

mfg's Guide to Conveyancing

We have provided this Guide in the hope that it may explain some of the terms used in Conveyancing, the steps which are usually taken (the reasons for them) and the factors which dictate when these steps are to be taken.

Conveyancing - What is it?

Put simply, conveyancing is the process of transferring ownership of land. It is not like transferring the ownership of, say, a piece of furniture or a car. Land is always there and in the course of time many rights and obligations may be created in relation to it. They are often not evident on an inspection of the property, for example, someone may have a right to occupy part of it, but not be there when you view; a neighbour may have a right to enter the property for access to their land, or to maintain buildings on it.

The public, too, may have rights - perhaps there is a public footpath across the property; the council could have rights in respect of, for example, compulsory acquisitions or unpaid charges for making up the road. The planning authority, or the highway authority, are perhaps considering schemes which would affect the environment of the house you are thinking of buying.

You can see from this that what is involved may sometimes be complex. Buying your home may well be the single biggest financial transaction you will ever make. This is where we at mfg can assist you by helping to relieve the pressures and anxieties which will naturally concern you at this time. We can help to make your move as smooth and trouble free as possible and keep you advised at every stage.

What happens in a conveyancing transaction?

There are three main areas to consider and we shall briefly look at each. They are:

Stage One:

The work carried out after agreement in principle is reached, but before the seller and buyer are bound by contract to proceed with the matter.

Stage Two:

The stage between "exchange of contracts" (when the parties become contractually committed) and "completion" (the day on which money changes hands in return for the keys and transfer of ownership, i.e. the day on which you are entitled to move in).

Stage Three:

Post completion obligations; sellers evidencing they have paid off any mortgage on the property, Stamp Duty being paid and then the transfer of ownership being registered at the Land Registry. Here at mfg we do these things the latest technology to ensure that all formalities are dealt with efficiently and on time.

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Pre-contract The Buyer:

You have found the property you want and the seller has accepted your offer. The sellers conveyancer will issue a contract pack to the buyers conveyancer, who will then consider the documentation, raise enquiries where necessary, undertake searches with the local authority, the water utility company and other bodies, such as the Coal Authority. The information obtained will then be summarised in various reports in a way that is easy to understand. If a mortgage is required, when an offer is received we then provide an overview of its terms and conditions. If there is more than one buyer we will discuss with you options to record your respective interests in the property. When all enquiries have been satisfied, we are then ready to proceed. We will then arrange for you to sign necessary documents. At this stage the buyer will need to provide a deposit payable under terms of the Contract, usually equal to 10% of the agreed purchase price.

The Seller:

Having found a buyer, you will instruct us to send a draft contract to the buyer's solicitors. To do this we may need the deeds, to check the nature of your ownership and the existence of any rights or burdens which must be revealed and passed on to the buyer, however the majority of land is now registered at Land Registry, which we can check and if so, download the information we would need in place of many physical deeds.

When we have viewed the necessary title information we shall prepare a draft contract and send it to the buyers solicitors along with the Sellers Property Information Form and Fittings and Contents List that we will have asked you to fill in. If you have any planning permissions, Building Regulations approvals, or certificates for any work done to your property we ask that you let us have these also. This may be termed as the Contract Pack. In turn, the Buyers solicitors often send us additional enquiries designed to discover from your own knowledge of the property whether any issues may affect the buyer's decision to proceed. Once the buyer's solicitor is satisfied, they will approve the contract and we shall ask for you to sign it. At that point a date for completion will be agreed and Contracts will be "exchanged".

Having decided to sell, the sooner you instruct us the better. We can then get together a package of the documents and information which will be required by the buyer's solicitors so that no time is wasted once a buyer is found. At mfg we utilise the Conveyancing Quality Scheme Protocol, endorsed by The Law Society to provide a proactive and co-operative process, which means that as much information as possible is provided at the outset to the Buyers solicitor.

Between contract and completion

During this period we will make final checks in readiness for the completion day, where a mortgage is involved arrange to draw down the necessary funds and request any remaining balance. If acting in sale we will obtain any necessary final mortgage redemption figures.

On the day of completion, funds are transferred between the buyers and seller's solicitors and ownership of the property then passes to the buyer. We cannot give a precise time as to when this occurs, as it is dependent on the time taken for funds to be received and there could be a number of other sale and purchase transactions upon which this process depends.

Glossary of terms used

“Exchange of Contracts”

literally, the exchange of one copy signed by the buyers for another signed by the seller. At this point both parties become committed to proceed.

“Completion”

the date agreed for transfer of ownership, on payment of the price.

“Registration of Title”

The registration of any transfer of ownership of land at Land Registry is compulsory

“Appropriate Searches”

these searches include a Local Search which is the search in the registers maintained by the district council in relation to such matters as road charges and planning decisions. The expression includes the enquiries made of different departments of the council to do with a wide range of other matters which may affect the property. Apart from road proposals affecting land within 200 metres of the property, the local authority search will only give information about the property itself. The search will give no information about other property, for example, the development of neighbouring land. If, therefore, you are concerned about the possibility of development or any matter relating to other property in the neighbourhood, you should make enquiries of the local authority before you consent to exchange of contracts on the purchase. As a matter of course, we also carry out an Environmental Search, a Drainage and Water Search. Depending on where the property is situated it may also be necessary to carry out additional searches such as with the Coal Authority

“Protocol Forms”

these are the standard forms which are completed by Sellers at the outset of the transaction and consist of the Sellers Property Information Form and Fittings and Contents List. If the Property is Leasehold then there will also be a Sellers Leasehold Information Form. The questions are about the Property which Sellers should be able to answer without too much difficulty, but of course should you have any queries, we are at the end of the phone.

“Deposit”

Part of the purchase price paid at exchange of contracts, normally 10%.

“Mortgage”

document recording loan of money secured on the property. If payments are not maintained, the lender may have the right to take possession and sell the property.

“Transfer”

the document transferring ownership.

“Stamp Duty Land Tax”

this is a tax on property transactions where the price exceeds £125,000.00. Duty is payable on the amount between £125,000 and £250,000 at a rate of 2%, then above £250,000 to £925,000 at a rate of 5%. Higher rates apply above this. If you are buying a second home, or an investment property (buy to let) then a further 3% Duty is added to each stage

Contact Us

For more information and to speak to a member of our Residential Property Division call mfg Solicitors LLP on:

0845 55 55 321

www.mfgsolicitors.com

mfg Solicitors LLP have offices in Worcestershire, Shropshire and the West Midlands.



Andrew Davies

adrew.davies@mfgsolicitors.com
01952 641651



Sharon Lerry

sharon.lerry@mfgsolicitors.com
01905 610 410



Beverley Clinton

beverley.clinton@mfgsolicitors.com
01562 820 181



Alan Morris

alan.morris@mfgsolicitors.com
01562 820 181



Jane Morley

jane.morley@mfgsolicitors.com
01562 820 181



Peter Samuels

peter.samuels@mfgsolicitors.com
01562 820 181



Richard Connolly

richard.connolly@mfgsolicitors.com
01584 873 156



Lucy Rogers

lucy.rogers@mfgsolicitors.com
01584 873 156



Peter Simner

peter.simner@mfgsolicitors.com
01562 820 181



Sandy Clifford

sandy.clifford@mfgsolicitors.com
01562 820 181