

Four Main Stages of Buying and Selling

Stage 1: Pre Exchange

Investigation of the property you are buying is essential, so you know exactly what it is you are buying and to make sure the seller can legally sell. This investigation is carried out by your solicitor and is called the "pre-contract investigation" it includes an investigation of the legal Title (to ensure the seller can legally sell), the seller provides information by filling in a Property Information Form and Fittings and Contents Schedules. The information includes what items are included in the sale price, whether there are any neighbour disputes or not, whether there are there any plans for development nearby, enquiries of the local authority and various utility companies, survey and finance. We will check the Mortgage Offer and provide a report on the Offer.

When this investigation has been completed, you are in a much better position to decide whether you still want to purchase. If you do, you must sign the contract and pay the deposit. You are then obliged to buy or to sell at this stage.

Stage 2: Exchange

On exchange the obligation to buy and sell arises. This obligation must be performed on the completion date. The contract drafted by your solicitor is signed by you and the other party, the deposit is paid and the completion date is fixed. The deposit is traditionally 10% of the purchase price, though a 5% deposit is often accepted.

Stage 3: Completion

The completion date is the date the parties move house and completion is usually between 1 pm and 2 pm (depending on the banks). It is usually better to avoid Fridays.

If completion does not take place on time under the contract, the seller is entitled to charge interest until actual completion or may be entitled to terminate the contract, if the seller does terminate the contract will be entitled to retain the deposit. If you have only paid 5% you will be obliged to pay the additional 5%, the seller can also claim compensation for other losses e.g. re-selling at a lower price.

Stage 4: Post completion

On completion the solicitor pays the stamp duty and then registers the transaction with the change of ownership procedures at The Land Registry.