

SELLERS/BUYERS FACT SHEET

SELLERS ONLY

At the outset of a sale we will need to know your Building Society reference or Roll Number, if this has not already been provided, so that we can write to the relevant Society (or Bank) and obtain the deeds to your property. Those deeds and official up-to-date copies from the Land Registry will then be used to prepare a draft Contract to submit to your Purchaser's Solicitor.

Similarly, if you have a second mortgage registered against your property (for example Bank or Finance Company loan relating to improvements, etc.) you should supply us with the relevant name, address and account number now. Although, as a matter of law, such matters can be left until after exchange, in practical terms it is advisable that we follow up such matters before exchange as there are very strict rules with which we have to comply relating to the clearance of such mortgages before completion of the sale. In particular, if your sale price is exceeded by mortgage repayment totals (negative equity), please let us know this sooner rather than later.

The next stage on your sale will be for us to answer a number of preliminary enquiries. Whilst many such questions can be dealt with from the information on the deeds and accompanying documents, others require a personal knowledge of the property. It is therefore necessary under the National Conveyancing Protocol for you could complete as much information as possible on the attached simplified questionnaire and send this to the office whenever convenient. If you have original Timber and Damp Guarantees, or copy Planning Consents, could you please send these to us with your reply. If you are married but originally purchased the property before marriage, please note that we will also need to take a photocopy of your marriage certificate to cover any discrepancy on the deeds in that respect.

BUYERS ONLY

Shortly after the transaction commences, we receive a Contract from the other party's Solicitors. We shall then put in hand a number of searches and enquiries on your behalf. Whilst that process is under way, your Bank or Building Society will be arranging a survey of your property and taking up references with a view to issuing a written offer. On the question of a survey, please note that the Building Society survey is, strictly speaking, only a valuation. You are presumed to be satisfied regarding the structure and physical condition of the property before exchange of contracts. Your rights under the contract are limited in the event of problems arising after that stage and you should, therefore, seriously consider instructing a Surveyor to carry out a more detailed survey on your behalf. Any additional cost would compare favourably with the expense of remedial work or finding that the property is not readily re-saleable.

TITLE INSURANCE

We also recommend that you take out a Title Insurance policy when you are buying your home to protect you against unknown defects and issues that can arise in the future that could affect your ownership or harm you financially. A leaflet containing further

information on the policy is enclosed, together with details of the **one-off** premium payable.

If you would like to take out a Title Insurance policy, when returning your cheque for the local search fee, please confirm that you would like to take out this additional cover. The policy premium would then be added to the financial statement that we will provide you later in the transaction.

DEPOSIT

Please note that before exchange of contracts you will generally need to find a 10% deposit. The significance of the deposit is that if you back out of the transaction after exchange then, subject to the terms of the contract, you could be liable to forfeiture of that 10% in addition to any contractual claim for damages. If you are purchasing with the assistance of a mortgage which exceeds 90% of the purchase price, then there could be a shortfall on the deposit money you have available. If that is the case, please let us know whether you would like us to ask the Sellers to accept a reduced deposit. Please note, however, that even if they do accept a reduced deposit you would still be liable for the full 10% if in breach of the contract.

SELLING AND BUYING AT THE SAME TIME

If you have any general queries not covered by this fact sheet, then please write or telephone for advice. Just before exchange of contracts we will report to you fully in writing regarding the transaction by going through the contract, replies to enquiries and searches, and the terms and conditions of your mortgage offer. Obviously, in the majority of cases, you will require synchronised exchange and completion on both transactions. We will ensure that that happens as clearly you would not wish to find yourself homeless or owning two properties at the same time.

You will also need a 10% deposit on exchange. Most clients, in this situation, have their capital tied up in the sale of their existing property. This sometimes necessitates an approach to your Bank to arrange a bridging loan. It may, however, be possible to avoid the costs of a bridging loan if your Seller will accept a reduced deposit or if some or all of the deposit can be taken from any sale deposit held. Five per cent is often acceptable. If you fall within this category, could you please let us know the maximum amount you can raise without a loan so that we can make an approach to the other Solicitors at this point. Again, if a reduced deposit is accepted, it would be on the terms outlined above, namely liability to forfeiture of the full 10% should that situation arise.

BUILDINGS INSURANCE

In almost all cases (except new properties in the course of construction) Buildings Insurance risk passes from Seller on exchange of contracts and not from completion. As the amount should be sufficient to cover demolition costs, if your property is destroyed by fire, the cost of the Architect's plans and ancillary fees, and re-building costs at the time of reconstruction, it is generally advisable to have buildings insurance cover at 15-20% above the price that you paid for the property. Sometimes when

Building Societies are lending a comparatively small mortgage, the cover stipulated in the mortgage offer may well be less than you personally require. If that does not meet with your requirements you may prefer to top up that cover with the Insurance Company rather than risk the consequences of being under-insured. If you are insuring through the Lender, no further action is required as you should be covered under their Block Policy terms. If you are arranging your own Buildings Insurance, then if not already in hand you should fill in proposal forms now to arrange for the Broker/Insurance Company you will then need to place the policy on risk immediately we exchange and notify sufficient details to your Lender to permit prompt release of the mortgage advance.

Provided you do all that is necessary to comply with mortgage conditions regarding Buildings Insurance, all will be well. From past experience, however, this can often cause problems and involve us in considerable additional telephone calls and correspondence. Should we have to intervene in sorting this out (rather than risk breach of contract due to delayed release of mortgage funds), then we reserve the right to charge a small additional administration fee.

COMPLETION ARRANGEMENTS AND DATE

Obviously, you are probably keen to move as quickly as possible. Please bear in mind that if there is a chain of transactions, everyone has to go through the above stages and needs to have written confirmation of the availability of their finances. Furthermore, the majority of people will generally need to co-ordinate the dates on exchange and completion. We will obviously endeavour to be apprised of the up-to-date situation regarding the other parties in the chain of transactions by liaising with the Solicitors for your immediate vendor and purchaser. By the time we send you the detailed pre-contract report, we should be near to exchange of contracts.

Contracts technically provide for a 28-day completion period. The reason for this is that there are other searches and legal formalities, including the report to your Building Society which have to be done between exchange and completion. Nowadays, however, completion periods are often shorter than 28 days, but generally we recommend at least 14 days to deal with post-exchange work. It is also noteworthy that mortgage repayment calculations often make it beneficial so far as the first repayment is concerned to complete at the end of the month. This does, however, create extra demand for vans and on our staffing resources. In other words, the later in the month you exchange the less feasible it is to complete on the last day or last Friday, as many other people have the same thing in mind.

There is, in addition, a financial incentive for you not to be committed to too quick a completion period as there is a clause in all contracts penalising anyone if they fail to be in a position to complete on the date specified in the contract. That penalty would take the form of interest payable on the balance of the purchase monies. If, therefore, an impossibly quick date is set for completion when contracts are exchanged, it could prove expensive and, generally, our clients find it not worth risking payment of perhaps £40 per day or more for the sake of moving in a day or two earlier. You could also be sued for the other party's consequential losses.

Provided these points are dealt with realistically, it is the case that both factors do help to ensure the smooth running of the system. It tends to eliminate time wasters and ensures that when you are in a position to exchange contracts and fix a completion date, you can proceed with a considerable degree of certainty over the removal arrangements. Clearly, your buyer is unlikely to change his or her mind after exchange of contracts as they too would risk losing their deposit money or being sued by you.

Those removal arrangements can themselves entail considerable effort on your part as there are numerous practical arrangements that have to be made once a moving date has been established. We have, in fact, prepared a second Fact Sheet of helpful hints on what you need to do between exchange and completion. We send that further document immediately after exchange of contracts when giving written confirmation of your completion date.

BRAND NEW HOMES

Whilst many of the above points apply equally to brand new homes, there are a number of additional special factors to consider too. Firstly there will almost certainly be a deadline to exchange contracts by a specific deadline date. It is important that you achieve that as that is often vital to ensure that the price remains static and that any incentives offered by the developer are still honoured. Make sure that your broker/lender is aware of this and your selling agent, as well as your buyer if there is a related sale.

Also note that if you are receiving financial incentives, that these have to be reported by us to your Lender and approved, before you can exchange. Otherwise there is a risk that the offer may have to be changed. This process can be sorted out more quickly if you ensure that such matters are reported and included by you in the original written application.

Even though the property may not be fully completed for some months the exchange deadline is important. We specialise in acting for Buyers from a number of the major developers and aim to have a system in place, which enables the paperwork from the developer's solicitors to be processed quickly, without adversely prejudicing your purchase.

If you do buy a plot from plans and then have to wait for it to be structurally built, please be patient as any anticipated constructional completion date can be no more than that. You will often be given advance warning from the sales staff on site that notice to complete is imminent. Notwithstanding that, it is advisable not to book removals or give notice to leave your present home until we confirm to you that we have received formal written notice to complete from the developer's solicitors.

After that notice has been served you should visit the Property and inspect it as soon as possible. This ensures that if there are any major items still in need of attention, that we are involved to assist you, or that any minor ones are listed on an agreed "snagging list" whereby the builder agrees with you minor items of remedial repair and a timetable for dealing with them.

GENERAL POINTS

IDENTITY VERIFICATION

We are now obliged for money laundering purposes to satisfy ourselves as to identity, even for clients for whom we have acted in the past. Before matters can get properly underway we need copy photographic I/D to verify your identity and signature, and a copy utility bill to verify your address. Please note that we try to make our fees competitive. If you have not yet received a written estimate of our costs and would like one, then please make the appropriate request at this stage.

We also try to give value for money and a high standard of service. Having said that, we know that if you telephone and find that the Solicitor dealing with your transaction is out of the office, or engaged in an interview, our staff will be as helpful as possible. Any messages left with our receptionist or secretaries will be dealt with at the earliest opportunity. Routine queries can usually be dealt with as they all have access to a centralised computerised case-management system which has a record of key events. Note also that once we have reported to you, dealt with any special conditions of mortgage offer and received back your signed contract, we are then usually ready to exchange, once the rest of the chain is too. At that stage you will be notified of a specialist para-legal member of staff who specialises in liaising with all parties involved including yourself to set a mutually agreeable moving date. The fee earner responsible for your file is nonetheless still there in the background and on hand to step in should any serious problems or concerns arise.

The fees quoted are on the basis of all queries being dealt with by letter or short telephone calls rather than by appointment. Your file will still be supervised by a fully qualified Solicitor and all professional obligations to both you and your Lenders will be adhered to.

If you prefer to attend the office before exchange for a lengthy interview instead of, or as well as receiving a written pre-contract report, please let us know straightaway and a revised estimate to reflect that fact will be prepared as soon as possible. This would be based on a time-costed hourly rate applicable to the fee-earner handling your file. If at any time you would prefer that level of service (subject to paying on that higher fee scale) you can notify us of this in writing. An amended written fees quote would then be sent to you; the file would be noted accordingly and you will be invited in for an appointment when all outstanding enquiries, searches and mortgage arrangements indicate to us that you are near to exchange.

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