



What follows is an outline of the various stages of a straightforward residential property sale/purchase where there is no chain and the buyer requires a mortgage

## RESIDENTIAL SALE/ PURCHASE OVERVIEW

### STAGE 1

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- Offer accepted by the Seller
- Buyer and Seller instruct solicitors
- Seller's solicitors obtain the **title documents and/ deeds\*** to the property
- Buyer makes mortgage application and arranges **insurance\***
- Seller completes Property Information Form and Fittings and Contents List (and Leasehold Information Form where it is a leasehold property)

### STAGE 2

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- Seller's solicitor receives title documents/ deeds and then prepares and sends **contract documentation\*** to the Buyer's solicitor. The Buyer's solicitor checks the documentation and makes enquiries to ensure no legal problems with the property.
- Local Search\*** request sent to Local Authority by Buyer's solicitor
- Survey/ Valuation\*** undertaken on behalf of Buyer

### STAGE 3

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- Buyer receive formal **mortgage offer\*** from Lender
- Buyer's solicitor receives satisfactory search results and replies to enquiries
- Buyer's solicitor reports in full to the Buyer on the proposed purchase and any outstanding issues
- Buyer attends solicitor's office to sign Contract and hand over **deposit money\***
- Seller signs Contract
- Date for **completion\*** informally agreed between parties

### STAGE 4

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- Exchange of contracts\***
- Insurance\*** activated
- Buyer's solicitor requests mortgage money from lender

### STAGE 5

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- Completion\***
- Seller vacates property
- Buyer collects keys from estate agent.
- Buyer's solicitor pays stamp duty and registers the Buyer as the new owner of the property with the Land Registry

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The registered office is at Orwell House, 16 – 18 Berners Street London W1T 3LN and a list of directors is available for inspection at the registered office.



*\* Please see attached key word definitions*

## **KEY WORD EXPLANATION (ALPHABETICALLY)**

### **COMPLETION**

The day when the property changes ownership from the Seller to the Buyer. On this day the Seller must vacate the property and the Buyer can pick up the keys from the Estate Agents (if any) to move in. The balance of the purchase money is sent by the Buyer's solicitors to the Seller's solicitors. Buyers should not expect to move in early on the day of completion because usually the Seller will be moving out on the same day. Normally a Buyer will be able to collect the keys by about 1.00pm. The Seller's solicitor pays off the Seller's mortgage (if any) on this day.

### **CONTRACT DOCUMENTATION**

This is a package of documents sent by the Seller's solicitors to the Buyer's solicitors. This contains a copy of the title deeds, purchase Contract, the Fittings and Contents list showing what is included in the price, further property information including relevant planning permissions etc. It will also include a plan needed for the Local Search (see below).

### **DEPOSIT MONEY**

This is a sum of money which is payable to the Seller's solicitors on Exchange of Contracts (see below). A maximum of 10% of the purchase price is payable to the Seller's solicitor on Exchange of Contracts. Any remaining balance is paid over on Completion (see below).

If a Purchaser's mortgage is more than 90% of the purchase price the deposit which is usually accepted is the difference between the loan amount and the purchase price, e.g. 95% mortgage = 5% deposit.

One of the reasons the 10% deposit is paid on Exchange of Contracts is to deter the Buyer from pulling out of the transaction after exchange has taken place. If the Buyer does so then the deposit is lost.

### **ENERGY PERFORMANCE CERTIFICATE**

A Certificate which must be obtained by the Seller and produced to the Buyer which contains information about the property's energy use and typical energy costs and recommendations about how to reduce energy use and save money.

### **EXCHANGE OF CONTRACTS**

The point in the process where the Seller and Buyer become legally bound into selling or buying the property. Until Exchange of Contracts there is no legal requirement for either the Buyer or the Seller to proceed.

Exchange is basically a telephone conversation between the Seller's solicitor and the Buyer's solicitor in which the date for Completion (see above) is formally agreed. This happens after the Buyer and Seller have seen their solicitor to sign the contract. Deposit Monies (see above) are paid to the Seller's solicitors at this point by the Buyer's solicitor. New Home purchases normally have a 28 day Exchange of contracts deadline.

A Buyer should not proceed to Exchange of Contracts until their solicitor is satisfied that all legal matters relating to the property are in order and until they have received a satisfactory Survey/Valuation (see below). Also very important is that the Buyer has received a satisfactory Mortgage Offer (see below) since until this has been received the Buyer cannot be sure that their lender is willing to lend the money needed to complete their purchase.

You should not serve notice in respect of an existing Tenancy Agreement or confirm your instructions to a removal company until your Solicitor has confirmed the date for Completion on Exchange of Contracts.

### **INSURANCE**

On Exchange of Contracts a Buyer will normally be liable to insure the property they are buying. If you are a Buyer and are not arranging buildings insurance through your mortgage lender then you must make sure that your insurance is in force upon

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Exchange of Contracts. The Seller however should not cancel their buildings insurance until the day of Completion (see above) of their sale.

If the Buyer is having an interest only mortgage or is arranging mortgage protection insurance then they must ensure that the life policy is ready to be started by Exchange of Contracts.

#### LOCAL SEARCH

This is an enquiry form sent to the appropriate Local Authority to find out, for example, whether the road outside the property is publicly maintained, whether proper planning permissions have been obtained for extensions etc. The Search related only to the property itself and does not give details of proposals to develop neighbouring property or land near to the property. The Search also does not give details of any parking restrictions which affect the local area. Buyers must therefore ask their solicitor to investigate specific matters of they have any concerns relating to land or property adjoining the purchase property. The Buyer's solicitor can then ask more specific enquiries of the Local Authority. Additional property searches, such as DevAssess and Plan Search Plus, are also available for purchase and these provide further information about the neighbouring area. The Buyer should speak to their solicitor about these extra searches and the costs involved.

#### MORTGAGE OFFER

This is where the Buyer's lender formally offers to lend to the Buyer the money required for their purchase. The Buyer's solicitor also receives instructions to act on behalf of the lender when the mortgage offer is issued. If the Buyer's solicitor is not on the lender's panel of solicitors another firm can provide separate representation to the lender alone and this does not stop the Buyer's solicitor from continuing to act for the buyer on the purchase.

The Buyer's solicitor has no contact with the lender until the offer is issued. The Buyer should therefore keep themselves fully informed as to the progress of their mortgage application to make sure that their offer is not delayed. The Buyer should also remember that Exchange of Contracts cannot take place until the mortgage offer has been issued.

#### SURVEY/ VALUATION

The Buyer's mortgage lender or their broker should advise the Buyer as to the types of valuation/ surveys available. The Buyers mortgage lender will arrange their own valuation as part of the mortgage application to check that the property is structurally sound and so good security for their loan. The Mortgage Offer (see above) will not be issued until after the Survey/Valuation has taken place.

It is often possible for the Buyers mortgage lender to arrange for their own surveyor to carry out a Home Buyers Report or a full structural survey at the same time so that only one surveyor needs to attend the property.

With a basic mortgage lenders valuation there is normally only a Contract between the surveyor and the mortgage lender. Therefore, if the surveyor misses a problem then practically only the mortgage lender will be able to sue the surveyor. If however the surveyor also prepares a report for the Buyer then the Buyer would also be able to sue that surveyor.

If you are a Buyer you must ensure that your surveyor fully checks the condition of the property including for example whether or not the central heating/boiler is in full working order prior to Exchange of Contracts. However, a surveyor may often qualify a survey report by stating that a qualified plumber or electrician is the only appropriate person to undertake an inspection of the boiler/central heating or electrical systems. In the normal course of undertaking their duties the Buyer's solicitor will not check such matters as they are normally covered by the survey. A mortgage lender's valuation is not normally comprehensive enough in this respect s it is for the mortgage lender's sole benefit.

#### TITLE DOCUMENTS/ DEEDS

These are the documents which prove the Seller's ownership of the property. The Land Registry issues an electronic, official copy, Title Deed. Other relevant documents such as planning permissions, NHBC documentation etc. are often held with these.