

A Guide To Conveyancing



ESPER WEALTH
PROPERTY INVESTMENTS



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Introduction



Unless you have bought a property before, it is difficult to know what to expect when you buy a property. You will hear things such as exchange of contracts, and completion, which are unfamiliar to you. You will need to appropriate a solicitor and possibly secure mortgage finance. Consequently, you may feel overawed by the whole process.

This guide is designed to explain some of the conveyancing terms, to bring you up to speed with what will happen when you buy a property in the UK.

For first-time buyers or first-time investors in a buy-to-let, we suggest reading this brochure in conjunction with our brochures on solicitors and mortgages to get a full understanding of the purchase process.

For higher earners, you may want to think about buying a property in a limited company due to certain tax advantages. If this is you then we suggest reading our brochure on this subject. Similarly, if you would like to get to grips with stamp duty, capital gains tax and inheritance tax then we have specialist brochures covering these subjects to guide you in the right direction to make a well-informed decision on how best to structure your property purchase.

For prospective investors who are looking at buying an investment property, we offer a free investment review. This is designed to give you free impartial advice. During this review, we will establish your investment needs and show you which products are best aligned with these objectives.

Exchange Of Contracts

When you exchange contracts, you legally commit to buying the property. We take a look at this process and explain what to watch out for.

Why do we exchange contracts?

Until you exchange contracts, neither the buyer nor the seller has any legal obligation to proceed. This means that either the buyer or the seller can pull out without any penalty. The only caveat is when a reservation fee has been agreed upon. Both parties will sign identical contracts, but the deal only becomes legally binding when they are formally exchanged by the solicitors.

Between exchanging contracts and completion, there is a possibility that either side can pull out. However, it is incredibly rare for anyone to pull out after an exchange of contracts. This is because of the substantial penalties for doing so. Once you have exchanged contracts you can be pretty certain that the deal is done.





When do I exchange contracts?

Exchange of contracts usually happens between 7 and 28 days before completion. Though, if you are buying off-plan this time period is extended significantly.

As exchanging contracts means you are legally committed to buying the property, you need to ensure that you have everything in place prior to this date. You should only exchange contracts after:

- You have agreed on a price with the seller
- Your offer includes details of fixtures and fittings
- you have received a suitable mortgage valuation
- You have been formally offered a mortgage
- You have secured the mortgage deposit
- Your solicitor has done all relevant searches
- You have organised building insurance
- You have agreed on a date of completion
- You have read, understood and signed the contract

Once you have completed this checklist you are ready for completion. This usually happens at midday on the agreed exchange date.

How do I exchange contracts?

Exchange of contracts is usually done by solicitors or conveyancers reading out the contracts over the phone. These calls are recorded to make sure the contracts are identical. They then send these to each other by post.

If you are in a chain, your solicitor/conveyancer will follow the same process. However, they will only release it if all the other people in the chain are happy to proceed. This then means if one person pulls out or delays, everything gets held up.

Once you have exchanged contracts you will be in a legally binding contract to buy the property. The seller is also legally obliged to sell. If one party breaks the contract they will lose their deposit (typically 10%) and can be sued by the other party.

What happens after exchanging contracts?

After an exchange of contracts, the next big event is the day of completion. This is when you formally take possession of the property. However, there are a number of things which you should do prior to this.

- Final checks. It is advisable that your estate agent should visit the property just before you complete the sale. This is to ensure that all the fixtures and fittings you agreed on are in good working order
- Send a copy of the title deeds to your mortgage lender who will keep them until you repay your loan
- Notify the freeholder if the property is leasehold
- Register the transfer of ownership with the land registry
- Contact utility companies to let them know you are taking over possession of the property
- Change your address on your driving license
- Organise post forwarding
- Arrange to remove quotes if you are planning to live in the property

When buying property through Esper Wealth, our progression team will be on hand to help you through the buying process. You can read the brochure about the role of your solicitor in the purchase process. You can speak with one of our consultants who will be happy to explain how progression works.

You have exchanged contracts and now you are just about to complete on your property. This is the final step in buying your home. We take a look at what happens on the day of completion and answer some of the questions that people ask about this process.



Completion Day

So you have exchanged contracts and now you are about to complete. We explain what you can expect.

What is completion?

This is the day when you officially take ownership of the property. Today the money is transferred; you receive the keys and can start moving into your new home.

What happens on completion day?

On completion day, your conveyancing solicitor confirms the transaction and deals with paperwork and deeds. The seller's solicitor also signs off mortgage completion statements.



- Prior to completing your conveyancing solicitor will check all mortgage conditions have been met, and request the money from the lender if you have one.
- The seller's solicitor will request a Redemption Certificate if there's a mortgage on the seller's property. This Redemption Certificate is calculated to the day of completion.
- Both sets of conveyancing solicitors create completion statements of all payments made and received and set out any invoices which are to be paid on completion.
- The conveyancing solicitors on both sides undertake final checks to ensure everything is in order. At this stage, your solicitor will transfer the purchase money via the banking system to the seller's solicitor.
- When the seller's solicitor has received the funds they'll confirm completion with the buyer and release the keys from the estate agent.
- The seller's solicitor will ensure any outstanding charges are paid, including the seller's estate agent fees.
- The buyer will be notified of the completion, and they can then move into the property.

Can problems happen?

Occasionally, there are problems with the transfer of funds. This might happen when money is being sent from your mortgage provider (if you're using one) to your solicitors, and then on to the seller's solicitor. If the money transfer doesn't go through by 3:00 pm, completion can't happen until the following day.

Chain problems

Being involved in a chain of buyers and sellers can cause complications. If any part of the chain falls through or is delayed, the whole process can come to a stop.

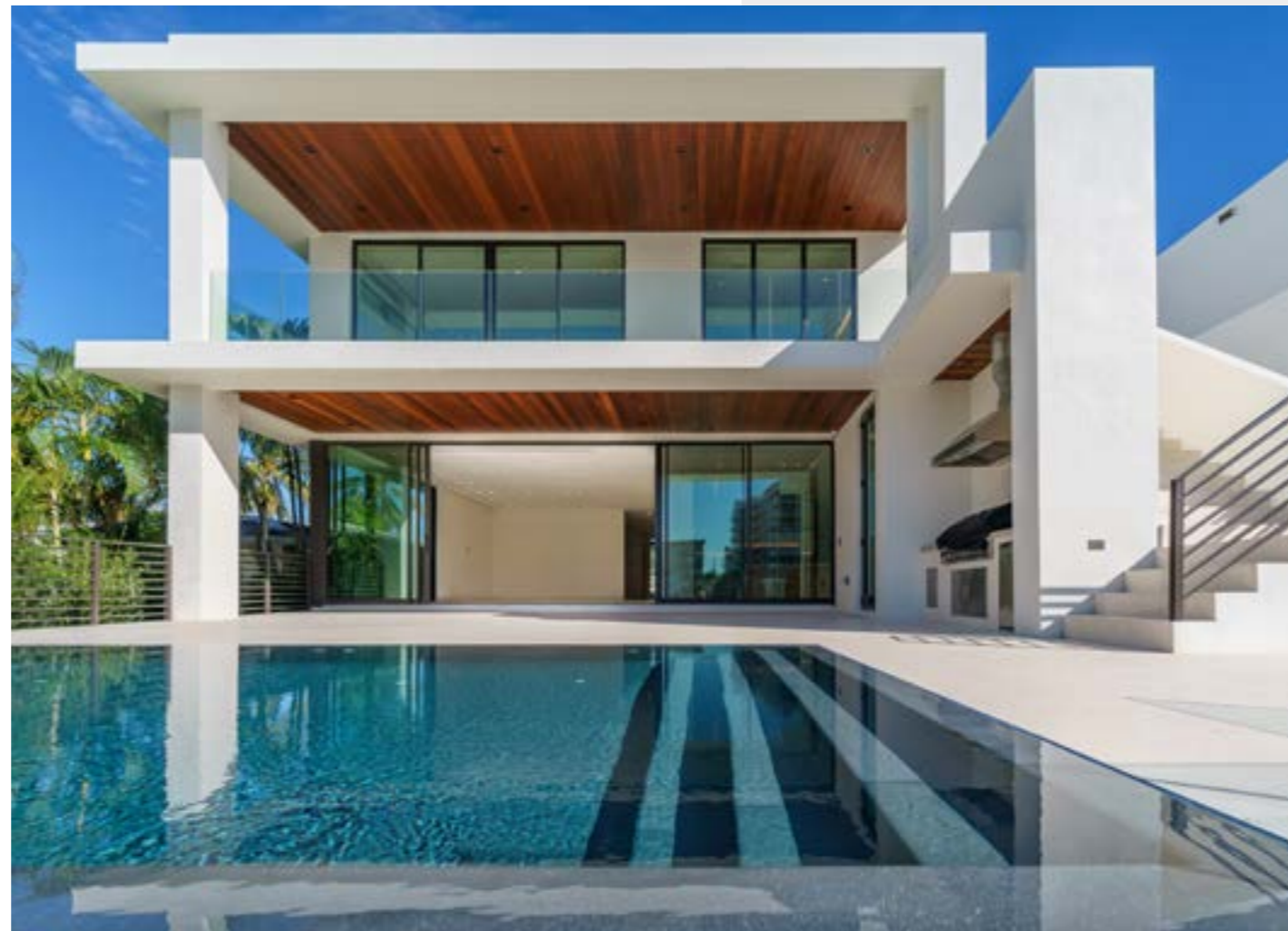
Removals problems

We advise planning ahead for when you move. When you know your date of completion, you should organise a time with your removals company for the move.

Prior to this, we advise taking the time to research and compare different removals companies, to be sure you're trusting your possessions to the right people.

Sellers trying it on

Occasionally, some sellers might pack up and move, taking with them some of the fixtures and fittings which the buyer thought would be included in the price of the house. In most cases, this is just a simple misunderstanding. However, you should protect yourself from this eventuality. It is prudent to be crystal clear from the very beginning about what is and is not included in the price of a house. Assume nothing, especially the goodwill of the sellers.



How can I make completion day run smoothly?

Your conveyancing solicitor will be focused on your transaction. They will be working to complete the property as swiftly as possible. But it is a good idea to be contactable so that if issues arise, you can be on hand to resolve them.

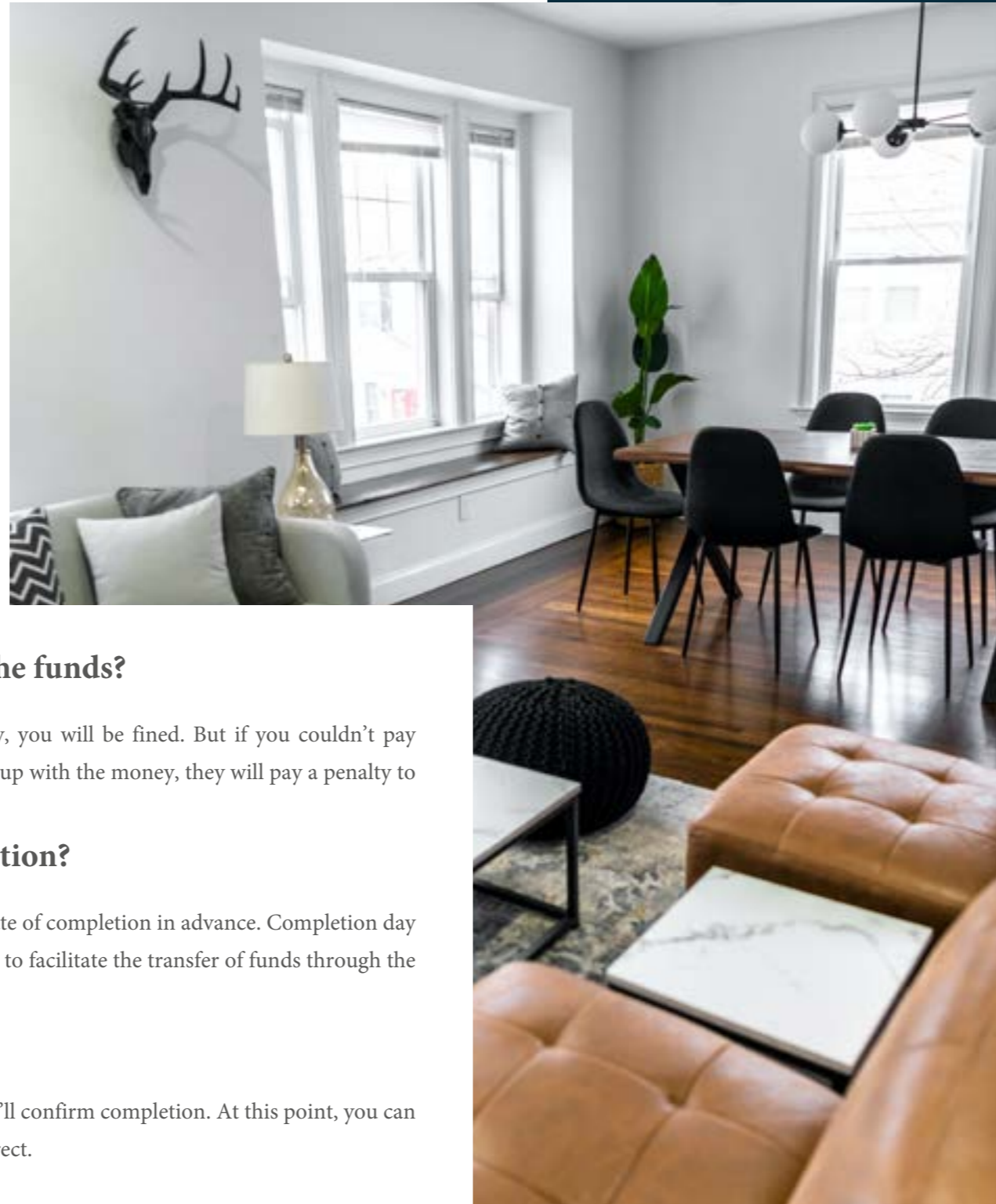
You should have all your paperwork to hand. This is in case you need to check anything. You should keep all the funds for the purchase in one account and be ready to go.



Pro Tip

Be sure to check out the Conveyancing Section of our website. This is located under Categories and can be accessed by going clicking on News from our homepage. You will find useful articles such as Title deeds explained. - All you need to know. As well as Important legal documents to keep for your house purchase.





What happens If I fail to transfer the funds?

If you don't transfer the money on completion day, you will be fined. But if you couldn't pay because your buyers in the chain also failed to come up with the money, they will pay a penalty to you. This way you should not lose out.

Who decides on the date of completion?

Both parties should get the chance to agree on the date of completion in advance. Completion day traditionally has to be on a working weekday. This is to facilitate the transfer of funds through the bank. You can plan your move once this date is set.

When do I get the keys?

Once the seller's solicitor has received the funds they'll confirm completion. At this point, you can collect the keys from the estate agent or the buyer direct.

The Esper Approach

At Esper Wealth we work for you. Our role is to listen to you and guide you to achieve your goals. As a client we want you to feel comfortable in the investment process, in the belief that we are delivering the best advice. With this in mind, it is important to follow three simple rules when investing:

#1 **Don't panic** Many property sales companies work on urgency. This is the wrong approach. You should take the time to decide what is right for you and your family. If this means you miss a particular property then be rest assured another opportunity will arise.

#2 **Don't be emotional** This means trying not to be emotive about a property. Remember you are not living in it. Ask yourself, do the numbers work financially for me?

#3 **Don't close your eyes** In life, we never know what's around the corner. Sometimes your circumstances can change. If things do change, how will it impact me? Whilst you can never legislate for all contingencies, it is advisable to invest with your eyes open.

If you are interested in off-plan opportunities, or completed property direct from the developer, then visit our developments page. Alternatively, if you would prefer to start your investment journey by having a no obligations, free investment review, Then contact a member of our team who will be happy to help.