

## GUIDE TO MOVING HOME



The sale of a property usually takes place in four stages. Until contracts are exchanged the agreement is not binding on any party, who can withdraw at any time without reason and without paying compensation to the other. Once contracts are exchanged, however the agreement is then binding on all parties and if there is any attempt to withdraw from the contract that party would have to compensate the other for any loss which may be suffered.

### **Pre Exchange**

#### **Negotiating**

Let us assume you have found the house you wish to buy. You will now be negotiating terms for the purchase and unless you are a first time buyer you will also negotiate terms for the sale of your present home.

#### **Draft Contract**

Now the seller's solicitor prepares a contract for the buyer's solicitor. For this purpose they will need to obtain the Title Deeds to the property which are normally held by the seller's building society, insurance company or bank as security against the existing mortgage of the seller and will need the account details in order to do this.

The lender will charge the owner a fee for the release of the deeds which is usually charged to the mortgage account. Alternatively, they may be held at home by the seller or by his solicitor or bank in safe custody.

Nonetheless, andrews ritson has direct access to HM Land Registry and, in the majority of cases, we are able to obtain copies of your Title Deeds instantly, thereby avoiding delays of up to two weeks in the preparation and submission of a contract to the buyer's solicitor.

The seller's solicitor will also need the seller to complete and return various information forms relating to the property. These are known as the Protocol Forms.

### **Contract**

Once the deeds and any other relevant documents have been received and the contract has been prepared, the seller's solicitor will send a copy of the contract and the other documents to the buyer's solicitor for approval.

If the contract is approved, one copy is retained by the buyer's solicitor for signature by the buyer and another copy retained by the seller's solicitor for signature by the seller. Once agreement has been reached on all the terms of the contract, including price and completion date, the two contracts will be exchanged and then the transaction becomes legally binding. Each person then holds an identical contract signed by the other and can enforce that against him or her.

### **Investigation of Title**

The buyer's solicitor will investigate the deeds to ensure that the seller is able to sell the property unencumbered and that there are no restrictions preventing the buyer from occupying the property or dealing with it as they intend. The buyer's solicitor may also make enquiries with the seller's solicitor about anything of concern.

The buyer's solicitor will also make appropriate searches with various authorities, for example local searches to enquire about planning history and road-widening proposals, mining searches to enquire about any mining activities in the area, environmental searches to ensure that the property is not built upon contaminated land, and drainage searches to ensure that the property drains into a public sewer. At andrews ritson, we shall use our expertise to ensure that only appropriate searches are carried out to save time and money.

You should also satisfy yourself on the structure of the property by arranging an independent survey to be carried out. If you are having a mortgage, your lender will insist upon carrying out their own valuation but this is for their own purposes and we strongly recommend that you arrange an independent survey. Because of our links with local surveyors, we are often able to arrange this on your behalf more quickly and cheaply than if you were to do so yourself.

Normally, upon exchange of contracts, a deposit of 10% of the purchase price is paid on the property being bought. If a sale is involved we would usually be able to use any deposit received on the sale for the property being bought. Very often, we are able to negotiate a deposit of less than 10%, for example, where a first time buyer is obtaining a 95% mortgage advance.

The exchange of contracts takes place between solicitors by telephone using a formula adopted by the Law Society. On exchange of contracts a completion date is agreed. This is the date when ownership of the properties will pass, when you can move into the property you are buying and when you must leave your present property to allow your buyer to move in. There can be a gap of anything between a few days and a few weeks between exchange of contracts and completion depending upon the circumstances.

Sometimes completion takes place at the same time that contracts are exchanged, although this is not always practical, particularly when a chain of transactions is involved, as parties will require some notice to book removals, contact utility providers, and do the packing! Remember, the completion date is only certain once contracts are exchanged and occupation of the property by the buyer will not normally be allowed until then, when all the monies have been paid.

We will normally telephone you as soon as contracts have been exchanged, and confirm this in writing.

### **Between exchange and completion**

Technically, it is in this period that the buyer's solicitor checks the title of the property and prepares the document to transfer ownership to the buyer. Generally, however, solicitors usually check title and prepare the Transfer Document at a very early stage.

The Mortgage Document is prepared and this will be explained to the buyer before they sign it. As the obligation of a mortgage is not one to be undertaken lightly it is important that the buyer fully understands the document.

In some cases the transfer only has to be signed by the seller. Otherwise it must be signed by the buyer too, either because the buyer must covenant with the seller to observe the restrictions or because there is more than one buyer and the transfer document contains a declaration of trust.

As we approach the date for completion, the financial details will be worked out and the buyer is asked to provide the balance of the purchase price in return for the deeds and signed transfer

document. We will arrange draw down of your funds directly from your lender, and will require any balance monies to be found by the buyer to be paid by cleared cheque, i.e. bankers draft or building society cheque at least four days before completion or by telegraphic transfer the day before completion, to avoid any last minute delays. At that point you will be entitled to occupy the house and take possession of the keys.

We also carry out further searches electronically, so that the results are instant. This enables us to ensure that no adverse entries have been made by the seller since contracts were exchanged and which the seller must rectify. If you are obtaining a mortgage, we are required to make a bankruptcy search against you and advise the lender of any adverse entries. We do not anticipate any such problems at this late stage; so if you have any concerns please advise us at the outset.

### **Completion**

During this hectic time there is normally no need for you to attend our offices. We will arrange the collection and distribution of monies and the transfer of the legal title to your home, leaving you with the simple task of moving!

Normally, the seller will not be required to vacate until 2.00pm but clearly if there is a chain, all parties will work together to move as early as possible, often before 2.00pm. The keys are usually deposited with the selling agents, who will not be able to release them to the buyer until the seller's solicitor has confirmed receipt of the balance monies by phone. Sometimes the parties will deal with the handing over of keys directly between themselves but only when the monies have been transferred.

### **Post Completion**

What remains to be done is almost entirely in the hands of the solicitors. As the seller's solicitor we shall account to you for the balance of the purchase price after paying off any mortgage, estate agents and ourselves.

If we are acting for you as a buyer, there is rather more to be done. We shall file the appropriate return with HM Revenue & Customs and ensure that any Stamp Duty is paid. This is a Government tax and should not be confused with our professional charges. We obtain the submission receipt and lodge this with HM Land Registry with the application to register the title, and also with a cheque for the Land Registry fee. On the return of the registered title document we shall, if your lender requires, lodge such few documents as they require with your lender. If there is no mortgage, we shall deal with the Title Documents as you wish. We would be happy to look after them for you free of charge.

HM Land Registry has now de-materialised all deeds and documents, so that there is no longer any need to keep copies of deeds as these are available from the Registry. However, we never like to throw anything away and will forward to you all our searches, guarantees, insurance documents etc,

so please keep these in a safe place, as they may well be useful on any subsequent sale or mortgage of the property and could save money and time at that stage.

## **Glossary of terms**

**appropriate searches** -these searches include a Local Search. This is the search in the registers which are maintained by the district council in relation to such matters as road charges and planning decisions.

We also carry out an Environmental Search, Drainage and Water Search and, sometimes a Chancel Check Search. Depending on where the property is situated it may also be necessary to carry out additional searches, such as a Coal Authority Search, Brine Search or Hard Rock Mining Search. Further information can be found in the Searches section of the folder.

**completion** -the date fixed for transfer of ownership, on payment of the price.

**deposit** -part of the purchase price paid at exchange of contracts, normally 10%, although we are often able to negotiate a reduced deposit.

**Energy Performance Certificates** -Energy Performance Certificates have been introduced to help improve the energy efficiency of buildings. Since October 2008, every house that is being sold or rented out requires such a certificate to be given by an accredited energy assessor. The certificate provides "A" to "G" ratings for the building with "A" being the most energy efficient and "G" being the least, with the average up to now being "D". We can assist with providing one of these upon request.

**exchange of contracts** -the exchange of one copy signed by the buyer for another signed by the seller. At this point both parties become committed to proceed.

**mortgage** – a 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.

**preliminary enquiries** -a series of questions addressed to the seller, who is expected to answer from his own knowledge about such matters as disputes with neighbours, or work to be done on the property needing building regulation approval, or rights enjoyed over the property.

**protocol forms** -these are the standard forms that are completed by the seller at the outset of the transaction and consist of the seller's Property Information Form and Fixtures, Fittings and Contents List. If the property is leasehold, then there will also be a seller's Leasehold Information Form. These are questions about the property which the seller should be able to answer without too much difficulty. Of course should you have any queries, we are at the end of the phone, or you can call in to see us. The Fixtures, Fittings and Contents List is filled in by the seller in order to indicate which items are or are not included in the sale price.

**registration of title** -ownership of unregistered land is proved by showing its recent history as recorded in the deeds. In all areas of the country, title to land now has to be registered at HM Land Registry on completion of a purchase. The Register records ownership and all important details of rights and liabilities and any mortgages affecting the property. All title registers are now held electronically and paper copies of Land or Charge Certificates are no longer issued.

**Stamp Duty Land Tax** -this is a tax on property transactions where the price exceeds £125,000. In some areas, tax exemptions may apply.

### **Stamp Duty Thresholds**

£125,001 -£250,000 -1% Purchase Price

£250,001 -£500,000 -3% Purchase Price

£500,001 -4% Purchase Price

Different rates apply if you are buying a second home or if you are using a company to buy the property.

**transfer** -the document transferring ownership.

### **Frequently Asked Questions**

What is meant by registering the transaction?

Following completion, the buyer's solicitor will lodge an application with HM Land Registry to register the new buyer as the owner of the property. HM Land Registry will remove the name of the seller from the register and produce a new ownership certificate in the name of the buyer.

What does Joint Ownership entail?

If the property is being bought in the names of more than one buyer it is important to decide how you wish to own it. This can be as joint tenants or tenants in common. These terms have nothing to do with leasehold property but instead take effect on the death of one or more of the joint owners. Joint buyers should let us know how they wish to hold the property so we can give effect to this.

Joint Tenants -When a joint tenant dies, his or her interest in the property automatically passes to the other owner(s) irrespective of anything contained in his or her will. This is typically used by couples where the main beneficiary will be the co-owner and who are not expecting to leave sufficient assets on their death to require inheritance tax planning.

Tenants in Common -The property is divided between the owners in set shares. If one dies his or her share then passes under the terms of the will or intestacy; this may not be to the co-owners. This is typically used where a group of friends are buying a house together, where there are tax-planning reasons for leaving an interest in the house to, say, the children rather than to the partner, or where a relationship has broken down. It may be necessary to record the terms of ownership by the preparation of a Declaration of Trust, e.g. where one party is contributing more than the other, and again you should notify us of this at an early stage as we have the expertise to prepare such documents on your behalf. It is possible to sever the joint tenancy after you have purchased and change it from one method of ownership to another, e.g. joint tenants to tenants in common; for example for tax planning or matrimonial reasons.

Why do chains cause delay?

Assuming you are not a first time buyer, you are likely to need to use the proceeds of sale from your existing property to fund the purchase of the new house. You will, therefore, need to ensure that completion takes place simultaneously on both transactions unless you are prepared to either take out a bridging loan (which can prove very expensive) or move into rented accommodation (which can be disruptive, particularly if you have to put your possessions into storage).

It follows that you will want to exchange contracts simultaneously in order to avoid being committed on a purchase while your own buyer can withdraw without penalties. If your buyer and seller also have to tie their own move in with simultaneous transactions then it can be appreciated that one hitch can hold up a large number of related sales.

What is gazumping?

In a rising property market, there is a risk that the seller will take advantage of the fact that the value of their property has risen since they accepted an offer. The buyer may have spent considerable sums on legal costs and search fees only to be told that the seller will not exchange contracts to sell to him unless an increased price is offered, or when the seller has received a higher offer from another party. Remember, neither the seller nor the buyer is legally bound until contracts are exchanged. The practice is not unlawful although it has been rare since the housing boom of the 1980s.

Why does a survey need to be done before a mortgage offer is made?

Before making a mortgage offer the lender will arrange for the property to be surveyed. The survey is undertaken to ensure that the house is of adequate value to secure the money being lent. It may also identify possible problems with the property, which are evident on a casual inspection. You will generally be able to see this survey. We do not advise you to place reliance on this, however, as its scope will generally be very limited.

In addition it is possible to obtain a home buyer's survey, which will provide more detailed information with regard to the condition of the building. The lenders survey can generally be combined with a home buyer's survey. Some lenders do not provide this facility and should you require such a survey we can put you in touch with a suitable surveyor.

Please bear in mind that the seller is under no obligation to divulge details of the state or condition of the property and it is very much a matter for the buyer to check the position.

## **Useful Reminders upon Completion and Exchange**

### **Services**

Arrange to have the gas and electricity meters read and for the contract for the supply of the services to be transferred on completion. Contact BT or your telephone/broadband provider to arrange for the contract to be transferred and the central meter read.

### **Water Rates**

We will not make apportionments of water rates as between seller and buyer on completion. The water company now carries out this apportionment. For the sale of an existing property they will bill you up to the date of vacating the property and if you have made an overpayment they will let you have a rebate direct. You will receive an account from the date you move into your new property in relation to that property. You should contact the appropriate water board requesting the apportionments.

### **Council Tax**

Contact the appropriate district council to advise them of your change of address. If you are moving between different districts the two councils will make any necessary apportionments.

### **Removals**

We do not advise you to book your removals until contracts have been exchanged, although it is wise to obtain prices and make a provisional booking as early as possible. You should only confirm your booking once contracts are exchanged. If you are undertaking removals yourself you should note that your household contents policy is unlikely to cover goods in transit and you should therefore make special arrangements with your insurance company.

### **Insurances**

The law has changed in recent years. It is now the buyer's responsibility to insure the property at the date of exchange.

If you are implementing life insurance to cover the amount of the loan please bring this into effect on exchange of contracts or alternatively let us know the details of the insurance so we can tell your insurance company to put the cover in force.

## **Endowment Insurances**

You will be on risk to complete the purchase of the property with effect from the date when contracts are exchanged. It is important, therefore, that your endowment life insurance policy is ready to be put in force immediately on exchange of contracts. Often this will be done for you by your bank or building society. Unless you give us instructions to do so, however, you should make arrangements yourself with your own broker or directly with the insurance company to ensure that all will be ready for the policy to be made effective from the date of exchange.

## **Keys to the Property**

Please let us know what you are doing with the keys. If you have sold via an estate agent, it is generally best for you to deliver the keys to them. We do not advise you to hand the keys directly to the buyer unless we have confirmed to you that we have received the full sale proceeds. The buyer will normally be able to collect the keys from the estate agents as soon as the seller's solicitor has received the sale proceeds.

If you are having difficulties obtaining the keys on the day of completion, please let us know immediately.

## **Mortgage Payments**

If you are selling a property please do not cancel any standing orders prior to completion. You should only cancel your standing order once contracts are exchanged. We will receive a redemption figure from your lender showing the amount needed to redeem the mortgage on the day of completion. Any overpayments made by you but not taken into account in that statement will be refunded by your lender following completion.

If the statement shows an "early repayment charge" please let us know whether you consider this is payable, as very often this charge is transferred to your new mortgage, if it is with the same lender.

Following completion of any new mortgage the bank or building society will write directly to you advising you of the date on which your mortgage repayments will commence. This is normally two to four weeks after the date of completion.

## **Television Licence**

You should update your television licence with your new address by telephoning 0844 800 6790, or writing to:

TV Licensing

Barton House

Bond Street

Bristol

BS98 1TL

[www.tvlicensing.co.uk](http://www.tvlicensing.co.uk)

### **Tips for Moving House**

6 -8 weeks before your move

- Instruct us to act on your behalf and guide you through the process
- Research your new area for restaurants and shopping as well as finding out your new council.
- Check the contents of lofts and attics and dispose of any unwanted items.
- Sort through your possessions and decide what you wish to take with you when you move.
- Research local schools in your new area and arrange for your children's records to be transferred to their new schools.

5 weeks before your move

- Have your car serviced particularly if you are moving far away.
- Start to pack-up non-essential items and ensure to label all boxes with the details of their contents and which room they are going to.

4 weeks before your move

- Finalise your moving date.
- To ensure you get the date and the company you want book your removals as soon as possible. Fridays and Saturdays can be more expensive and get booked up well in advance.

- Check your home contents insurance policy to see what cover you have regarding moving home. Your removal company can provide this if you are not covered.
- Arrange for parking of the removal van outside your current and new addresses. Removal companies can arrange this but they will charge for it.

### 3 weeks before your move

- Finalise your moving date.
- Order boxes, bubble wrap and packing materials so you can start packing in good time and not leave everything to the last minute.
- Let your broadband supplier know as soon as possible that you are moving to ensure you are not penalised for shutting down your account
- Order change of address cards to send out to friends and family.
- If you are moving out of the local area you will have to notify your doctor, dentist and optician and register with new ones in your new area.

### 2 weeks before your move

- See who offers the best deal on gas and electricity at your new home. The size and postcode of your new home will affect your gas bill so it is worth investigating all the options.
- Inform credit card, store card and insurance companies of your new address.
- Book pets into kennels/cattery etc. for moving day.
- If possible arrange childcare on moving day or set aside an area of the house for them to play in with some of their toys.
- Inform your cable/satellite operator of your moving date or if you wish to start up this service check to see if they are available in your area.
- When you move home you are required to register your change of address to be eligible to vote.
- Inform the DVLA of your change of address. Failure to do so is an offence.
- Start to empty your freezer and throw away any out of date tins and jars in your kitchen cupboards.

- Review the security arrangements at your new home. At the very least we recommend that you change the locks on all your outside doors as you don't know who may have had access to the keys.

#### 1 week before your move

- Notify your local councils (current and new) of your change of address. Council tax is calculated on a daily basis so you could be due a refund.
- Call your home phone company to transfer your account. Request that they disconnect your current phone as late as possible on moving day.
- Contact your bank/ building society with your change of address.
- Inform TV Licensing of your change of address. Keep hold of your current licence as you will not be issued a new one until your existing one expires.
- Contact your mobile phone network to let them know your change of address.
- Arrange to have your mail forwarded to your new address.
- Shut down and set up your water accounts.
- Settle all outstanding accounts with the milkman and newsagent.
- Check with your estate agents when the keys to your new home will be available on the day of your move and what you should do with your own keys. Spare keys should be labelled and left in a secure place in the house.
- Pack a box for use in the new home to include light bulbs, toilet rolls, candles, screwdriver, matches, cash and a note of important telephone numbers. Put this in your car.
- Empty, disconnect and drain pipes of your dishwasher and washing machine. Secure the drum with travel brackets.
- Empty your fridge and freezer of any unwanted food.

#### Moving Day

- Please remember to take final meter readings for Gas, Electricity and Water.
- Remove all bedding and clearly label the box for immediate unpacking for the first night at your new home.
- Identify to the removers anything that is not to go to the new home.

- Once van is loaded do one last check around the house to ensure all items have been packed.

Day 1 in your new home

Provide final meter readings for gas, electricity and water to your suppliers. Surrender parking permits from your old address and apply for a new one if applicable.



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