

August 2019



BUYING AND SELLING A HOME

An insider's guide by the KWW Property Team



www.kww.co.uk

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CHOOSING THE RIGHT PARTNER



A critical element of any property transaction is selecting the right solicitor at an early stage, says Salv Sole (pictured opposite), head of KWW's property division

Traditionally, the legal work necessary for transferring ownership of a property is carried out by specialist conveyancing lawyers who have undergone several years of rigorous training. Based locally, often in a high street firm of solicitors, they have extensive experience of acting for buyers and sellers in a particular area across a range of property types.

A good solicitor – like KWW will see you through the whole conveyancing process, making a wide range of checks and searches and ensuring you have all the required documentation in order. However, an increasing number of home buyers are now opting to use so-called conveyancing ‘factories’. These are firms offering high-volume low-cost conveyancing. Typically, the service will be remote, process-driven and relies upon a high level of automation.

A specialist conveyancer with local knowledge can help you keep your transaction on track and avoid expensive pitfalls. They will know about issues particular to your location, which may not be apparent to someone working hundreds of miles away and relying on a generic checklist.

Most important though, having a dedicated conveyancer who knows you, and your transaction, personally can take a lot of the pressure out of moving house. They will be familiar with local estate agents and other solicitors in the area, so will be well placed to deal with any unexpected issues as they arise. This can be particularly beneficial if your sale or purchase forms part of a chain of linked transactions.

Many conventional firms have also positively embraced technology, accessing services online, using case management systems, and minimising turnaround times. Price transparency is now a requirement of all solicitors' firms, who should also publish details of typical timescales and details of the qualifications

and experience of their staff. A local solicitor can provide a service, which is as modern and efficient as their online counterpart but more personalised.

Ultimately, choosing your conveyancer is a very personal matter. However, before making a decision, speak to the person who will be responsible for your sale or purchase, and do not be afraid to ask questions.

What are their qualifications? How experienced are they, will they be dedicated to your transaction, or will you have to deal with many different case workers? How easy will they be to contact? Most important, ask yourself how confident you are that they will really look after the biggest purchase of your life.

There are a number of key things to look for when deciding which firm to use. To name a few:

- Is the firm regulated by the Solicitors Regulation Authority or other licensed body?
- Has the firm provided you with a clear indication of costs?
- Has the firm been awarded the Conveyancing Quality Scheme (CQS) accreditation from the Law Society?

Choose a firm that has a good reputation, is experienced and has qualified lawyers and, most important, a firm you feel comfortable dealing with.



PLAYING BY THE RULES

Sarah Trickey, our head of residential conveyancing, answers some typical questions about the conveyancing process and the steps we need to take for our mutual benefit

Why do we need to go through so many checks?

The Proceeds of Crime Act places all solicitors under extremely strict rules to ensure criminals and terrorists do not try to use us as a way to launder money derived from criminal activities.

One of the ways we do this is by being absolutely certain who we are acting for and precisely what the purpose of any transaction is.

When acting for you we are required by law to check your identity and we may also wish to confirm information about your credit status. To verify the information you provide, we may make searches about you with a credit reference or fraud prevention agency; this will include information from the Electoral Roll.

The agencies will record the details of the search and other organisations may share these searches to prevent fraud and money laundering. Scoring methods may be used as part of this process.

What documents will I need to prove my identity?

We will ask you to supply original documents as confirmation of your identity, address or both which



we will use along with any electronic checks we perform. Any documents provided to us will be recorded and copied for audit purposes as part of our Anti-Money Laundering requirements.

Suitable items for the proof of identity could be a current passport or driving licence, and for the address, a utility bill, council tax bill or bank statement that is no more than three months old.

We may also require supporting evidence of the source of any money involved, for example bank or building society documents, and full details of any third party to whom you may instruct us to send funds.

Why can't we deal with everything via telephone and email?

Email and telephone are great ways of dealing with your solicitor throughout a transaction but they can't be used for every stage in the transaction. Legal documents such as contracts and transfers still have to be signed by hand. In some cases, these documents need to be witnessed.

Many conveyancing transactions are time-pressured, so a quick visit to your solicitor to sign can help you achieve your desired completion date.

“We need to be absolutely certain who we are acting for and precisely what the purpose of any transaction is”

GET IN SHAPE FOR THE SALE

Eve Crampsie, one of our specialist conveyancers, offers some basic advice on the steps you can be taking to ease the sale of your property

Tidiness

De-cluttering is key to making your home more attractive to potential buyers. Personal possessions tend to accumulate in every nook and cranny of most homes so have a good clear out. Put your excess stuff in storage or give it away to charity. Don't be tempted to depersonalise too much though, as buyers are looking for a home not a hotel room. Put wall mirrors up to make rooms look bigger and lighter, place lamps in dark corners, and if a large piece of furniture makes a room look smaller, remove it. You should also clean your windows inside and out, and replace any broken light bulbs.

Cleanliness

Cleanliness is really important. Tidy your garden and, if your home is looking shabby, deep clean it and give it a lick of paint if required. Wash your curtains and try to get stubborn stains out of carpets and upholstery. Bad smells are a big turn off for buyers so if you have any strange odours, do not try and cover it up; get to the root of the problem.

Estate agents

Once you have your home in a saleable state, ask friends to recommend an estate agent. We have some great estate agents in our part of the world and would always recommend you deal with someone who knows the area. Check each agency's credentials (estate agents now have to be members of The Property Ombudsman or The Surveyors Ombudsman Scheme) and consider opting for one which is also a member of a trade association such as the Guild of Professional Estate Agents or the National Association of Estate Agents – such membership means they will have to abide by a code of conduct. Ask at least three estate agents to value your home before deciding on one. Ensure you check the small print before you sign up to find out how much the commission will be, what



the tie-in requirements are, how your property will be advertised and who will handle viewings.

Legal issues

If you think that there might be any legal issues that could complicate your sale – such as a boundary dispute or a problem with a planning permission – then you should speak to us as soon as possible so that we can advise on a solution.

THE SALE: SOME BASICS

Complete property forms early

The seller's lawyer kicks off the process, and things will not progress until an initial set of documents has been sent to the buyer. These documents are often called a Contract Pack and they include title documentation, a draft contract and completed property forms. For the transaction, the buyer will rely entirely on the Contract Pack, so we strongly recommend sellers complete them, even before a buyer is found.

Other information

If there is any additional information that is mentioned in the property information forms – for example, building or planning consents, guarantees and certificates – then sellers should gather these together at the earliest opportunity. If you think you have misplaced any important documents, try to get copies if you can recall the relevant providers. The more complete the information provided in the property forms, the fewer the number of enquiries from the buyer's solicitor.

Have you made alterations?

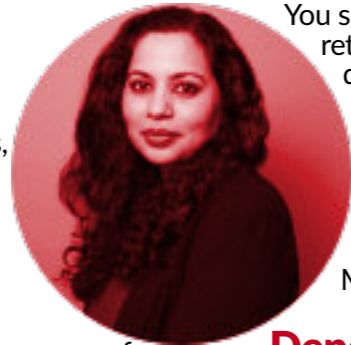
If you have had alterations or repairs carried out to your property which would have required local authority approval but you do not have the necessary consents, advise us immediately.

THE PURCHASE: HOW IT COMES TOGETHER

Anjum Khaliq sets out the process for the legal transfer of ownership

Purchase Pack

The purchase pack is the initial documentation, containing terms and conditions and the client information questionnaire. Once you have appointed us, we send this to you straight away. We ask you to return the completed pack to us together with your identification documentation.



You should read the contract carefully, sign it and return it to us. The transfer is the legal document which both seller and buyer sign to transfer the ownership of the property. This must be signed in the presence of an independent adult (18+) witness. The original should be sent back to us. We will also report to you with the Mortgage Offer (if applicable) and will send you the Mortgage Deed for your signatures.

Memorandum of Sale

Your estate agents (if applicable) will send us a copy of the Memorandum of Sale, which provides the details of the property, the amount offered and the name of the sellers and buyers and their conveyancers.

Mortgage

We will need to know if you are purchasing with the aid of a mortgage and, if so, who the lender is and how much you are borrowing. We will want to check if there is any element of the purchase that we are legally bound to report to your lender, for example if you receiving funds as a gift or loan from a third party, typically a family member.

Contract Review

The seller will complete a fixtures, fittings and contents form and provide specific details about the property. You will need to check the details.

Arrange a Surveyor

We recommend carrying out a full structural survey for the property. You should not rely on the valuation report issued by the lender's surveyor as it is very basic.

Property Searches

We will request searches which will include Local Authority Search, Environmental Search, Planning and Water and Drainage Search which are standard searches. If there is a particular search you would like carried, for example Crossrail or HS2 or a specific infrastructure matter, we will do that for you. *See the story opposite for more about local authority searches.*

Report

We will examine the documents provided and raise enquiries with the seller's conveyancer before sending you a legal report. This will contain information about the title to the property and a preliminary draft of the contract and transfer for you to sign.

Deposit

Once you are happy with the searches and enquiries, we will require the deposit funds to proceed to exchange of contracts. This is normally 10% of the purchase price. We will account to you after exchange of contracts with a financial statement that shows the funds you have paid, the mortgage funds, Stamp Duty and professional fees and disbursements. If you are buying and selling simultaneously, we would normally use the deposit received from your purchaser to pass on to your seller and, if required, will request the additional funds from you.

Buildings Insurance

It's important to have buildings insurance in place by the exchange date. This will be a condition of your mortgage lender and will protect your investment in the property and your mortgage lender's interest.

Exchange of Contracts

When the contracts have been exchanged, both seller and buyer are contractually bound to complete on the agreed completion date. The conveyancers usually exchange contracts over the telephone and then send the completed signed contracts by post. Exchanging contracts by your conveyancer legally binds both parties to transferring the property, so you can rest assured the seller must vacate on the day of completion. Mortgage monies will be requested from your lender and the paperwork will be collated in readiness for completion.

Completion Day

On the agreed day of completion, we will send the outstanding balance of the purchase price which you have provided to us, including the money received from your mortgage lender, to the seller's conveyancer by telegraphic transfer. As soon as they receive the monies, they will inform us and the estate agents and the keys can be released. The property will then be legally yours.

KNOW YOUR GROUND

When you are buying a property, your solicitor will carry out a standard local authority search. This includes a search of the local land charges register. The results will include details of any planning applications which affect a specific property at the time of the search. However, they will not give you any information about planning applications, or consents, which relate to neighbouring properties.

This basic local authority search effectively forms part of a standard conveyancing checklist. A good solicitor should recognise what makes you, and your purchase, unique. Rather than treating the local authority search as largely a box ticking exercise, they may suggest additional searches and enquiries.

These could give you more information about likely planning and development changes, which could influence your decision to purchase.

Your solicitor may recommend a plan search. This is a detailed planning search which will reveal existing consents or applications relating to nearby properties, usually within a 250 - metre radius of the property you are buying. So, it should, for example, tell you if your prospective neighbour has permission to build an overbearing extension. Or if a high-density housing development is planned for those open fields, the views over which 'sold' the property to you.

If you instruct someone like KWW, a specialist local solicitor, you will also have the benefit of their unique insight into the area. If you have any specific concerns about the property you are buying, you can discuss these with us early on. We can then tailor our searches and enquiries to best reflect your requirements. For example, if a view is important to you, we can check whether there are any plans to develop on neighbouring land that would spoil it.

HELP TO BUY EXPLAINED

Sarah Trickey offers some pointers on the Government's scheme to help home buyers

The Help To Buy scheme comes in two forms: Help to Buy equity loans and Help to Buy Individual Savings Accounts (Isas). In the first version, the Government lends up to 20% of the cost of a newly built property, or 40% within Greater London, so buyers need only a 5% deposit and a 75% mortgage (or 55%) from an approved lender to buy it.

Those purchasing a new-build home are not charged interest for the first five years. The Help to Buy ISA is open to first-time buyers in the UK.

Savers receive a 25% bonus from the Government when they withdraw the money they have saved to buy their first property. The maximum purchase price is £250,000, or £450,000 in London.

The maximum government bonus that someone can receive is £3,000, if they have saved £12,000. To qualify for the current scheme, you do not need to be a first-time buyer. The home you are buying must be for your own use. It must be a new build and it must cost less than £600,000.

You must repay the loan when you sell your home, or after 25 years if later. However, unlike a conventional mortgage, the amount you repay is not a fixed amount. Instead, it reflects the ratio of the loan to the value of the property when you first borrowed. So, if your Help to Buy loan was for 20% of the value of your home



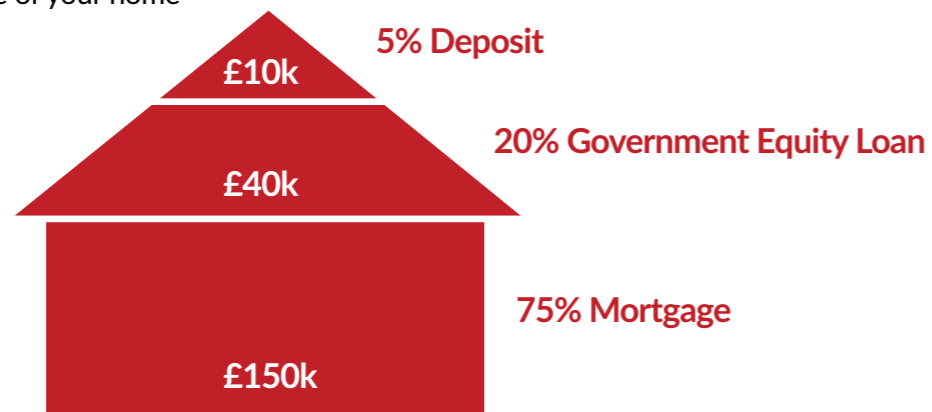
when you bought it, you must repay 20% of the price you sell it for. For example, if you are buying a home for £200,000, you must provide at least a £10,000 deposit yourself. The Government will provide up to £40,000 by way of an equity loan, representing 20% of the property's value, and you fund the balance of £150,000 with a mortgage.

If in five years, you sell your home for £250,000, after repaying your mortgage, you are left with £100,000. However, you also have to repay your Help to Buy loan. Instead of repaying the original £40,000, you will have to repay £50,000. This represents 20% of the value of the property when you sell.

The loan is interest-free for the first five years, although there is a monthly management fee of £1. After five years, you pay an additional fee as interest of 1.75%, which will then rise annually by the Retail Price Index plus one per cent.

Although the principle behind the scheme is very simple, the detail and processes involved can appear complicated. For example, you will need formal confirmation of your eligibility to proceed. KWW Solicitors is experienced in these types of equity loan and we can help you avoid delays and potential pitfalls.

**Example:
£200,00 Property**



Pros and cons

There are several **benefits** to the scheme:

- If you only have limited savings, and a relatively small deposit, Help to Buy can make it easier to get a mortgage and to buy your own home;
- As you will be borrowing less of the property's value from your mortgage lender, you may also be able to get a more competitive deal; and
- The initial interest-free period can ease financial pressure in the early years of home ownership, when you most need help.

However, the scheme has its critics, and it is important to consider the possible **disadvantages**:

- Help to Buy applies only to selected new build homes, which tend to sell for a premium over comparable pre-owned homes. In addition, recent research suggests first time buyers using Help to Buy pay on average 8% more than those buying new homes independently.
- The amount you must repay depends on the value of your home when you come to sell. This could be good news if property prices go down but if prices go up then you may have to repay significantly more than you borrowed. This could mean having less cash to fund your next purchase.
- After the initial interest-free period has expired, the cost of borrowing will increase. You may end up paying more than you would under a conventional mortgage. While remortgaging remains an option, you may find fewer lenders willing to provide finance if you are buying with a Help to Buy loan.
- You should also be aware that the current Help to Buy scheme ends in March 2021. A replacement scheme will be limited to first time buyers and the properties they can buy will then be subject to regional caps.

Help to Buy is not right for everyone, and it is important you consider how suitable the scheme, and any particular property, is for you. Speak to your solicitor early on, as Help to Buy involves some additional steps in the conveyancing process.

LIFTING THE LID ON LEASEHOLD

Looking at a flat? Alex Riley sets out the key points for you to consider

With a freehold, you own your home outright. In contrast, a leasehold interest only gives you the right to your home for a certain number of years, called a term. You have a continuing, contractual relationship with a landlord to whom the property will revert at the end of the term. Generally, this means you have less control than if you owned a freehold property.

Most flats have traditionally been created as leaseholds. This makes sense because it allows reciprocal obligations to be enforced and for costs to be shared, but some unscrupulous landlords abuse the system. Moreover, some new houses may have been sold as leasehold simply to create an additional revenue stream for the developer which they sell on to investors.

Escalating ground rents

As a leaseholder, you will have to pay your landlord ground rent for the right to occupy their land. Historically, this has been a small, or purely nominal, amount. However, in recent years, the market has seen a rise in the average level of ground rents as they have become an investment vehicle rather than just a way of acknowledging a landlord's interest.

Most leases include a provision to increase the ground rent at fixed intervals, often a stepped rise or in line with inflation. You need to beware as some provide for the amount to increase exponentially. In these cases, the initial sum may appear relatively small but over time they increase dramatically, reducing the value and marketability of your home.

Expensive service charges

A service charge is a way of ensuring that all leaseholders in a building contribute to the cost of its maintenance, and the provision of any shared facilities like car parks or communal gardens. The lease should also set out clearly which services the landlord must provide. Many leaseholders complain about the lack of control over the services they receive and the difficulty in challenging their cost and quality.

The cost of getting consents

A lease will restrict how you may use your property. It will also probably require you to apply for your landlord's consent in certain circumstances, for example if you want to make structural alterations.



In many cases, the landlord must not withhold consent unreasonably, and can only recover reasonable costs for dealing with your application. However, these costs could still be much higher than you expect, and the process of obtaining consent can be time consuming and stressful.

A lease is a wasting asset

Unlike a freehold, a lease is also a depreciating asset. Basically, the shorter the length of term left on your lease, the less it is worth. This may cause issues as the term reduces. Mortgage lenders will require a minimum length of term left on a lease before accepting it as security for a loan, and a shorter term is likely to make your property harder to sell.

You may not own as much as you think you do

A lease should set out precisely what you own. Unfortunately, the description of the extent of the property included in a lease is often complex and sometimes unclear. This can cause problems, particularly if there is an issue over who is liable for a structural repair, or if you want to extend your home.

Your solicitor can help

There is no need to discount a property just because it is leasehold – just make sure that you seek expert legal advice.

KWW has lots of experience in leasehold conveyancing. We can check the lease provisions to ensure the ground rent and service charge are reasonable, and that there are no other onerous provisions which could catch you out later.

We will also make pre-contract enquiries, which can give you important information about how the building, and any common parts, are managed. These should also reveal whether there are any proposed major works planned, which would result in a higher service charge after your purchase.

If there are potential issues, we will explain these and may be able to offer some creative solutions. For example, if the term is short, we can advise you on any legal right to extend the lease, and how you can minimise risk by requiring your seller to initiate the process before you commit yourself to the purchase.

RELAX! YOU'RE IN GOOD HANDS WITH KWW

A small selection of the many glowing testimonials we've received from our clients...

"When I buy a house or a flat, I need a legal firm that can jump into action immediately and handle everything to enable the deal to go through swiftly and without problems. KWW has never let me down, and always at sensible costs."

Brian MacLaurin

"It is always a pleasure to deal with KWW: they are extremely efficient, thorough and professional."

Nic Zummo

"KWW understood that our house move was more than just a financial transaction. It was a hugely important step in our family life, and their dedication and professionalism ensured we were able to pull off an unbelievably fast exchange of contracts."

Damien Gillman

"Unlike the larger firms, the service is personal and attentive and you always feel KWW genuinely cares about what it does and whom it represents. All their solicitors are professional, skilful and hardworking."

Stephen Knight

"KWW has always given us complete confidence. They explain things in plain English and always strive to ensure their clients need not get involved in the detail."

Jonathan Payne





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