

focus on...

BUYING PROPERTY

1. "SUBJECT TO CONTRACT"

1. There is no binding contract until there is a signed memorandum or an exchange of contracts setting out all the terms of the transaction. The words "subject to contract" help make it plain that any correspondence is not that memorandum. We suggest you use the words "subject to contract and survey" because it may help if you need to renegotiate the price as a result of your survey.

2. Properties are often advertised at above their true value. For a modest fee a Chartered Surveyor will undertake a Homebuyer Survey and Valuation ("Homebuyer's Report"). The Surveyor may be willing to assist you in your negotiations with the seller's estate agent. The valuation within the Report may be invaluable.

3. Prospective lenders need to satisfy themselves as to the value of the property, but only for mortgage purposes. That is not sufficient for you. You buy the property as it is, so have a proper survey or at least the Homebuyer's Report. If the Report mentions items which should be drawn to our attention please let us know. The Report may appear frightening but most surveyors are happy to discuss with you which items are

important. The Report should advise for how much the property should be insured. Insurance should cover the cost of rebuilding the property plus an allowance for demolition and fees, plus temporary accommodation.

4. Title to land, and therefore conveyancing, is plan based. We will send you a plan intended to show what you are buying. You should carefully check that the plan does show the correct property and that the boundaries are shown accurately. We will send the plan in duplicate. We suggest that you send the second copy to your surveyor to ensure that he views the correct property and also is aware of the boundaries. If either of you have any doubts as to the accuracy of the plan you must let us know. Please let us know there is a verge or similar separating the property from the road or footpath forming the public highway. Similarly, please let us know if the property is not on the highway, but is served by a private road.

5. The searches and enquiries we make will be confined almost entirely to this property: You should walk round the neighbourhood and think how you may be affected by anything that could happen nearby, or flooding. Talking to local people may produce helpful information and perhaps save you from difficult

neighbours.

6. Our enquiries of the Local Authority ask if the property has planning permission. Tell us if you plan to develop the property or change its use. If you are concerned that there might be development nearby you should see the local Planning Officer. We advise you to make your own enquiries for so often officials will tell you more than they will us, and often they charge us a fee.

7. If the land is found to be contaminated you may be responsible for the substantial cost of clearing that contamination. We suggest you make local enquiries to find out if the property is built on or near land that may have been contaminated or have been filled with rubbish. Ask the same question of your surveyor. Also ask him if there is any possibility of mining or quarrying in the area. If there is any suggestion of contamination or mining, let us know.

8. We will make an environmental search seeking a report on contamination and the risks of subsidence flooding, to try to avoid you making what could be the biggest mistake of your life by not having information about the area in which you are buying. If anything adverse is shown we must send a copy of the report to your proposed mortgagee.

focus on...

9. There are occasions when it may be sensible to make additional enquiries and searches, but, of course, additional searches mean incurring additional cost. The District Council publishes formal plans of its proposals for the area and keeps records of public footpaths, National Parks, pipelines and radon gas precautions among other matters. The Council can also be asked whether there are any local traffic schemes proposed but not yet put into operation. Under much of England and Wales, including large part of Oxfordshire and the far west of Berkshire there are extensive seams of coal, so a search of the Coal Board may be appropriate. If you are concerned whether the property may be at risk of flooding, the Environment Agency may be able to advise. If you feel any of these matters (or others) might be relevant to the property, let us know.

If you have any queries be sure to raise them with us before committing yourself by exchange of contracts

2. FINANCIAL MATTERS

1. Even if you are well known to us, we may need to prove your identity by asking you to produce your passport or other means of identification.

2. Before exchange of contracts make sure you have the

necessary finance agreed and funds available.

3. If raising a mortgage, consider how the loan is to be repaid. You may wish to have life assurance to ensure that the loan is covered if you die. Consider whether the life assurance should be for more than the loan, particularly if you have dependants. Health insurance, life assurance policies and mortgage protection policies should be on risk before exchange of contracts so that if you fall ill, die or lose your job you or your executors can still complete the purchase.

4. With the property you may be buying carpets, curtains or other chattels, fixtures or fittings. We ask the seller to complete a memorandum setting out what is included. If the price includes curtains, carpets or other chattels consider apportioning it so as to save Stamp Duty which is payable only on the price of the property, if over £60,000.

5. On exchange of contracts a 10% deposit is payable and is at risk if you do not complete. You may be able to use the deposit from a related sale. If you cannot pay 10% we may be able to arrange a reduced deposit but you will still be liable in full. You will be liable for more if your failure to complete costs the seller more.

6. The standard Contract provides that the deposit be held by the seller's solicitors unless used for the deposit on the seller's new residence. Builders often want the deposit paid to them. Be warned, if the purchase goes off you may not be able to recover the deposit if the seller is insolvent, unless NHBC registered.

7. The standard contract provisions say that the seller will transfer the property in the same physical state as it was at the date of the contract (except for fair wear and tear), which means that the seller retains the risks until completion. If at any time before completion the physical state of the property makes it unusable you may rescind the contract. The seller is under no obligation to insure, but he may rescind if the property has become unusable as a result of damage against which the seller could not reasonably have insured. The effect of this is that you do not need to insure until completion: However, we advise you to do so with effect from exchange of contracts, particularly if you will wish to proceed even if the property is badly damaged before completion. Another reason for you to insure from exchange of contracts is to cover the cost of temporary accommodation if the property is badly damaged before completion. In any event, do remember to have insurance cover in place with effect from completion.

focus on...

8. Two or more people buying together must apply for any mortgage loan in their joint names. They should consider whether to purchase as Joint Tenants (so that on the death of one the survivor takes all) or as Tenants in Common (so that you each own a separate share which passes by your Will).

This is a good time to consider with us making a Will and Inheritance Tax planning.

3. COMPLETION

1. Before agreeing a completion date make sure your removers are available. Confirm the booking as soon as contracts are exchanged.

2. Before completion check with the seller who supplies electricity, gas, water and telephone. Register yourself with suppliers. You may want different companies. Ensure the meters are read. You should also register for Council Tax (or rates). If the property is being left empty let the Local Authority know as relief may be available, and check with your insurers that they will insure it. You should arrange for the Post Office to forward all mail from your previous address.

3. Insure the property from early on the day fixed for completion. Most lenders will arrange the insurance for you but

you are usually entitled to shop around for cover at a lower premium. Insure the contents at both your old and new properties for the day of completion, and while being moved when they are not the contents of either property. We advise your policy should cover the cost of your temporary accommodation while the property is being repaired

4. Early on the day fixed for completion please inspect the property to check that the seller is moving out. If there is any doubt ring us immediately.

5. Normally sellers move out during the morning and must go by 2 p.m. Keys should be left with the seller's estate agents. If you have made other arrangements with the seller please let us know. Most completions take place in the middle of the day, when funds are transferred, so you can move into the property in the afternoon.

6. The first thing you should do on getting the key is to check that the seller has vacated the property and left behind all those fixtures, fittings and chattels previously agreed. Change the locks, if only to stop your insurers saying that you did not take reasonable care of your belongings.

Moving home is one of the major traumas of life: We hope Richard Wilson & Co will have helped you survive to enjoy your new home.

Richard Wilson & Co
Solicitors

Cymbal House
High Street
Goring on Thames
RG8 9AU

Tel: 01491 879100
Fax: 01491 874187

web: <http://www.richard-wilson.co.uk>