affordable housing for first time buyers. You usually have a lease of your share of the property, and pay rent on the remainder. The stamp duty implications are set out in [appendix 7](#).

Stamp duty

This is, in effect, a tax on land and it raises a huge amount for the government at very little cost or effort. The rates of Stamp Duty Land Tax are as follows:

Purchase price £125,000 or less NO Stamp Duty
Purchase price £125,000.01 to £250,000 Stamp Duty 1%
Purchase price £250,000.01 to £500,000 Stamp Duty 3%
Purchase price over £500,000 Stamp Duty 4%

Stamp Duty is not "stepped"; the duty is paid at the appropriate rate according to the scale set out above on the whole price, for example on a purchase at £400,000 the duty will be 3% of £400,000, that is £12,000.

There are special rules for new leases. On any new lease where you are paying less than £125,000.00 Stamp Duty may be payable if the annual rent (including ground rent) exceeds £600.00 p.a. If you are paying over £125,000.00 and you are paying a large rent you will end up paying Stamp Duty on the cost and the rent.

Terms and conditions

These are the terms upon which we agree to act for you, and are set out in [Appendix 6](#).

Title or legal title

This means ownership of a property or of an interest in property. There are different types of title, the most important of which are freehold and leasehold. The word 'title' is also used to mean all the legal matters that affect a property for example rights over the property or rights that it has over neighbouring land.

Vacant possession

The contract will usually state that the seller must give vacant possession on completion. This means:

- the property is not sold subject to any lease or tenancy agreement
- the seller must move out on or before the completion date.
- the seller must move all their belongings out of the property except for the things that were agreed to be included in the sale.

This means that all unwanted furniture and rubbish must be removed from the property before completion. Normally this means instructing an estate agent to market the property. When you do so you should also start work on the legal procedures:

- Tell your Conveyancer/Solicitor that the property is up for sale and (if they do not hold the Deeds) tell them where the Deeds are held. If the Deeds are with your bank or another firm of Conveyancer/Solicitors the bank or other firm will need a letter from you to authorise them to send out the Deeds. The sooner your Conveyancer/Solicitors get the Deeds the sooner they can get on with their work.
- If there is a mortgage on your property the Deeds may be held by your lender; you must tell

your Conveyancer/Solicitor the name and address of the lender and your mortgage account number.

- Tell your Conveyancer/Solicitor if there is more than one mortgage.
- Your Conveyancer/Solicitor will send you some standard forms which provide information that must be supplied to any buyer's Conveyancer/Solicitor when you have found a buyer. These are:
 - Seller Property Information Form
 - Fixtures and Fittings List
 - Leasehold Information Form (if applicable)

When completing the Property Information Form the seller must be completely honest and accurate. If you do not know the answer to a question you should say so. If you are in doubt as to how to reply to a question let us know and we will help. You must bear in mind that if you provide inaccurate or false information you may be liable to pay compensation to the buyer. In completing the Fixtures and Fittings list it is just as important to show all the items you intend to leave at the property as it is to show all the items you intend to remove. Everything other than items that the seller has said are to remain will have to be removed.

- You must send to your Conveyancer/Solicitors with the Property Information Form any of the documents referred to in it such as guarantees for damp proof treatment, double-glazing, etc. If any of the documents are missing you should apply to the company that carried out the work for copies.
- Tell your Conveyancer/Solicitor if you have made any alterations to the property for example, replacement doors or windows or an extension, or conservatory. Since April 2002 it has been necessary to obtain Building Regulation Consent if you replace any doors or windows, even as single one. If you used a F.E.N.S.A. registered installer then a certificate from them will suffice. If not Building Regulations will be required. You must send your Conveyancer/Solicitor any planning permission or other documents or letters from the Local Authority. Removal of a load bearing wall always requires building regulations approval. If work of this kind has been done without approval you must act quickly to get retrospective approval from the Local Authority.
- If the property is leasehold you must also send your Conveyancer/Solicitor:
 - The latest receipt for rent or confirmation of payment
 - Copies of the last three years' service charge statements and receipts for payment
 - A copy of the landlord's insurance policy or policy schedule
 - Names and addresses of the landlord and their agents or other person who collects the rent and service charge
 - Leasehold forms
- If you have tenants in the property send your Conveyancer/Solicitor the tenancy agreement and make sure that it is clear whether the property is sold subject to the tenancy
- If the property has not always been your main residence during your period of ownership you might be liable to Capital Gains Tax on any gain you make on the sale. Your Conveyancer/Solicitor will be able to advise.

After viewing the property and deciding that it's the one they want, the buyer will make an offer for it. Usually the property will be for sale through estate agents and the offer is made to the agents. The agents will ask the buyer about their circumstances, for example whether they need a mortgage, whether they have a house to sell and, if so, whether they have found a buyer for their house. If there is a chain the agent will want to find out as much as possible about the stage each transaction has reached. The agents will then advise the seller on the offer. The seller will take into account not only the price offered but also the likelihood of the buyer being able to go ahead fairly quickly, so a higher offer from someone who has to sell their own house but who has no buyer for it may be less attractive than a lower offer from someone who has no house to sell. If the seller accepts the buyer's offer the agents will send a summary of the terms of the sale to the buyer and the seller and to their Conveyancer/Solicitors. However, even though the offer has been accepted, remember that the agreement is "subject to contract" and that, no matter what anyone may have said, you are still a long way away from the point at which the price and the completion date are fixed. It

is futile to agree to aim for a certain completion date until all the elements necessary for each link in the chain are in place.

THE BUYER'S MORTGAGE

Usually a buyer will need a loan to buy the property and, if that loan is to be from a commercial lender such as a bank or building society, the lender will require the security of a mortgage. **Mortgages fall into two basic types:**

A repayment mortgage is one under which each monthly payment includes an element of interest payment and an element of capital repayment so that the loan is gradually paid off. As the capital balance is reduced, the interest payable reduces so the amount of capital paid off as each monthly payment is made gets larger and larger. However you should remember that there is no guarantee that the loan will be paid off within the time originally intended; if interest rates go up but the monthly payments remain the same, the amount of capital paid off by each monthly instalment will be reduced and this might mean that, at the end of the mortgage period, there is still a balance to be paid.

An interest only mortgage is one where the borrower only pays interest during the period of the mortgage. Because no capital repayments are being made, the monthly payments are lower. However, obviously the borrower has to make arrangements for paying off the capital when the mortgage period comes to an end and usually this is done through an investment product such as a pension or endowment policy. This is why mortgages of this type are often called endowment mortgages. Everyone knows that investments can go down in value as well as up and endowment policies do come with a risk; if they do not perform as well as they were expected to, the amount they pay out at maturity may not be enough to pay off the mortgage. It is important to get advice when you choose your mortgage; please let your solicitor know if you would like to have an adviser recommended. There are a number of other things that you should think about when you are arranging your mortgage.

- You should consider taking out life insurance to pay off the mortgage if you die before the mortgage is paid off and also insurance to pay off the mortgage if you became incapacitated and unable to work. Insurance is essential in any case where, if anything happened to one of the borrowers, the other would have difficulty in carrying on making the mortgage payments, for example in the case of a couple where one of the borrowers stops working to look after young children.
- You should consider insurance of the property at this stage. You will have the choice of insuring through the bank or building society which is making the loan or making your own arrangements. Insuring through the bank or building society is very easy and convenient, but you may be able to find cheaper insurance through someone else. If you decide to make your own arrangements, do it as soon as possible since everything must be in place and ready to go on cover when contracts are exchanged. In some cases a borrower may be tied to a lender's insurance product for an initial period.
- The mortgage deed will say that you are not allowed to let the property or to carry out any major work or apply for any planning permission without the consent of the lender. If you are planning to do any of these things, you should tell the lender now and ask them to confirm in writing that they agree to what you propose.
- You must also tell the lender and your solicitor if there will be any adults living in the property who are not going to be owners, for example any grown-up children who have not left home. The reason for this is that occupiers of a property may be or become entitled to rights of occupation that could have priority over a mortgage. If an occupier had a right to refuse to leave a property, any mortgage that a lender had on that property would be useless because it would be unsaleable. For this reason, lenders insist that adult occupiers who are not owners of the property sign a statement consenting to the mortgage and confirming that, if they have any rights in the property, they will not assert those rights against the lender.
- Lenders may offer reduced rates of interest for the first two or three years of the loan in order to attract business. You should bear in mind that these low rates come at a price in that, if you pay off the mortgage within that period, you may have to pay a penalty of a number of

weeks or months interest. You should ask, when applying for the mortgage, whether this applies even if you took out a new mortgage with the same lender; at least you would then know that you could avoid the penalty if you have to move home due to a change of circumstances.

- When you receive your mortgage offer you should tell your solicitor if there is anything in the offer that is different from what was agreed verbally with the lender or if anything that you agreed with the lender has not been recorded in the mortgage offer. The solicitor should ensure that the offer reflects what you agreed with the lender; if this is not done you may not be able to set matters right later.

SURVEY

There are three types of survey:

1. **A Bank or Building Society Valuation:** this is a simple inspection carried out on behalf of a lender to ensure that the property will provide the lender with adequate security.

2. **A RICS Housebuyer's Report and Valuation:** this is a much more detailed report on the condition of a property produced in a standard format. The surveyor will also provide a valuation of the property. This type of survey is normally adequate for an average size post-war property.

3. **A Building Survey or full structural survey:** This is a detailed structural survey and is the best choice for large properties or older properties. To help you choose please refer to [appendix 9](#).

It is the buyer's responsibility to ensure that the condition of the property is acceptable; the seller has no duty to tell the buyer of defects. A survey is therefore essential. The building society valuation is wholly inadequate as a report on the condition of a property; at best it will confirm that the building is not about to fall down but it will not tell the buyer of all sorts of problems that may cost thousands of pounds to put right. The buyer should therefore choose either the RICS Housebuyer's Report or a full structural survey depending on the type of property. You can arrange for the lender's surveyor to carry out the survey. This will save a little money but any serious defects will be reported to the lender and they may put a condition in your mortgage offer that you carry out certain work, or they may even hold back part of the loan until certain work is done. It is therefore best to have your own survey carried out. You should also bear in mind that most surveys will not include a thorough check of the central heating, electrical wiring and plumbing systems; if in doubt have a specialist check carried out.

THE CONTRACT

When the seller's Conveyancer/Solicitors receive the sale particulars from the estate agents, they will prepare the contract and property information forms that are to be sent to the buyer's Conveyancer/Solicitors. In order to prepare these, the seller's Conveyancer/Solicitors will need the deeds of the property. If there is a mortgage, the seller's Conveyancer/Solicitor will have to get the deeds from the lender which may take a week or more. So if you are selling your house, tell your Conveyancer/Solicitor as soon as you put it on the market so that he can then get the deeds and go over the information forms with you before you find a buyer. This will enable your Conveyancer/Solicitor to send out the contract as soon as the sale is agreed.

These are the things that the seller's Conveyancer/Solicitor will send to the buyer's Conveyancer/Solicitor:

- The draft contract
- Information about the title to the property
- The Sellers Property Information Form together with any documents referred to in it (for example copies of guarantees)
- Details of what items at the property are to be included in the sale and what is to be removed

The contract sets out

- the name and address of the seller
- the name and address of the buyer
- a description of the property
- brief details of matters affecting the title to the property
- the price
- the completion date (but this is left open until contracts are exchanged)

The contract will say that it incorporates the Standard Conditions of Sale. This is a standard set of contract terms intended to strike a balance between the interests of the seller and those of the buyer. These provide in detail for circumstances such as what is to happen if the buyer breaks the contract. The contract will usually contain additional provisions called "special conditions". A common special condition is one that says that the buyer agrees that he is not entering into the contract as result of any statement made to him by the seller or the estate agents, and that the only information that the buyer is relying on is information given in writing by the seller's Conveyancer/Solicitors. If you are buying a house and you have been told something that has influenced your decision to buy the property, you should tell your Conveyancer/Solicitor so that he can ask the seller's Conveyancer/Solicitors to confirm the information. A copy of a typical contract is included in this guide as [Appendix 2](#).

The title information will either consist of copies of relevant deeds or, if the title is registered, copies of the entries in the Land Registry registers.

The title information should:

- confirm that the sellers own the whole of the property that is being sold
- confirm that the property has all the necessary rights, for example rights of access and for service installations
- give details of any rights over the property
- give details of any covenants that affect the property

The title should also confirm the extent of the property, however it is not usually possible for the buyer's Conveyancer/Solicitors to inspect the property so it is essential that as a buyer you check the plan of the property that comes with the contract and that you let the Conveyancer/Solicitor know if the position of the boundaries shown in the plan is different from their position on the ground or if there are any other discrepancies.

When the buyer's Conveyancer/Solicitors receive this package they will:

- check the contract
- check the title: is the seller the owner? Does the property have all necessary rights? Is the

property affected by any covenant that would prevent the buyer from using it for the purpose they intend?

- check the property information: is it complete? Have all the copy documents required by it been provided?
- send copies of the documents to the buyer with a report on them
- raise any additional enquiries that may be necessary
- carry out the necessary searches
- if appropriate, approve the terms of the draft contract

When you are buying a property you should remember that your Conveyancer/Solicitor will not actually visit it unless you ask them to; you have the advantage of having inspected the house at least once and it is important that you help the Conveyancer/Solicitor by providing information. In particular:

- are there any other adult occupiers other than the sellers (they should sign the contract to confirm that they will leave the property)
- has the property been altered or extended
- does the property have a recent conservatory or recent double glazing

THE SEARCHES

The usual searches that are carried out on behalf of the buyer are a local authority search (known as a local search), a water authority search, and an environmental search.

The local search

The local search is carried out at the local authority in which the property stands. It consists of two parts:

1. a search of the local land charges register: this shows if there are any obligations that affect the property such as conditions attached to a planning permission
2. replies to a series of questions about matters that might affect the property, for example, whether the property is on a road which is a public highway, whether there are any schemes proposed for road widening or for building new roads in the area. You should bear in mind firstly that the local search only gives information about the property you are buying and secondly that we will normally only ask the local authority to provide answers to the standard questions. If you are worried that some development might be proposed next door such as an extension that will overlook the garden you must ask us to extend the search to the neighbouring house and pay an additional search fee. Similarly, if you want us to ask non-standard enquiries you must let us know. As you would expect, an additional fee must be paid if there are additional enquiries. A list of additional enquiries is included in this guide in [Appendix 3](#).

Water authority search

A water authority search is not always necessary. Usually we are only concerned to ensure that the property has mains water and drainage and this will be confirmed by the seller producing their most recent water rate demand. However if the property is new it might be necessary to do a water authority search. This not only confirms whether a property is connected to mains water and drains, it also shows where the nearby mains drains run which can be very useful if a plot is to be developed.

Environmental search

An environmental search shows whether a property has been built on a landfill site or whether it is likely to be affected by pollution for any other reason. This type of search is important for two reasons. Firstly most buyers will want to know if the house they want is likely to be affected by pollutants in the soil and so forth. Secondly an owner of land is now liable to clean up their land if it is affected by pollutants that can leach out onto neighbouring land, so buying polluted land can lead to heavy financial loss. The environmental search also provides information as to the likelihood of flooding or subsidence in the area where the property stands. The

environmental search is a highly technical document and anyone other than a surveyor or structural engineer would find it difficult to understand. For this reason companies that provide environmental searches offer insurance so that, if the search fails to alert you to an important environmental factor and you suffer loss as a result, you will receive compensation from the insurance company. Additional searches such as a Commons Registration Search or mining search may be necessary, depending on the location of the property.

SIGNING UP

The sellers Conveyancer/Solicitor will ask the seller to sign the contract when it has been approved by the buyer's Conveyancer/Solicitor. The buyer's Conveyancer/Solicitor will ask the buyer to come in for a meeting when they are happy that the buyer's mortgage offer, the contract, the title, and all the searches are in order. Alternatively, if you are not within visiting distance of the office then we will report to you remotely by post/email.

At the meeting the buyer and the Conveyancer/Solicitor will:

- go through the contract
- go through the mortgage offer
- sign the contract
- sign the mortgage (see appendix 5)
- discuss the completion date
- you must provide a cheque for the deposit

If you have not done so already you should also provide the following information at this meeting:

- details of your buildings insurance if you are arranging it yourself
- details of any adults other than the buyers who will be living in the property
- if there are two or more of you buying, whether you want to own the property as tenants in common or as joint tenants (see page 4)
- if you are taking out an interest only mortgage you should also bring to this meeting details of the endowment or other policy that you have taken out to cover the mortgage payments. Ideally you should bring the policy documents to the meeting
- If you have not made a will, or if your will is out of date, now is a good time to deal with this, but if you want to discuss wills, be sure to mention this when you arrange the meeting. You should also bear in mind that signing the contract does not mean that everything is fixed and final. Nothing is certain until contracts are exchanged, so you must continue to wait until contracts are exchanged before you book removals, give notice to your landlord, etc.

NEW PROPERTIES

The purchase of a new property has a few unique characteristics. All builders put the pressure on for a quick exchange. They rarely have any sympathy for the reason for the delay, even when this is due to a hold up on your sale. Be prepared for extra stress and pressure. Often you will be exchanging contracts before the house is finished. Your completion date is dependant upon the builder finishing the house. The Builder agrees in the contract to complete the house in accordance with the plans you have seen, and to comply with Planning Permission. Remember to view any estimated dates with caution. It is not at all unusual for the estimates to be out by several weeks or even months. There is nothing you can do but sit and wait. This is all very well if you are in rented accommodation, but what if you are selling as well?

You may be lucky and find a buyer who is happy to wait. This is not usually very popular, and if you are unable to find a buyer who will wait you will have to consider selling first and moving into temporary accommodation. This is the reason many builders offer part exchange as this gets around this problem. This is where the builder buys your house. You may not get the full market price for the property. Once the builder tells your Conveyancer/Solicitor that the house is ready, you will then have the chance to reinspect it, and to go around with the builder to do a snagging list. This is very important, as it is your opportunity to point out to the builder any things that you are not happy with. The builder should agree a list of defects with you, and agree to rectify them before completion. From the point when your Conveyancer/Solicitor

is notified that the house is ready you usually have 2 weeks in which to reinspect, and then complete. All new properties will have the benefit of NHBC Insurance cover (or the equivalent). This is a 10-year guarantee against major structural damage. For the first 2 years there is a wider cover for more minor problems. So if your builder is unwilling or unable (say due to bankruptcy) to sort out your problems you should enlist the help of the NHBC.

EXCHANGE OF CONTRACTS

When everyone in the chain has reached this stage and a date for completion has been agreed by everyone, contracts can be exchanged. The Conveyancer/Solicitors contact each other, usually by telephone, and agree the completion date and the amount of the deposit. Then the contract is dated and the Conveyancer/Solicitors agree that contracts are exchanged. Each Conveyancer/Solicitor then sends their client's part of the contract to the other Conveyancer/Solicitor by post; the buyer's Conveyancer/Solicitor must also send a cheque for the deposit. This is the point where each party is locked in to the deal and a moving date can be relied upon.

PREPARATION FOR COMPLETION

When contracts have been exchanged:

The buyer's Conveyancer/Solicitor will:

- prepare the transfer document
- report to the buyer's lender and ask them to send the mortgage money. The price has to be paid by a certain time (usually 1pm but sometimes 12.00 or 12.30) on the completion date and the buyer will be breaking the contract if the money arrives at the seller's Conveyancer/Solicitor's bank after that time, so we will ask the lender to send us the mortgage money on the working day before completion. You will have to pay an extra day's interest but that is a small amount compared with what you would have to pay if we weren't able to send the money to the seller in time
- do a statement for the buyer showing all the figures and the balance that the buyer must pay
- do more searches. The buyer's Conveyancer/Solicitor must make sure that there has been no change in the title to the property since the date when the contract was issued, and, if the buyer is buying with the help of a mortgage, the Conveyancer/Solicitor must also make sure that there are no bankruptcy proceedings against them.

The Transfer is the document by which the seller transfers his title to the property to the buyer.

- The buyer will often have to sign the document as well as the seller because, if the property is subject to covenants, the seller will want the buyer to confirm that he, the buyer, will not break any of the covenants and that, if the buyer does so, and if the seller suffers any liability as a result, the buyer will compensate the seller
- If there are two or more buyers the transfer will state whether they want to own the property as joint tenants or as tenants in common, and the buyers will have to sign to give effect to that statement
- Where the seller is only selling part of the land he owns, for example in the case of a developer selling a newly-built house on an estate, the transfer will also:
 - Grant rights over neighbouring land to the property
 - Reserve rights over the property for the benefit of neighbouring land
 - Impose covenants on the buyer

The seller's Conveyancer/Solicitor will:

- Approve the draft transfer
- Get a statement from the seller's lender confirming the amount required to pay off the mortgage
- Tell the estate agent that contracts have been exchanged and the date fixed for completion
- Prepare a statement for the seller showing the sale price and all the amounts of money that must be paid out of the sale proceeds such as the amount needed to pay off the mortgage, the estate agent's commission and the Conveyancer/Solicitor's fees, and of course the amount due to the seller. The statement will not be produced immediately as the Conveyancer/Solicitor has to wait for these details.

- Please note that the estate agent will expect his fees to be paid out of the sale proceeds by the seller's Conveyancer/Solicitor. Your Conveyancer/Solicitor will send you a copy of the estate agent's bill and agree to then pay the amount stated in it to the estate agent on the completion date

The seller must:

- Sign the transfer when it is ready
- Arrange his removals
- Clear out any rubbish at the property (remember you are not allowed to leave anything at the property unless it was agreed that it would be left)
- Read the meters on the completion day and ask the utility providers for a final bill
- Move out of the property by about 12.00 hrs on the completion day
- Decide how to receive any balance monies due to them. [See Appendix 8.](#)

The buyer must :

- Instruct the insurers to put the buildings insurance on risk as soon as contracts are exchanged (unless the insurance is arranged by the lender or you are buying a flat where usually the landlord insures)
- Arrange contracts for utilities
- Send any money that is required to complete the purchase to their Conveyancer/Solicitor. You can do this either by cheque or by arranging for your bank to send the money direct to your Conveyancer/Solicitor's bank account. If you pay by cheque your Conveyancer/Solicitor must receive the cheque at least 5 working days before completion in order to allow time for it to be credited to the bank account. All clients' money is kept in a single bank account so, if they paid out money on behalf of a client they would be using other clients' money to make the payment, which is clearly wrong and is not permitted. [See appendix 10.](#)

KEYS

If selling you will need to leave a set of keys with your Estate Agent ahead of completion day. To save a trip out to the Estate Agent's on completion day post any spare keys back through the letter box when you have finished your move. The Agent will not release the keys to the buyer until the sale proceeds have safely arrived at their destination. If buying the keys will be collected from the Estate Agents on completion day. You will not be allowed the keys until the seller's solicitor has received the purchase monies, so generally the keys are available sometime after mid-day. Delays can unfortunately occur, due to the slowness of the system for transferring money, particularly if you are in a long chain. You will however be kept you informed of the progress on the day of completion.

COMPLETION

By the date fixed for completion the buyer's Conveyancer/Solicitors should have, in the bank account kept for their clients, the money being lent by the client's lender and any money that the buyer is to pay. The buyer's Conveyancer/Solicitors complete the purchase of the property by arranging for their bank to transfer the remainder of the purchase price into the bank account of the seller's Conveyancer/Solicitors. If the buyer is not selling his own house his Conveyancer/Solicitors will be able to do this first thing in the morning but, if the buyer is selling his house, his Conveyancer/Solicitors will have to wait until they receive the money on their client's sale. The Conveyancer/Solicitors will sometimes agree on complicated leap-frogging arrangements in order to save time and to ensure that the whole chain completes on the day.

When the seller's Conveyancer/Solicitors receive the money for the sale they will:

- Telephone the estate agents or whoever is holding the keys of the property to confirm that they can be handed over to the buyer

- Telephone the buyer's Conveyancer/Solicitors to confirm that they have received the money and that they have authorised the agents to release the keys
- Date the transfer document
- Send the money required to pay off the seller's mortgage
- Send the transfer document and other deeds to the buyer's Conveyancer/Solicitors
- Contact you to let you know what is happening

Meanwhile the buyer and the seller will be moving home. Strictly speaking the buyers could insist on moving in as soon as the price has been paid in full. In practice the seller has to be given time to move out so the buyer will not be able to move in until the end of the morning or early afternoon. Normally the seller will leave the keys with the estate agents who will not release them to the buyer until they hear from the seller's Conveyancer/Solicitors that the money has arrived. The buyer's Conveyancer/Solicitor will normally ring them if possible to let him know that they can collect the keys.

FOLLOWING COMPLETION

Shortly after the completion date the buyer's Conveyancer/Solicitors will receive the transfer and other deeds from the seller's Conveyancer/Solicitors. The first thing the buyer's Conveyancer/Solicitors must do is to pay the stamp duty on the transaction. The land tax return is completed by the seller's Conveyancer/Solicitor and is then sent off to the Inland Revenue with a cheque for the duty or payment by BACS (electronically). Once the stamp duty is paid and the necessary certificate issued the transfer can then be registered at the Land Registry.

Meanwhile the seller's Conveyancer/Solicitors should have received a form confirming that the seller's mortgage has been paid off from the seller's lender. They must send this form to the buyer's Conveyancer/Solicitors immediately. Once this has been received, the buyer's Conveyancer/Solicitors can apply to the Land Registry for the following:

- Removal of the seller's mortgage from the register
- Transfer of the legal title to the buyer
- Registration of the buyer's mortgage (if any)

The registration procedure takes several weeks and in the case of a sale of part of the land in the seller's title the boundaries will have to be checked on behalf of the Land Registry and the procedure will take considerably longer. When registration has been completed the Land Registry will send an official copy of the deeds to the buyers Conveyancer/Solicitor, who will send the original to the buyers lender (if there is a mortgage) and a copy to the buyer. Lenders now only hold the official copy of the title, and nothing else. This means that you will often be sent important paperwork, such as NHBC documents, Planning Permissions, guarantees and if the property you bought was leasehold, even the lease. **It is vital that you keep all these safely as they will be needed when you come to sell.** Whilst copies are usually obtainable, this costs money and causes a delay, when you wait for the copies.

A FINAL WORD...

Mundy's Property Lawyers can act for you when Buying, Selling, Remortgaging, Preparation of Deed of Trust, Transfer of Equity. We offer expert advice, speedy service and an approachable attitude.

For details of the other range of services we can offer please refer to [Appendix 10](#).

APPENDIX 1 – JOINT TENANTS

When any property is owned by more than one person, they can own it either as “joint tenants”

or as “tenants in common”.

A. JOINT TENANTS

1. This is the method of ownership commonly used by married couples who do not wish to distinguish what each of them owns or to demarcate their shares in the property.

2. When one of two joint owners dies, the whole property automatically passes to the surviving joint owner by operation of property law. Neither of the two joint owners has an interest in the property that is capable of passing under their Will. In the case of a married couple who want everything to go to the survivor on the first death, this is perfectly in order. However, if they want to provide for any other arrangement in their Wills, a joint tenancy may be inappropriate.

B. TENANTS IN COMMON

1. Where co-owners hold property as tenants in common they own the property in specified shares so this method of ownership is appropriate where the co-owners wish to define their shares whether those shares are equal or unequal.

2. Owning in specified shares is also important if the owners do not wish to leave their respective shares in the property to the other absolutely. For example, they may want to leave their share on trust for the other or they may want to leave it to somebody completely different.

3. If you wish to own a property as tenants in common, we will prepare a separate Deed setting out those shares. If you wish, the Deed can also set out obligations to contribute towards outgoings and what is to happen if one of you wishes to leave the property. This type of Deed is called a Declaration of Trust and the charge will be from £95 + VAT.

4. You should bear in mind that although a Declaration of Trust is normally binding on the parties entering into it, there are occasions when the courts have power to disregard such documents and to order that property should be divided in a different way. In particular, in making financial orders upon break down of marriage the courts have a wide discretion to re-distribute assets between two spouses.

FURTHER INFORMATION - JOINT OWNERSHIP OF PROPERTY

You will need to decide as joint owners how you will each want to deal with your individual shares in the property.

Under English Law, you must hold your shares in the property in one of two ways - either as “Joint Tenants” or as “Tenants in Common”. The word “tenants” in this context applies whether the property is freehold or leasehold and does not imply that you only have a lease or tenancy of the property.

“Joint Tenants”

In this case, if one of you were to die, that person’s share would pass automatically to the other (or others if there are more than two of you), regardless of whether a Will had been made.

As Joint Tenants, you are deemed in law to hold the property in equal shares, even though you may not each have put in an equal contribution to the purchase price over and above any Mortgage.

“Tenants in Common”

In this case, each of you has a specific share in the property which will **not** pass automatically to the other on death. It will pass under a Will, if there is one, or under the rules in the Administration of Estates Act if there is no Will.

As Tenants in Common, you would hold the property in whatever shares you had agreed - usually this will be in the proportions in which you each contributed to the purchase price (disregarding the Mortgage).

We shall need to know from you how you want to deal with the shares in the property before we can draft the Transfer of the property into your names. The points set out below may help you to consider the matter:-

1. For a married couple with children (particularly where you are already selling an existing matrimonial home) it is probable that you would want to opt for the joint tenancy, unless there were Inheritance Tax considerations to be taken into account.
2. For an unmarried couple with no children, a tenancy in common may be more appropriate for two reasons. First, if either of you were to die, you might want your individual shares to go back to your own family. That would not happen, of course, with a joint tenancy, particularly if something happened to both of you at the same time.

Secondly, if your relationship broke up whilst you were still unmarried, the property would probably have to be sold, or one party may wish to buy the other out. On a sale, you would probably each want your proportion of the proceeds of sale to represent the proportion of your original contribution to the purchase price. If one of you was to buy the other out, no doubt you would want the “purchase price” of that share to reflect the contribution made to the original purchase price.

We can provide for a tenancy in common whilst you remain unmarried which would convert to a joint tenancy on marriage.

Unmarried couples should also consider entering into a “Cohabitation Agreement” which could deal with other related matters such as ownership of furniture or the proceeds of endowment policies. We could prepare an appropriate Cohabitation Agreement if you wish.

3. If you want to preserve your individual shares in the property, you **must** opt for a tenancy in common. However, if you do so, you ought to make a Will - there is no guarantee that the shares will go where you want them to if you do not make a Will.
4. If either or both of you have children or dependants from a former marriage, you should certainly consider opting for tenants in common and make a Will.

We could prepare Wills for you, if you do not already have them.

The points set out above are general points and you will need to consider your own particular circumstances. The situation does require some thought and it is not always easy to make a firm decision. Please do not hesitate to contact us to discuss the situation before you make up your minds. We would not want you to decide without fully understanding the position.

Can the situation be altered later?

Yes. A Joint Tenancy can be turned into a Tenancy in Common by one party serving on the other (or others) a “Notice of Severance”.

A Tenancy in Common can also be turned into a Joint Tenancy, but this can only be done by Deed.

Any such alteration would make an important difference to the position of the parties in relation to the property, and legal advice should always be sought at the time.

Mundy's
Specialist Property Lawyers
The Warehouse
Gwynne Street
Hereford HR4 9DP

Tel: 01432 265630
Fax: 01432 262799
Email: info@mundys.co.uk

PROPERTY:

CLIENT REF:

TENANCY FORM FOR COMPLETION AND RETURN

Please return this form duly completed showing your intention

WE confirm that we have read the information sheet entitled 'Joint Ownership of Property' and decided that we require:- **PLEASE TICK AS APPROPRIATE**

- a) The property to be held as joint tenants
- b) the property to be held as tenants in common in equal shares
- c) the property to be held as tenants in common in unequal shares (specify shares)
- d) further advice before making the final decision

WE understand the information contained in the information sheet provided and the responses given by us in this form

SIGNED SIGNED

DATED DATED

APPENDIX 2 – SAMPLE CONTRACT

AGREEMENT

(Incorporating the Standard Conditions of Sale (Fourth Edition))

Agreement date :

Seller : *

Buyer :

Property (Freehold/Leasehold) :

*Title Number : *

**Root of Title :

A Conveyance dated * made between * ("the Conveyance")

Incumbrances on the Property :

All those matters contained or referred to in entry number * of the Charges Register

**The property is sold together with and subject to those matters contained or referred to in the within mentioned title save for financial charges

**Subject to those matters contained or referred to in the Lease dated * made between * (1) * (2) and also subject to the restrictive covenants contained or referred to in entry number(s) * of the Charges Register

**All those matters contained or referred to in the Conveyance / **All those matters contained or referred to in a Conveyance dated * made between *

Title Guarantee (Full/Limited) : Full / Limited

Completion date :

Contract rate :

4% above the base rate of Barclays Bank Plc for the time being in force

Purchase price : £

Deposit : £

Amount payable for chattels : £

Balance : £

The Seller will sell and the Buyer will buy the Property for the Purchase Price

WARNING

This is a formal document designed to create legal rights and legal obligations.

Take advice before using it.

Signed

Seller / Buyer

The Agreement continues on the following page(s)

SPECIAL CONDITIONS

1.(a) This Agreement incorporates the Standard Conditions of Sale (Fourth Edition). Where there is a conflict between those Conditions and this Agreement, this Agreement prevails.

(b) Terms used or defined in this Agreement have the same meaning when used in the Conditions.

2. The Property is sold subject to the Incumbrances on the Property and the Buyer will raise no requisitions on them.

3. The chattels on the Property and set out on any attached list are included in the sale.

4. The Property is sold with vacant possession on completion.

5. If the deposit actually paid on exchange of Contracts shall be less than ten per cent of the purchase price then notwithstanding payment of a lesser amount by way of deposit the balance of the ten per cent deposit shall at all times remain due to the Seller and in the event that this Contract shall be rescinded or shall not be completed on the due date through no fault of the Seller such balance shall forthwith be due and payable by the Buyer to the Seller and shall be recoverable by action.

6. Title to the property having been deduced prior to the date hereof the Buyer shall purchase with full knowledge and shall not be entitled to raise any objection or enquiry in connection therewith after the date hereof.

7.(a) If there is a delay on the part of either party then the non-defaulting party shall be entitled to compensation on the actual date of completion for all reasonable loss and expenses resulting from the defaulting party's failure to complete on the completion date (taking account of any interest payable under standard condition 7.3.3)

(b) Without prejudice to the generality of special condition 7(a) it is agreed that such compensation shall include all loss and expense incurred by the non-defaulting party (either through his consequent inability to complete a related transaction due for completion on or about the same day) as the completion date in this agreement or otherwise) and shall include (inter alia) interest due to the other party under the related agreement and legal fees due to the other party's solicitors and the non-defaulting party's own solicitors storage of hotel charges and the cost of arranging alternative bridging finance to enable the non-defaulting party to complete his related purchase agreement.

(c) This special condition shall not prejudice the right of the non-defaulting party to claim from the defaulting party compensation for any loss not readily ascertainable or quantifiable on the actual date of completion.

(d) If there is a delay and the non-defaulting party's solicitors consequently serve a notice to complete under standard condition 6.8.1 the defaulting party shall pay to the non-defaulting party on the actual date of completion, the sum of £100 and vat thereon as a contribution to his additional legal fees.

8. The transfer to the Buyers will contain an indemnity in favour of the Sellers relating to the matters contained or referred to in the Charges Register

9. The Seller shall be entitled to use the deposit on a related purchase whether in that transaction or any related transaction it is to be paid to Builders/Developers or to Solicitors as agents for Builders/Developers provided that the protection afforded under the terms of the NHBC Scheme applies to the deposit so paid and the terms of standard condition 2.2.5 and 2.2.6 are varied accordingly."

Seller's Conveyancers :Mundy's of The Warehouse, Gwynne Street, Hereford HR4 9DP
(DX17235 HEREFORD)
Buyer's Solicitors/Conveyancers :

THIS PART IS TO BE SIGNED BY ANY ADULT OCCUPIERS OF THE PROPERTY OTHER THAN THE SELLER

In consideration of the Seller and the Buyer entering the above Agreement I agree that:

1. I will vacate the property on the Completion Date and
2. I will have no right of occupation or other rights over the property from that date

Signature(s):.....

Name(s):.....

YOUR CONTRACT EXPLAINED

AGREEMENT

(Incorporating the Standard Conditions of Sale (Fourth Edition)) - these are the standard terms that relate to buying and selling property

Agreement date : Do not date. This is the date you exchange contracts. We will date this when we exchange.

Seller : Your Seller's details.

Buyer : Your details - please check.

Property (Freehold/Leasehold) : The address of the property you are buying, and whether it is freehold or leasehold. Please check.

Title Number/Root of Title : This is relating to the legal title and quotes the number allocated to this property.

If the contract refers to the "root of title" this simply means the title to the property is not yet registered. These parts are for us to check.

Incumbrances on the Property : These are legal things that affect the property and are for us to check. We will report anything unusual to you separately.

Title Guarantee (Full/Limited) : This is a standard legal clause, again relating to the title, and the manner in which it is sold. We will check this.

Completion date : This is the day you get your keys. This date is not definite until we exchange contracts. Do not rely on any dates until we exchange as they cannot be guaranteed at all.

Contract rate : Every contract for selling and buying will include this standard clause. It is a penalty for lateness. If you go over your completion date the purchase price starts to accrue interest at the stated interest rate.

Purchase price : The price you are paying. Please check.

Deposit : The contract assumes a 10% deposit will be paid by you. However, please see the attached information about deposits.

Amount payable for chattels : If you are paying extra for any items of furniture or effects, ie, carpets and curtains, please let us know and we will add the price to the contract.

Balance : The sum we pay over at completion.

The Seller will sell and the Buyer will buy the Property for the Purchase Price - This is the agreement to buy and sell

WARNING

This is a formal document designed to create legal rights and legal obligations.
Take advice before using it.

.....
Seller / Buyer

The Agreement continues on the following page(s)

SPECIAL CONDITIONS

These will be checked carefully by us and we will report unusual or onerous clauses to you (if any). Contracts often include the following extra clauses:

1. A clause which penalises you if you fail to complete on the agreed date. In these circumstances you may also have to pay the Seller's solicitors costs in chasing you for the money. Please note that this means that if completion is after 2.00 p.m. (sometimes varied to 1.00 p.m.) you are deemed to have completed on the next day. So, for example, in the event that you are not able to complete until 3.30 on a Friday, completion is deemed to have taken place the following Monday and in those circumstances you are required to pay three additional days interest. Please refer to paragraph 4 below.

1. B statement that you are deemed to buy the property in whatever state and condition it is in at exchange of contracts. The law assumes that as a prudent buyer, you will inspect the property, have it surveyed, and check that all the services are connected and working properly. If you do not, you are responsible for all costs to rectify any defect, not the Seller. Therefore, if in doubt please arrange for all things to be professionally checked, ie, boiler, wiring, etc. etc.

2. A requirement that if you have paid less than a 10% deposit on exchange of contract you will pay the balance immediately if you breach the contract.

3. The last time for completing a matter is usually 2.00 pm, after which time the penalty as set out on the front of this document under the "contract rate" clause can begin to apply. Sometimes the time is reduced to 1.00 pm. Usually parties bear with each other and give some leeway. You must make sure that any balance you owe us to buy is with us in good time for completion. Lenders normally ask for a minimum of 5 working days' notice to supply mortgage funds. We recommend at least 1 week between exchange and completion.

4. In the unlikely event that you breach your contract, ie, exchange but fail to ever complete, you will:-

- Forfeit your deposit.
- Have to top up your deposit you have paid to 10% (if you paid less on exchange).
- Compensate your Seller for all reasonable losses following your breach.
- Pay interest on the purchase price.
- If your Seller breaches the contract he will:
- Probably be required by a Court to transfer the property to you anyway.
- Pay you compensation for all your reasonable losses.

Seller's Solicitors : Your Seller(s) details

Buyer's Solicitors : Our details. This section is not crucial and is sometimes left blank

THIS PART IS TO BE SIGNED BY ANY ADULT OCCUPIERS OF THE PROPERTY OTHER THAN THE SELLER

In consideration of the Seller and the Buyer entering the above Agreement I agree that:

1. I will vacate the property on the Completion Date and
2. I will have no right of occupation or other rights over the property from that date

Signature(s):.....Name(s):.....

...

..

Signature(s):.....Name(s):.....

...

APPENDIX 3 – SEARCHES

LOCAL LAND CHARGE SEARCH INFORMATION

We will carry out a local search with a search agent for the fee quoted in our Letter of Engagement unless requested to do otherwise. If there is a Home Information Pack (HIP) on your purchase then this will be included in the pack. Please note: planning matters on neighbouring properties are not disclosed in the standard local search. If this information could be important to you, you should consider adding an appropriate additional questions for which there is an additional fee of approximately £12.00 each question.

Listed below are the Options available to you together with the approximate fee (but this may vary from one local authority to another)

A. Optional Printed Enquiries: (please tick as required)

- * Road proposals by private bodies
- * Public paths or byways
- * Advertisements
- * Completion notices
- * Parks and countryside approx
- * Pipelines
- * Houses in multiple occupation
- * Noise abatement
- * Urban development areas
- * Enterprise zones
- * Inner urban improvement areas
- * Simplified planning zones
- * Land maintenance notices
- * Mineral consultation areas
- * Hazardous substance consents
- * Environmental and pollution notices
- * Food safety notices
- * Hedgerow notices

These optional printed enquiries are £12 each and will not be asked of the local authority unless you specifically request this. Please complete the bottom of this page and return to us to advise us of your instructions.

Optional Written Enquiries : If you have any concerns about any issue which is not covered in the above optional printed enquiries you can raise a question of your own which will be asked of the local authority. Each question asked incurs an additional fee of £12.00 (approx) each over and above the standard search fee.

Additional Parcels of Land : If there is an additional parcel of land of which you require details this incurs an additional fee of £12.00 (approx) for each piece of land which is over and above the standard search fee.

Planning Information prior to 1974. If you require any planning information prior to 1974 which the standard local search does not disclose this incurs an additional fee of £12.00 (approx) for each piece of land which is over and above the standard search fee.

Copies of Decision Notices, Section 106's etc. If your title deeds do not contain all the planning consents/decision notices applicable to your property and which are relevant to the transaction taking place, copies of these can be obtained for an additional fee of £12.00 (approx) for each consent/decision which is over and above the standard search fee. Further details on the above enquiries are given overleaf.

(Please delete the inapplicable)

I/We have read and understood the above and wish you to request of the local authority the additional enquiries as denoted above by us in the marked boxes and enclose a cheque for the additional sum due.

OR

I/We have read and understood the above and DO NOT wish you to request of the local authority any of the additional enquiries denoted above

Signed Signed Dated

APPENDIX 4 – MONEY LAUNDERING AND I.D. REQUIREMENTS

RECENT LEGISLATION

We must confirm your identity at the very outset of a transaction. Please could you arrange to provide us with the necessary documentary evidence. Examples of what we are allowed to accept are set out below: -

WE REQUIRE

1) Personal Identification containing a current photograph.

One of the following:-

- Current signed passport or
- Photo-card driving licence or
- National Identity card containing photograph

If you have none of the above please contact us.

2) Evidence of your address.

Two of the following (These must be different from the documents above):-

- Confirmation from an electoral register search that a person of that name lives at that address.
- A recent utility bill or statement, or a certificate from a utilities supplier confirming an arrangement to pay for services on pre-payment terms (we do not accept mobile telephone bills as they can be sent to different addresses)
- Local Council Tax bill for current year.

- Current full UK driving licence, (old style provisional driving licences cannot be accepted).
- Bank or Building Society or credit union statement or passbook containing current address.
- A recent original mortgage statement from a recognised lender.
- Solicitor's letter confirming recent house purchase or land registry confirmation of address.
- Local Council or Housing Association rent card or Tenancy Agreement.
- Benefit book or original notification letter from Benefits Agency confirming the right to benefit.
- EEA member state identity card.
- Inland Revenue self-assessment statement or tax demand.
- House or motor insurance certificate.
- An entry confirming name and address in a local or national telephone directory.

3) We also need your National Insurance number, Date of Birth and confirmation of how long you have lived at your present address.

If you live locally, please arrange to call into our Office where Reception Staff will take copies of the relevant identification and certify them against the originals, with you retaining the originals.

IF YOU CANNOT COME INTO OUR OFFICE

If you are unable to come and bring your identification with you, you must either take the relevant documents to another person local to you and ask them to certify:-

1. That the copies are true copies of the original and
2. That the photograph on the photographic evidence is a true likeness of you

You may take these to:-

- A UK solicitor
- An Accountant
- A Doctor
- A high street Bank Manager

We will need their name and address. Take this form with you.

IF YOU ARE OUTSIDE THE UK THE NECESSARY EVIDENCE CAN BE CERTIFIED BY:-

- An Embassy Consulate or High Commission of the Country of issue
- A qualified lawyer or notary or
- In the case of international students, the Registrar of a UK higher education institution.

Alternatively, we would ask that you send your original documents to us by Recorded Delivery.

IDENTIFICATION REQUIREMENTS - PARTNERSHIPS

We **must** confirm your identity at the very outset of a transaction. Examples of what we are allowed to accept as identification are set out below:-

WE REQUIRE:-

1) Evidence of the partnership's trading address in the form of either.

- Confirmation of the firm's existence from a reputable directory or similar
- Confirmation from an appropriate professional body.

2) Personal Identification containing a current photograph of the partner instructing us and one other partner.

One of the following:-

- Current signed passport
- Photo-card driving license
- National Identity card containing photograph
- Photographic registration cards for self-employed individuals and partnerships in the construction industry C1S4.

If you have none of the above please contact us.

3) Evidence of your address.

Two of the following which must be different from the documents above: -

- Confirmation from an electoral register search that a person of that name lives at that address
- A recent utility bill or statement, or a certificate from a utilities supplier confirming an arrangement to pay for services on pre-payment terms (we do not accept mobile telephone bills as they can be sent to different addresses)
- Local Council Tax bill for current year
- Current full UK driving licence, (old style provisional driving licences cannot be accepted)
- Bank or Building Society or credit union statement or passbook containing current address
- A recent original mortgage statement from a recognised lender
- Solicitor's letter confirming recent house purchase or land registry confirmation of address

- Local Council or Housing Association rent card or Tenancy Agreement
- Benefit book or original notification letter from Benefits Agency confirming the right to claim benefits
- EEA member state identity card
- Inland Revenue self-assessment statement or tax demand
- House or motor insurance certificate
- Record of any home visit made
- An entry confirming name and address in a local or national telephone directory.

4) We need your National Insurance number, and Date of Birth of the Partners.

IF YOU ARE BASED IN THE UK AND CANNOT COME INTO OUR OFFICE

If you are unable to come and bring your identification with you, you must take the relevant documents to another person local to you and ask them to certify:-

3. That the copies are true copies of the original

4. That the photograph on the photographic evidence is a true likeness of you

You may take these to:-

- A UK solicitor
- An Accountant
- A Doctor
- A high street Bank Manager

We will need their name and address. We would suggest that you take our letter and these enclosures with you.

IF YOU ARE BASED OUTSIDE THE UK AND CANNOT COME INTO OUR OFFICE

The necessary evidence can be certified by:-

- An Embassy Consulate or High Commission of the Country of issue
 - A qualified lawyer or notary or
 - In the case of international students, the Registrar of a UK higher education institution.
- We will need their name and address. We would suggest that you take our letter and these enclosures with you.

ALTERNATIVELY you may wish to send your ID requirements to us by Recorded Delivery.

IDENTIFICATION REQUIREMENTS - LIMITED COMPANIES

We **must** confirm your identity at the very outset of a transaction. Examples of what we are allowed to accept as identification are set out below:-

WE REQUIRE:-

1) All of the following:

- A copy of your certificate of Incorporation;
- A list of all Directors and their home addresses;
- A list of shareholders; and
- Confirmation of the registered office.

2) The following evidence in relation to the Director/Shareholder instructing us as follows: -

1. Personal Identification containing a current photograph.

One of the following:-

- Current signed passport;
- Photo-card driving license;
- National Identity card containing photograph;
- Photographic registration cards for self-employed individuals and partnerships in the construction industry C1S4.

If you have none of the above please contact us.

2. Evidence of your address.

Two of the following which must be different from the documents above: -

- Confirmation from an electoral register search that a person of that name lives at that address

- A recent utility bill or statement, or a certificate from a utilities supplier confirming an arrangement to pay for services on pre-payment terms (we do not accept mobile telephone bills as they can be sent to different addresses)
- Local Council Tax bill for current year
- Current full UK driving licence, (old style provisional driving licences cannot be accepted)
- Bank or Building Society or credit union statement or passbook containing current address
- A recent original mortgage statement from a recognised lender
- Solicitor's letter confirming recent house purchase or land registry confirmation of address
- Local Council or Housing Association rent card or Tenancy Agreement
- Benefit book or original notification letter from Benefits Agency confirming the right to claim benefits
- EEA member state identity card
- Inland Revenue self-assessment statement or tax demand
- House or motor insurance certificate
- Record of any home visit made
- An entry confirming name and address in a local or national telephone directory.

3) We need your National Insurance number and Date of Birth of the Director/Shareholder.

IF YOU ARE BASED IN THE UK AND CANNOT COME INTO OUR OFFICE

If you are unable to come and bring your identification with you, you must take the relevant documents to another person local to you and ask them to certify:-

- That the copies are true copies of the original
- That the photograph on the photographic evidence is a true likeness of you

You may take these to:-

- A UK solicitor
- An Accountant
- A Doctor
- A high street Bank Manager

We will need their name and address. We would suggest that you take our letter and these enclosures with you.

ALTERNATIVELY you may wish to send your ID requirements to us by Recorded Delivery.

IF YOU ARE BASED OUTSIDE THE UK AND CANNOT COME INTO OUR OFFICE

The necessary evidence can be certified by:-

- An Embassy Consulate or High Commission of the Country of issue
- A qualified lawyer or notary or
- In the case of international students, the Registrar of a UK higher education institution.

We will need their name and address. We would suggest that you take our letter and these enclosures with you.

IDENTIFICATION REQUIREMENTS - PUBLIC LIMITED COMPANIES

We **must** confirm your identity at the very outset of a transaction. Examples of what we are allowed to accept as identification are set out below:-

WE REQUIRE:-

Where a company is listed on the stock exchange no further evidence is required of identity beyond evidence of listing. This can be by way of a copy of the relevant dated page from the Financial Times of the London Stock Exchange's list of companies. This list can also be found at www.londonstockexchange.com

If the company is a listed on another exchange or is a Banks investment firm or insurance company or an overseas corporations then this can be looked up elsewhere.

IF YOU ARE A PUBLIC LIMITED COMPANY THEN YOU NEED NOT TAKE ANY FURTHER ACTION UNLESS YOU ARE SPECIFICALLY REQUESTED TO DO SO.

APPENDIX 5 – SIGNING THE MORTGAGE DEED

Your Lender requires that your signature is witnessed on the Mortgage Deed. Please arrange to sign the Deed where indicated between the pencilled crosses and please ensure you sign in the presence of an independent witness before returning to us.

APPENDIX 6 – TERMS AND CONDITIONS OF BUSINESS

MUNDY'S PROPERTY LAWYERS - TERMS OF BUSINESS

These notes explain the basis on which we will carry out all the work necessary in your property transaction.

Charges and Expenses

Please see our estimate of charges. This is broken down into our charges (profit costs), monies that we have to pay to other people on your behalf (disbursements) and VAT. In addition we have included Land Registry fees and Stamp Duty. If you are buying a property as purchaser you are now required to submit a Stamp Duty Land Transaction form within 30 days of completion and to pay the tax. If you do not you will be liable to a penalty of £100.00 for late submission and a further penalty for non-payment of the tax. We can act as your Agents in the completion and submission of the return if you so authorise us. We shall make a charge for this service of £75.00 + VAT. Unless you indicate otherwise we shall assume that you wish us to be your Agents for this purpose and will send you the return for signature at the appropriate time.

For your protection, and the protection of your lender, we recommend that you undertake an environmental search. This examines whether the property is situated on or near land that may be contaminated by, for example, past industrial processes or waste disposal. The purpose of this is to ensure that any current and potential contamination risks are identified prior to purchase because you could be responsible for costs for cleaning up the site in the future. It will also identify any other environmental risks that may spoil the use or enjoyment of your new property, such as whether the property lies in a flood plain. The cost of a Landmark Environmental Report is £41.95 (incl VAT)

We can also offer a search informing you of planning applications and land use issues which could potentially affect the value of your property in the future.

We will undertake this search as a matter of course unless you do not require us to do so and specifically instruct us to the contrary. Should you not require us to undertake this search, please would you confirm this in writing by return and bear in mind that we will not be in a position to advise you on these issues in this transaction.

We will inform you if any unforeseen extra work becomes necessary – for example due to unexpected difficulties or if your requirements or the circumstances change significantly during the matter. We will also inform you in writing of the estimated cost of the extra work before incurring extra costs. We will attempt to agree an amended charge with you. If we cannot reach agreement we will do no further work and charge you on an hourly basis for the work done to date. Our charges on that basis will be £100.00 per hour for each hour of work. We will charge for writing letters and making and charging telephone calls in units of one tenth of an hour. Our charges for considering letters received will be in units of one twentieth of an hour. Our total charge will not exceed the fee already agreed.

If you are buying a property we will need £150.00 on account to enable us to pay disbursements before we start work on your matter. We will then pay disbursements as they become due. We may request further payments on account of disbursements as the matter progresses. These amounts will be shown as paid on your final bill. We are able to take payments over the telephone by credit or debit card and if this is required please telephone 01432 265630 and ask for the accounts department, please quote your file reference number or property details for your purchase. Please note that there is a charge payable for card transactions which is 3% of the balance paid for credit card transactions and 1% of the balance paid for debit card transactions.

If you instruct us in the sale of your property and want us to prepare a Home Information Pack for the property, we shall require from you a payment of £350 on account to cover the cost of searches and other elements of the Home Information Pack.

Chancel Check Search – In all cases where a lender is involved we shall carry out a Chancel Check search to reveal whether the property has a potential Chancel Repair Liability. Chancel repair liability is an ancient interest which affects or potentially affects many properties in England and Wales it allows the Parochial Church council to require owners of former rectorial land to meet the cost of repairing the Church Chancel. Under the Land Registration Act 1925 Chancel repair Liability is classified as an overriding interest in registered land. This means it has been protected even without being registered at the Land Registry. Because the Chancel of a Church was the area where the Rector (the parish priest) officiated, the duty of repairing the chancel of an ancient parish church fell on the owner of property attached to the Rectory. Such rectorial land was and is not necessarily situated in close proximity to a church building.

We are under a duty to make such necessary enquiries, if the search result reveals a potential chancel liability attaching to the property then indemnity insurance will be required to protect both yourselves and your lender against a potential claim from the church to contribute towards repairing such rectorial land as mentioned above. Indemnity policies in this respect are usually in the region of £150.00 and this is a one off payment.

Bills

We will send you a bill for our charges and disbursements normally after exchange of Contracts. Payment of the bill is due on completion. If you are a purchaser and you have agreed with the lenders to pay their costs we will send you a copy of their bill if we are instructed to act for your lenders.

If sufficient funds are available on completion and we have sent you a bill we will usually deduct our charges from the funds available.

If you do not pay our bill on completion then payment is due within 7 days of our sending you the bill. If you do not pay the bill within 7 days then we will charge interest on it at 2% per month.

If you have any query about the bill you should contact Mr Richards or Mr Mundy straight away.

Interest

If we hold more than £500.00 in our client account on your behalf for a period of more than five days then we shall credit you with interest at the current rate provided that the interest so earned exceeds £20.00.

Mortgage Advances

If you are having a mortgage to assist you in your purchase of a property then you will be aware that you are responsible for paying your lender's costs in connection with completing the advance. These will be dealt with by means of deduction from the advance and will be shown as such on the Completion Statement we send you before completion. These costs will be £176.25 (inclusive of VAT). Where you have an existing mortgage we shall apply to the Lender for a redemption figure at the outset of the matter. There may be a charge for providing this information made by the lender and debited to your mortgage account.

Storage of Papers and Deeds

After completing the transaction we are entitled to keep all your papers and documents while money is owing to us. We will keep our file of papers (except for any of your papers which you ask to be returned to you) for a minimum of six years in the case of Conveyancing sale files and 15 years in the case of purchase files. Unless we hear from you to the contrary, we shall assume that we have your consent to destroy the files at the end of that period. We will not destroy documents that you ask us to deposit in safe custody.

We do not normally make a charge for retrieving stored papers or Deeds in response to continuing your new instructions to act for you. However, we reserve the right to make a charge based on the time we spend on reading papers, writing letters or other work necessary to comply with the instructions.

Original Deeds

Many Lenders no longer hold the original Deeds to your property and require you to hold them during your ownership of the property. They will of course be required by you when you sell the property. If it is the case that your lender will not hold the Deeds then on completion of registration at the Land Registry we will forward the Deeds to you by post. Unfortunately, due to the fact that many packages are bulky we will have to make a charge on completion of £5.00 to cover postal charges in this respect.

Identity Checks

We are required under the Money Laundering Regulations 2003 (as amended) to carry out identity checks on all our clients before commencing any work. By signing and returning these Terms of Engagement you will be giving your consent to all necessary identity checks being undertaken.

Termination

You may terminate your instructions to us in writing at any time. For example you may decide you cannot give us clear or proper instructions on how to proceed or you may lose confidence in our work. We are entitled to keep all your papers and documents while money is owing to us.

We expect to receive instructions from your lenders to act on their behalf. If so, we will have to pass them information you gave us that might be relevant to their decision whether to finalise the 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.

We will decide to stop acting for you only with good reason and after giving you reasonable notice.

If you or we decide that we will stop acting for you, you will pay our charges on an hourly basis and disbursements as set out earlier.

Raising concerns or queries with us

We are confident that we will give you a high quality service in all respects. However if you have any queries or concerns about our work for you please take them up with Mr Mundy. We are anxious that we should in all cases attempt to resolve problems that clients may have with the service provided. It is therefore important that you immediately raise your concerns with us. We value you and would not wish to think that you have any reason to be unhappy with us. We are regulated by the Council for Licensed Conveyancers to whom any queries or enquiries should ultimately be addressed. The Council is to be found at 16 Glebe Road, Chelmsford, Essex CM1 1QG.

Conclusion

Your continuing instructions will amount to your acceptance of these terms of business but please sign and date the enclosed copy of this note and return it to us immediately. We can then be confident that you understand the basis on which we will act for you. We hope that by sending this letter to you we have addressed your immediate queries

about the day to day handling of your work and our terms of business. However if you have any queries please do not hesitate to contact us.

This is an important document which we would urge you to keep in a safe place for future reference.

Mundy's, Licensed Conveyancers, The Warehouse, Gwynne Street, Hereford HR4 9DP

SIGNED :

DATED :

PROPERTY REFERENCE:

APPENDIX 7 – SHARED EQUITY

Background

Shared ownership purchasers acquire a lease, for which they pay a premium representing a percentage of the market value of the property, and rent in respect of the remainder. They may be able to make further capital payments (which will increase their share and reduce the rent payable) and ultimately to acquire the freehold. This is known as 'staircasing'.

SDLT and Shared Ownership

- Shared ownership purchasers can elect to pay SDLT at the outset on the market value of the property. In this case there will be no further SDLT charges at any stage.
- If no election is made, SDLT will be charged on the initial purchase in the normal way – that is, on the premium and the net present value of the rent payable under the lease. (In practice it is very unlikely that any tax will be due on the rent.)
- There is then a special SDLT relief which means staircasing payments are not charged to SDLT until an 80 percent share of the property is reached.
- Any further 'staircasing' payments which take the purchaser above this level - including the acquisition of the freehold, will attract SDLT.

Budget Measure

- The measure announced in the Budget abolishes, from Budget Day, the so called '£600 rule' for residential leases. This rule meant that, where the annual rent under the lease (not the NPV) exceeded £600, SDLT applied at 1 per cent on the premium even where this was below the SDLT threshold (£125,000, or £150,000 in a disadvantaged area).
- The special rules for shared ownership purchasers have not changed, but in practice these purchasers were often hit by the £600 rule because their initial payment was below the threshold but their annual rent was more than £600.

Effect of the Measure for shared ownership purchasers

- Where a market value election is not made, no SDLT will be payable on the premium where this does not exceed the SDLT threshold (£125,000, or £150,000 in a disadvantaged area), whatever the annual rent paid. If the premium is more than this, SDLT will still be charged on the whole premium at 1 per cent (and at higher rates in the unlikely event that the premium exceeds £250,000).
- No tax will be payable on 'staircasing' payments which do not take the purchaser above an 80 per cent share of the property.
- Any further 'staircasing' payments which take the purchaser above this level - including the acquisition of the freehold, will attract SDLT. Tax will be payable on the amount actually paid at the appropriate rate in force at the time the payment is made.
- The rate of tax charged on these further 'staircasing' payments will be based on the total capital payments made to date – that is, on the initial premium and all 'staircasing' payments, regardless of whether any tax has previously been paid on them. This is because the various payments are treated as 'linked transactions' for SDLT purposes.

Example 1

Market value of the property is £220,000.

Initial lease premium is £110,000, representing a 50 per cent share of the property. SDLT payable is nil (because this amount is below the SDLT threshold).

First 'staircasing' payment is £55,000, taking the purchaser's share to 75 per cent. SDLT payable is nil (this payment attracts relief as it doesn't take the purchaser's share over 80 per cent).

Final 'staircasing' payment is £55,000, taking the purchaser's share to 100 per cent including acquisition of the freehold. SDLT is payable at 1 per cent on £55,000 (because the rate of SDLT is determined by the total of all payments made, that is £220,000).

Example 2

Market value of the property is £220,000.

Initial lease premium is £165,000, representing a 75 per cent share of the property. SDLT is payable at 1 per cent on £165,000 (because this amount is above the SDLT threshold).

Final staircasing payment is £55,000, taking the purchaser's share to 100 per cent including acquisition of the freehold. SDLT is payable at 1 per cent on £55,000 (because the rate of SDLT is determined by the total of all payments made, that is £220,000).

APPENDIX 8 – MONIES DUE TO US

Monies due to us - How and when to pay

1. We need cleared funds the day before completion at the latest.
2. Cheques or drafts are made payable to Mundy's Property Lawyers.
3. Personal cheques are only acceptable if there is four working days between receipt and completion.
4. A banker's draft or a cheque drawn on a building society is only acceptable if there is three working days between receipt and completion.
5. If there is insufficient time you must use the following option:

A direct credit (Telegraphic Transfer) into Mundy's client account. Details of the account will be supplied to you on request.

The bank will make a small charge for this.

IT IS IMPORTANT THAT WE ARE ABLE TO SEND ALL MONIES IN THE MORNING ON THE DAY OF COMPLETION. FAILURE TO SEND MONIES FIRST THING CAN RESULT IN YOU BEING IN BREACH OF CONTRACT AND FINANCIAL PENALTIES CAN BE CHARGED.

Monies due to you - How to get your money

When there are monies owed to you on completion of your matter we will, unless instructed otherwise, send you the balance due by way of a cheque shortly after completion. There are other ways in which we can deal with these monies as follows:

1. You can collect a cheque in person on the day of completion. This would be in the afternoon so as to guarantee we are in receipt of the monies.
2. We can transmit monies directly into your bank account which would then be cleared funds on the day of completion. The bank will make a charge of £35.25 for this service and you will need to provide us with your bank's address, your sort code, account number and the name in which the account is held.

Please make sure you let us know what you want to do as soon as possible.

APPENDIX 9 – SURVEYS

CHOOSING BETWEEN SURVEYS

BACKGROUND INFORMATION AND ADVICE from The Royal Institution of Chartered Surveyors and The Incorporated Society of Valuers and Auctioneers

Why do I need my own Survey?

The best way to reach an informed decision on such an important investment as a home is to have a professional survey and valuation of the property which interests you. Before you decide to go ahead and commit yourself legally, you can minimise the risks by asking a qualified surveyor to answer these questions for you:

- Is the agreed price reasonable?
- Are there drawbacks I don't know about?
- If so, what do I need to do about them?

Commissioning your own survey is the simple, economical way to avoid unpleasant – and perhaps costly - surprises after moving in. In some cases, the surveyor's report may enable you to renegotiate the price.

I already have a Mortgage Valuation report....

Even if you are seeking a mortgage - and may be paying for a Mortgage Valuation report - it is still advisable and prudent to arrange a survey by your own surveyor. The Consumers' Association Which? magazine and the Council of Mortgage Lenders both give this advice. The reason is simple: the Mortgage Valuation report is prepared for the lender - not for you, the borrower. It answers only the lender's questions concerning the appropriate security for your loan. You cannot rely on it to answer the questions which concern your personal interests. What choice of surveys do I have? RICS and ISVA members also offer two forms of survey which are specifically designed to help homebuyers

A Building Survey

A Building Survey is suitable for all residential properties and provides a full picture of their construction and condition. It is likely to be needed if the property is, for example, of unusual construction, is dilapidated or has been extensively altered - or where a major conversion or renovation is planned. It is usually tailored to the client's individual requirements. The report includes extensive technical information on construction and materials as well as details of the whole range of defects, major to minor.

The HOMEBUYER Survey & Valuation

(usually called 'The HOMEBUYER Service') By contrast, The HOMEBUYER Service is in a standard format and is designed specifically as an economy service. It therefore differs materially from a Building Survey in two major respects.

- It is intended only for particular types of home: houses, flats and bungalows which are:
 - conventional in type and construction
 - apparently in reasonable condition.
- It focuses on essentials: defects and problems which are urgent or significant and thus have an effect on the value of the property - although it also includes much other valuable information. The HOMEBUYER, unlike a Building Survey, provides not only a survey but also a valuation as an integral part of the Service.

What else should I know about the HOMEBUYER Service?

The Service - the inspection, the report and the valuation - are all explained in detail in the accompanying Description of the HOMEBUYER Service, but the highlights are: • **This is an economy package.** Because of the practical limits on the type of property and on the scope of its coverage, the HOMEBUYER Service is priced mid-range - more expensive than a Mortgage Valuation, but less than a Building Survey.

The surveyor's main objective in providing the Service is to assist the prospective homebuyer to:

- make a reasoned and informed judgement on whether or not to proceed with the purchase
- assess whether or not the property is a reasonable purchase at the agreed price
- be clear what decisions and actions should be taken before contracts are exchanged.

The surveyor also gives his or her professional opinion on the particular features of the property which affect its present value and may affect its future resale. **The concise report covers the building inside and outside, the services and the site. It focuses on the defects and other problems which in the judgement of the surveyor are urgent or significant, but it also covers:**

- the general condition and particular features of the property
- particular points which should be referred to the client's legal advisers
- other relevant considerations concerning, for example, safety, the location, the environment, or perhaps insurance. Matters which are judged to be not urgent or not significant are in general not included in the report, but the surveyor will mention matters judged to be both helpful and constructive.

Description of the Homebuyer Service

A - THE SERVICE

A1 The HOMEBUYER Service comprises:

- An inspection of the Property (Section B Below)
- A concise report based on the Inspection (Section C)
- The Valuation, which is part of the Report (Section D)

A2 The surveyors main objective in the HOMEBUYER Service is to give clients considering buying a particular Property, the professional advice that will assist them:

- To make a reasoned and informed judgement on whether or not to proceed with the purchase at the agreed price
- To assess whether or not the Property is a reasonable purchase at the agreed price
- To be clear what decisions and actions should be taken before contracts are exchanged

A3 The HOMEBUYER Service therefore covers the general condition of the Property and particular features which affect its present value and may affect its future resale. The report focuses on what the Surveyor judges to be urgent or significant matters. Significant matters are those which, typically, in negotiations over price would be reflected in the amount finally agreed.

B - THE INSPECTION

B1 The inspection is a general surface examination of those parts of the Property which are accessible: in other words, visible and readily available for examination from ground and floor levels, without risk of causing damage to the property or injury to the Surveyor. Due care is therefore exercised throughout the inspection regarding safety, practicality and the constraints of being a visitor to the Property (which may be occupied.) So furniture, floor coverings and other contents are not moved or lifted; and no part is forced or laid open to make it accessible.

B2 The services are inspected (except in the case of flats, for drainage, lifts and security systems), but the Surveyor does not test or assess the efficiency of electrical, gas, plumbing, heating or drainage installations, or compliance with current regulations, or the internal condition of any chimney, boiler or other flue. Also, the Surveyor does not research the presence (or possible consequences) of contamination by any harmful substance. However, if a problem is suspected in any of these areas, advice is given on what action should be taken. B3 Where necessary, parts of the Inspection are made from adjoining public property. Such equipment as a damp meter, binoculars and torch may be used. A ladder is used for flat roofs not more than three metres above ground level. Leisure facilities and non permanent buildings (such as pools and timber sheds) are noted but not examined. In the case of flats, exterior surfaces of the building containing the Property, as well as its access areas, are examined in order to assess their general condition; roof spaces are inspected if there is a hatch within the flat.

C - THE REPORT

C1 The Report provides the Surveyors opinion of those matters which are urgent or significant and need action or evaluation by the Client before contracts are exchanged. It includes some or all of the following:

- Urgent Repairs (e.g. gas leaks; defective chimney stacks – for which the client should obtain quotations where appropriate)

- Significant matters requiring further investigation where essential (e.g. suspected subsidence) – for which the Client should obtain (and may have to pay for) reports and quotations from suitable contractors
- Significant but not urgent repairs and renewals e.g. new flat roof covering before long etc
- Other significant considerations (e.g. some potential cause of inconvenience) which the Surveyor wishes to draw to the attention of the Client
- Legal Matters (e.g. a possible right of way) which the Client should instruct the Legal Advisers to include in their inquiries

D - THE VALUATION AND REINSTATEMENT COST

D1 The last section of the Report contains the surveyor's opinion of both the Open Market Value of the Property and of the Reinstatement Cost, as defined below.

D2 "Open Market Value" is the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of the Valuation. In arriving at the opinion of Open Market Value, the Surveyor also makes various standard assumptions covering for example: vacant possession; tenure and other legal considerations; contamination and hazardous materials; the condition of the uninspected parts; the right to use mains services; and the exclusions of curtains, carpets etc., from the valuation. Any additional assumption, or any found not to apply are reported.

D3 "Reinstatement Cost" is an estimate for insurance purposes of the current cost of rebuilding the Property in its present form, unless otherwise stated. This includes the cost of rebuilding the garage and permanent outbuildings, site clearance and professional fees, but excludes VAT(except on fees).

THE RICS HOMEBUYER Survey & Valuation STANDARD TERMS OF ENGAGEMENT

PART 1: GENERAL

1. The Service.

Survey & Valuation Service ("the HOMEBUYER Service") which is described in Part 2 of these Terms ("the Description") applies unless an addition to the Service is agreed in writing before the Inspection. (An example of such an addition is reporting upon parts which are not normally inspected, such as the opening of all windows.)

2. The Surveyor who provides the Service will be a Chartered Surveyor, who is competent to survey, value and report upon the Property which is the subject of these Terms.

3. Before the Inspection. The Client will inform the Surveyor of the agreed price for the Property and of any particular concerns (such as plans for extension) which he or she may have about the Property.

4. Terms of payment. The Client agrees to pay the fee and any other charges agreed in writing.

5. Cancellation. The Client will be entitled to cancel this contract by notifying the Surveyor's office at any time before the day of the Inspection. The Surveyor will be entitled not to proceed with the provision of the Service (and will so report promptly to the Client) if, after arriving at the Property, he or she concludes:

a) that it is of a type of construction of which he or she has insufficient specialist knowledge to

be able to provide the Service satisfactorily; or

b) that it would be in the typical Client's best interests to be provided with a Building Survey, plus valuation, rather than the HOMEBUYER Service. In case of cancellation, the Surveyor will refund any money paid by the Client for the Service, except for expenses reasonably incurred. In the case of cancellation by the Surveyor, the reason will be explained to the Client.

6. Liability. The Report provided is solely for the use of the Client and the Client's professional advisers, and no liability to anyone else is accepted. Should the Client not act upon specific, reasonable advice contained in the Report, no responsibility is accepted for the consequences.

PART 2: DESCRIPTION OF THE HOMEBUYER SERVICE - (see survey description)

APPENDIX 10 - Mundy's Services

- Conveyancing
- Tenancy Agreements
- Wills and Probate
- Trusts and Tax
 - enduring power of attorney
 - Will
- Change of Name
- Business Sales and Purchases
- Companies and Partnership
- Commercial Leases
- Buying and Selling Business Properties
- Company set ups
- Terms and Conditions of Sale