What happens when...

You accept an offer from a buyer for the sale of your house?

On accepting an offer for your house, either through an estate agency or privately, the conveyancing process begins. Your conveyancer, whether they are a solicitor, licenced conveyancer or other conveyancing professional, provides a contract and a copy of your title deeds to the buyer's conveyancer. You are asked to complete Law Society forms giving information regarding your use and occupation of the property. The Property Information Form asks questions regarding boundaries, disputes with neighbours, details of work completed on the house, central heating, flooding etc whilst the Fittings and Contents Form asks for a detailed inventory of the items you will be leaving behind for the benefit of the buyer.

The buyer's conveyancer considers this information and advises the buyer accordingly. They also lodge searches against the property, usually a local search with the local authority and a drainage search with, for this area, United Utilities. The local search reveals information held by the local authority relating to your home including planning, environmental health, road maintenance, tree preservation orders etc. An environmental search may also be lodged where the history of the site on which the house stands is not known. Such a search identifies potentially contaminative risks.

The buyer's conveyancer may raise queries with regards to the title and the other information provided which the seller's representative, with the assistance of the seller, answers as quickly as possible. In the meantime, the buyer is progressing their mortgage application, which is hopefully received around this time. In general, the reason for any delay in a conveyancing transaction is the issue of the buyer's mortgage offer. As you will all be aware, the banks and building societies have become much more controlled as to their lending policies and investigate potential borrowers very closely.

Once all of the buyer's queries have been satisfactorily answered and the mortgage offer is in place, both parties sign the contract and the buyer pays a 10% deposit. A completion or moving date is agreed and only at this time are the conveyancers of the seller and buyer able to exchange contracts – it is now legally binding for the seller and the buyer to proceed with the house sale and purchase. Up to this point, either the seller or the buyer could have withdrawn from the transaction. The buyer must have their buildings insurance in place as risk passes with the contract exchange.

Following exchange of contracts, final documentation is put in place for the agreed completion date. On the completion date, the buyer's conveyancer will forward the purchase monies, being part mortgage funds and part cash, to the seller's conveyancer who, on acknowledging receipt, will release the keys to the property to the buyer.

Conveyancing hiccups

The above is a guide to a straightforward conveyancing transaction. They very rarely are! Missing documents, unknown works to properties, lack of rights of way and service easements, difficulties with obtaining mortgage funds and lender delays all lead to stress for the parties involved. In general there is also more than one transaction running at the same time creating a chain of sellers and buyers. Only when the last person is ready can contracts be exchanged.

The legal representatives are there to try to deal with these problems as quickly as possible and to minimise the stress of sellers and buyers and complete the sales. In the vast majority they do! If you have any queries regarding the conveyancing process please speak to your local conveyancer who will be happy to help.

With continuing low mortgage interest rates and a huge choice of properties on the market, this is yet another good reason to consider moving house. Turn to Poole Townsend for independent mortgage advice and a fast and efficient conveyancing service.

Stamp Duty Land Tax (SDLT)

SDLT is paid on the purchase of a property as a percentage of the price paid. Please note, the rate of Stamp Duty is calculated on the date of completion, not on the date of exchange.

For residential property, the Chancellor introduced a major change to the existing SDLT regime, which was effective from 4 December 2014. Under the old regime, SDLT was calculated on the entire value of the property at a rate determined by which band the overall price paid fell within. The system, often referred to as a 'slab system', meant that where the consideration fell close to the band thresholds, a small increase would have a disproportionate effect on the amount of SDLT payable.

The new system introduces a 'banding' approach (similar to income tax) where the SDLT rate will be payable on the portion of the property value which falls within each band, with the tax no longer being due at one rate on the entire value of the property.

The new bands and rates:

0–125,000	0%
125,001–250,000	2%
250,001–925,000	5%
925,001–1,500,000	10%
1,500,001 and over	12%

The method of calculation is simply to apply the rates specified to the parts of the relevant purchase price falling within each band.

If you are a first time buyer, you will not pay any Stamp Duty for a purchase up to £300,000. You will pay 5% on any purchase price between £300,001 and £500,000.

To take advantage of our free, no obligation initial appointment please call...

01229 811811

and ask for the Conveyancing Department