

DOMESTIC CONVEYANCING FEES

Our costs for domestic conveyancing services range from 0.2% to 0.5% of the sale/purchase/mortgage price, plus vat and disbursements, depending upon the nature, price and complexity of the transaction. In most cases a fixed fee can be agreed at the outset (and during the transaction if necessary a client will be told if there is an increase in that fee once known). Fees will be charged on a pro rata basis for abortive transactions. We will also charge an administration fee, normally £60 plus vat, per client for handling large CHAPs payments which includes bank fees.

Disbursements include searches, land registry fees and stamp duty land tax. These vary depending upon the nature of the transaction. Guidance on stamp duty land tax and land registry fees can be found on the Inland Revenue and HM Land Registry websites. We ask for a payment on account towards searches (normally £300) on any purchase transaction at the outset of the matter. The fees, vat and disbursements will be incorporated in a client care letter. A Conveyancing Information Sheet, which sets out the conveyancing process in more detail, follows this note. All our conveyancing fee earners are solicitors and the department is supervised by our conveyancing partner, Gareth Alty.

We are on all major lenders' panels as approved solicitors and are Conveyancing Quality Scheme registered. We utilise the Conveyancing Protocol.

Assuming the matter proceeds smoothly the whole transaction, up to completion, should take 8 – 12 weeks. However, please note that the transaction will proceed as quickly as the slowest person in the chain and so no guarantees can be given on timeframe,

CONVEYANCING INFORMATION SHEET
(For your retention)

JOHN WELCH & STAMMERS

1. Introduction

This guide is intended to explain some of the terms used in conveyancing matters, the steps which are usually taken and the reasons for taking them. It is not possible to cover all matters which might arise and thus there may be other enquiries that need to be raised during the course of the transaction.

2. What is "conveyancing"?

Conveyancing is the word used to describe transferring ownership of land from one person to another. The solicitors acting for the seller, for the buyer and lender on a purchase or for the owner and lender on a re-mortgage, are each obliged to safeguard the interests of their own clients.

Transferring the ownership of land is not like transferring the ownership of, say, a car. Land remains where it is forever, and in the course of time new rights and obligations may be created in relation to it. Often such rights are not evident on an inspection of the property. For example, a neighbour may have the right to enter on to the property and dig up the drains in order to clear his or her drains. Also, the public as a whole may have a right over the land, for example over a public footpath across the property. The local council might have acquired the right to compulsorily purchase the land, or the highway authority may be considering building a road which would affect the environment of the property. There is also the question of whether the seller really owns the land, and whether the seller is free to sell it. If the seller has inherited the property, it may be that the correct steps have not yet been taken to transfer legal ownership to that person.

The matters mentioned above are only a few of the "snags" which might arise, and it is a solicitor's duty to discover if such snags exist and give advice about them.

In the case of a re-mortgage the solicitor has a duty to investigate the title to the property on behalf of the lender, in the same way as if the property is being bought. This is because the property will be used as security for the mortgage and thus the lender needs to know that it will provide good security in the event that the property needs to be repossessed and sold to pay off the mortgage debt.

3. Expressions used

(Points e, f and h do not apply to a re-mortgage)

a. Local search

A search is made in the registers maintained by the district council in relation to a wide range of matters such as planning decisions or road charges. However it is rather limited in nature as apart from roads affecting land within two hundred metres of the property, the search will only give information about the property itself, and not of the general locality. The search will not give information about other property, for example the development of neighbouring land. Therefore if the buyer is concerned about the possibility of development (or any other matter) relating to other property in the neighbourhood, the buyer will need to make further enquiries before committing to the purchase.

Relevant information about the property can be obtained by making a personal search of the data available or asking the local authority or a private company to prepare a search report.

A personal search of the Local Land Charges Register utilises the same source information as a local authority search (or it should) and is covered by insurance against errors and omissions, whilst the local authority-compiled "LLC1" is not insured, although local authorities should compensate directly for any errors or omissions they make.

Other search services ("local enquiries" or "CON29") should utilise the same source information according to government guidance, but sometimes local authorities have restricted the access they allow to personal searchers.

b. Envirosearch

A Search is made through a recognised agent to investigate environmental matters including past and present contaminating activities, landfill activity, the probability of radon gas plus the risk of subsidence and flooding which may affect the property.

c. Drainage Search

A search is made to investigate the drainage supply and water supply to the property.

Other searches may be required (e.g a Mining Search) in specific circumstances.

If any of the above searches are carried out and then for some reason the purchase or re-mortgage does not proceed to completion, such fees remain payable where authorised by you.

d. Preliminary enquiries

These are a series of questions addressed to the seller (or owner on a re-mortgage), which may arise from looking at the title deeds and contract papers. The enquiries relate to such matters as disputes with neighbours, work done on the property requiring building regulation approval, or rights that other people have over the property.

e. Exchange of contracts

This is the point at which both parties become committed to proceed with the sale and/or purchase. Literally it is the exchange of one copy of the contract signed by the buyer for another (identical) copy of it signed by the seller. All matters relating to the transaction must be agreed before exchange can take place.

f. Deposit

This is part of the purchase price paid by the buyer at the exchange of contracts stage and is normally 10% of the purchase price. However, if the buyer has a related sale, then the deposit will come from the buyer in that transaction and thus, in a chain transaction, only the buyer at the bottom of the chain actually pays a deposit upon exchange of contracts. If the property at the bottom end of the chain is of lower value than those higher up, as is usually the case, the deposit on that transaction will be less than 10% of the others, but usually an arrangement is made for the lower amount to be accepted. If the property at the bottom end of the chain is of a higher value than those higher up, the remainder deposit will be retained by the selling solicitors until

completion. Whilst this arrangement of the deposit being passed up the chain is "common practice", it may be more difficult to obtain a repayment of the deposit money which has been used in this way, rather than if the whole deposit was retained by the selling solicitors until completion. On the other hand, very few house purchases totally fail to complete (though completion is occasionally delayed) and you may be prepared to risk this rather than insisting that your sellers incur the expense of obtaining separate bridging finance for their deposit on their new property. We shall presume that you are happy to proceed with this "common practice" method outlined above, unless you instruct us otherwise. Personal deposit cheques must be received at least ten working days before the date that contracts are to be exchanged to allow time for clearance. In addition it is common for a deposit in a chain to be held by a solicitor "to the order" of the solicitor immediately above him. This is because there may be insufficient time before completion for the deposit to pass through the various solicitors' accounts in the chain. This practice is nearly always utilized where there are two weeks or less between exchange and completion. Again, we will assume that you are happy to proceed with this "common practice" method outlined above unless you instruct us otherwise.

g. Mortgage deed

This is a document recording the loan of money, such loan being "secured" on the property. If payments under the mortgage are not maintained, the lender, (usually a building society or bank), may have the right to take possession of the property and sell it.

h. Transfer deed

This is the document transferring ownership of land.

i. Completion date

On a sale or purchase, this is the day on which the actual transfer of ownership takes place, on payment of the balance of the purchase price. This normally occurs between one and four weeks after the exchange of contracts and usually actually happens around lunchtime on the day. If either party fails to complete in time on an agreed completion date (2.00 pm is usually the contractual time for completion) they may be liable to pay interest to the other party and if it is the buyer who fails to go ahead at all, then the buyer may have to forfeit the deposit paid. A party who fails to go ahead at all may face legal action from the other arising from the breach of contract.

Do not agree a completion date, book removal vans, give notice on an existing tenancy, take time off work etc without discussing the same with your solicitor first.

In the case of a re-mortgage a completion date is set but if for some reason it is not achieved, then the penalties detailed above would not apply.

j. Registration of title

The change of ownership of a property, or the creation of a new mortgage secured on a property, now has to be registered at the Land Registry, following completion of a purchase or re-mortgage. The register records ownership and all important details of rights and liabilities.

4. Survey

It is up to buyers to satisfy themselves as to the state and condition of the property

before exchange of contracts. Buyers should consider whether they need to have their own survey carried out. It is important to realise that most lender "surveys" are more in the nature of a valuation and cannot be relied upon as indicating the state and condition of the property.

5. **Buildings Insurance**

The seller should maintain the existing buildings insurance policy in relation to the property being sold, until the date of completion (even though, contractually the seller is not usually obliged to do so). The buyer should therefore effect buildings insurance on the property that is being bought from the date of exchange of contracts and accordingly should put in hand the arrangements for the policy early on in the transaction so that exchange of contracts is not held up for this reason unless this is being arranged by the lender.

It is therefore likely that a property will be covered by two policies of buildings insurance between exchange of contracts and completion.

On a re-mortgage the existing policy of insurance should be maintained unless a new policy of insurance is required by the new lender, in which case the old policy would be cancelled on the day that the re-mortgage is completed, and the new buildings insurance effected, that same day.

6. **Co-ownership**

If more than one buyer purchases a property there are two different ways in which the property can be held. This will affect:-

- a) The division of the proceeds when the property is sold.
- b) How the property passes on the death of either owner. These points are of particular importance when a property is purchased jointly as an unmarried couple and/or when unequal contributions are made to the purchase price or the mortgage repayments.

The two ways are:-

i) Beneficial Joint Tenants

The property is jointly owned, and passes automatically to the surviving owner(s) on the death of one owner. In the absence of agreement to the contrary before death the proceeds of sale would be equally divisible.

ii) Tenants in Common

Each owner owns a half or other specified share in the net proceeds of sale of the property at any time. The shares of each owner should be specified at the outset and this will settle the way the proceeds of sale are divided when the property is sold. On the death of an owner his or her share does not automatically vest in the surviving owner(s), but passes under the terms of the deceased owner's will or (if there is no will) intestacy. Each owner can deal with his or her share by deed during his or her lifetime or by will on death.

7. **What happens in a conveyancing transaction?**

There are three main stages and each is explained briefly. These stages are:-

a) Pre-contract

This is the work carried out after the agreement is reached in principle to buy and sell,

but before the buyer and seller are legally bound to proceed with the transaction.

The seller's solicitor obtains the title deeds and prepares a contract package which is sent to the buyer's solicitor. The buyer's solicitor then goes through the contract package, raises preliminary enquiries and submits search applications. Once the replies to enquiries, mortgage offer and search results are received, the buyer's solicitor summarises the information received about the property for the buyer and the terms and effect of the mortgage offer. If buying with the assistance of mortgage finance, the lender has probably raised the question of life cover and if it is being arranged then it should be dealt with early on, as otherwise it may hold up exchange of contracts.

Once the buyer's solicitor is satisfied, he or she will approve the contract and will ask the buyer to sign one part of the contract. The seller's solicitor will arrange for the seller to sign the other (identical) part of the contract. All parties and their solicitors in a chain will have to agree a completion date. Contracts are then exchanged, the deposit changes hands, and a date is fixed for completion.

On a re-mortgage, the solicitor will investigate title in the same way as a buyer's solicitor on a purchase. However, when the solicitor is satisfied and has explained the effects of the mortgage offer to the owner, arranged for the signing of the mortgage deed and reported to the lender, then the matter proceeds straight to completion at which time the old mortgage is redeemed and the new mortgage entered into.

b) Between exchange and completion

This is the stage between exchange of contracts, when the parties have become legally committed, and the completion date, when the money changes hands in return for the keys and transfer of ownership. During this period the buyer's solicitor prepares the transfer deed and the mortgage deed. In some cases the transfer deed need only be signed by the seller, and in other cases it must be signed by the buyer too, for example where there are joint buyers. As the date for completion approaches, the financial details will be calculated and the buyer (and, where relevant, the seller) will be asked to provide the balance of the monies and all other outstanding sums such as legal fees, stamp duty etc. A cheque will need to be received at least ten working days before completion to allow time for clearance. It is preferable to arrange a bank transfer of the balance monies. At completion, the balance monies are passed to the seller's solicitor in return for the title deeds and signed transfer deed. At this point the buyer will be entitled to occupy the house and to take possession of the keys. Difficulties can sometimes be encountered on completion day in chain transactions as it may take time for the monies to pass through the banking system and keys are not usually released until monies are actually received.

c) After completion

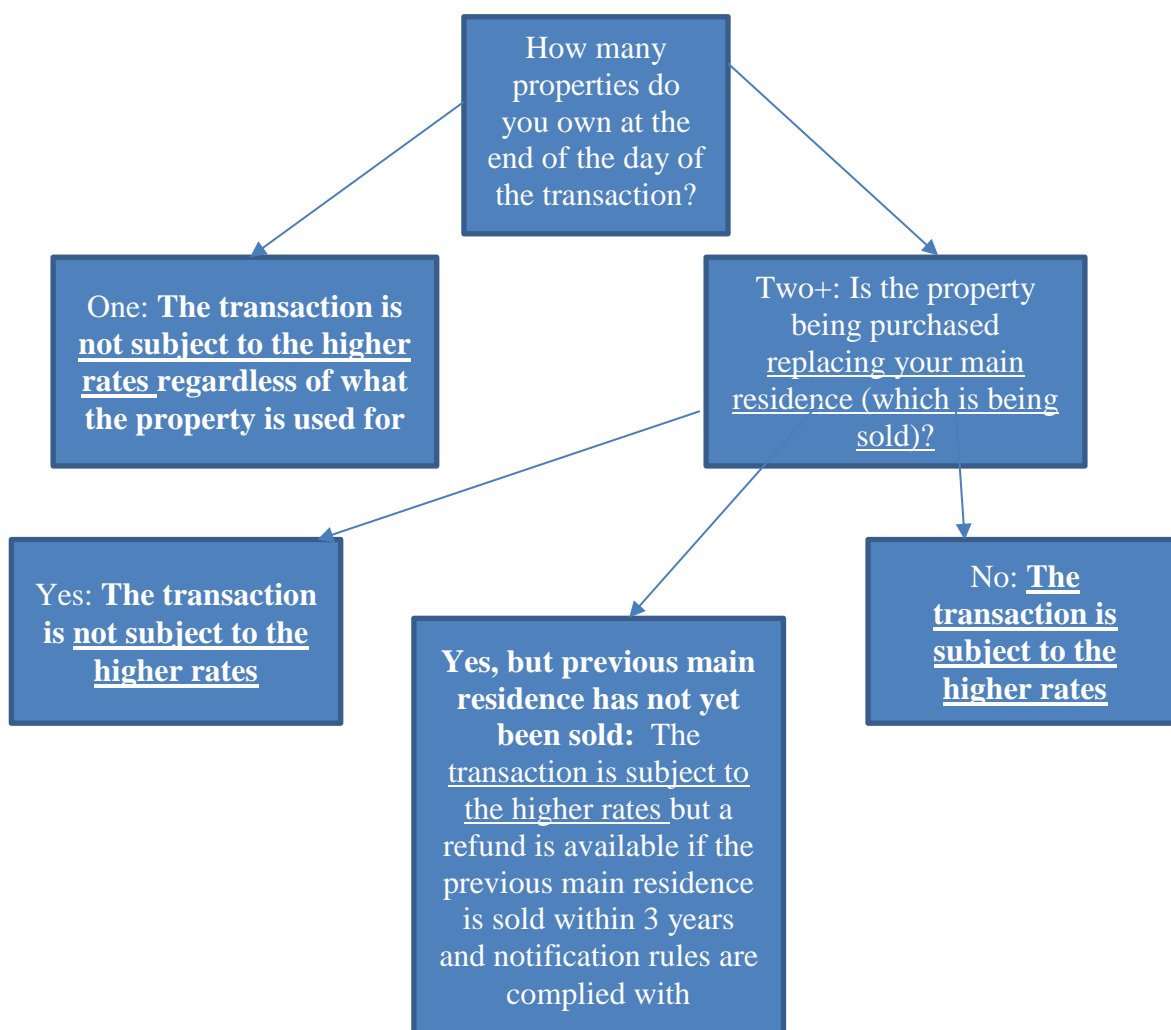
The seller's solicitor will account to the seller for the balance of the sale price after paying off any mortgage, taking the legal fees and disbursements and paying the estate agents commission (unless instructed otherwise regarding the latter). The buyer's solicitor sends a Stamp Duty Land Return Form to the Inland Revenue for its details to be entered in their records and any necessary "stamp duty" to be paid.

Purchase Price of Property	Rate of SDLT (percentage of the total purchase price Where you own 1 property only)
£0 - £125,000	0%
£125,001 – £250,000	2%

£250,001 – £925,000	5%
£925,001 - £1.5 million	10%
Over £1.5 million	12%

Please note that SDLT is charged at different rates depending on the portion of the purchase price that falls into each rate band.

Please note that a new increased SDLT regime of an additional 3% is in force from 1 April 2016 on the purchase of additional residential properties. The following flowchart illustrates how the relevant rate of SDLT is calculated. Please note that a husband and wife AND civil partners are treated as one entity for additional properties



In addition, from November 2017 there is now a reduced First time Buyer Rate of Stamp Duty land Tax AND from 1 April 2018 a separate regime called Land Transaction Tax to replace Stamp Duty Land Tax in Wales

This is a government tax and should not be confused with legal fees. The Inland Revenue return a Stamp Duty Land Return Certificate and the buyer's solicitor then delivers it to the Land Registry with the Transfer Deed, any new mortgage deed, an application to register the title, and pays the relevant Land Registry fee. On a re-

mortgage only the mortgage deed is sent to the Land Registry with the application and cheque.

If there is no mortgage, the title deeds are dealt with as the buyer directs. Unregistered title deeds can be stored in this firm's fire retardant deeds store, free of charge. It is no longer necessary to store registered title entries in our fire retardant deeds store. These can be stored at no charge elsewhere on the premises.

If there is a mortgage, those deeds required by the lender are lodged with them. Increasingly, lenders do not wish to hold the balance of deeds which they deem are either of a non-security or a historical nature. Such deeds can be stored with us, free of charge, but they will not be kept in the fire retardant deeds store. If this is not acceptable to you, then such deeds can be collected by you.

8. Finance

a) Finance from you

Due to the postal system and the way banks are now dealing with specially cleared cheques, special clearance is no longer a viable option. We will not use this service.

We will accept the following:-

A Personal Cheque – Unfortunately issues have occasionally arisen with the non-clearance of personal cheques as many as seven days after the presentation of the same, therefore:

(a) (For payments **other** than purchase balances) we will accept cheques with at least five clear working days to clear, meaning if it is paid in on Monday it will be available for use the following Monday.

(b) For purchase balances a cheque with at least ten clear working days to clear.

A Counter Cheque/Solicitor's Cheque/Bankers Draft – this will be regarded as cleared to pay out in the form of a cheque, but should be given three working days to clear before using it for a CHAPS payment (bank transfer payment).

Cash – cash is obviously cleared funds, but we are not insured to keep large sums of cash in the office overnight, and we are also restricted to how much cash we are insured to carry to the bank. Money Laundering Regulations also restrict the amount of cash we can accept. For these reasons, we only accept up to £1,000.00 in cash if that arrives into the office before 2.30pm so we have time to bank it.

CHAPS payment – a bank transfer payment which is automatically cleared funds which we can use straight away. Our bank account details are as follows:

HSBC Bank plc
24 Market Square
Witney, Oxon OX29 6BG

Sort code 40 47 07

Account no: 63013502

Account Name: John Welch & Stammers Client Premium Deposit Account

Bill payments/Faster payments via internet banking. Due to the increasing amounts of payments which are received directly into our bank account, if you have to pay any large sums of money to us, for example, for the purchase of a house, we would expect cleared funds in one lump sum save for exceptional circumstances which have been previously agreed. Where multiple payments have not been agreed we reserve the right to charge an additional administration fee of £30.00 plus VAT for each additional payment received. We strongly recommend using the Banks' CHAPS payment system for such large payments in any event.

Credit/Debit Card (for fees, vat and/or disbursements only)

We can accept payment by debit or credit card (not American Express). Such payments must be made three working days before we need to use such payment. If payments are made by credit card or debit card there will be no fee.

Please inform us in advance of when and how a payment is to be made, and always ensure you put our reference on the payment. Please do **not** pay money directly to HSBC plc over the counter as we are not informed about such transactions when they are made and they are difficult to trace especially where time is of the essence.

b) Finance to you

If there is a balance due to you upon completion we shall transfer this by CHAPS payment to your nominated account. This must be an account in the name of the client(s). We can do this on the day of completion so long as we are funds to do so no later than 1.00pm on the completion date and where applicable have an up to date written redemption figure. Otherwise, the balance will be transferred by CHAPS payment to your nominated account the next day (excluding Saturday and Sunday).

c) Bank fees

Please note that bank transfers sent out by us will be charged at the rate of £72 (inclusive of vat) for up to two such transfers and each additional bank transfer at £30 (inclusive of vat).

9. Identification

You will need to supply prior to exchange of contracts (or completion on a re-mortgage) identification. We will require sight of your Passport or photographic Driving Licence. It would assist if this was attended to at the outset of the transaction. We will return the document to you immediately after taking a copy.

It will also be necessary to meet you during the course of the transaction. If this is not possible, then identification checks will need to be carried out on our behalf by a solicitor local to you. They may charge a fee for this service.

10. Mortgage Instructions

If we also act for your lender then we have a duty to reveal all relevant facts about the purchase and mortgage. This includes any differences between your mortgage application and information we receive during the transaction AND any cashback payments or discount schemes that the seller is giving you AND any payments made from third parties.