



Q&A GUIDE

Making the Conveyancing process stress free



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1a) Q&A: Enquiries raised by the Buyer's Solicitor

Question	What are restrictive covenants?
Answer	<p>A restrictive covenant is a private agreement between land owners where one party will restrict the use of its land in some way for the benefit of another's land.</p> <p>Restrictive covenants, once agreed between the parties, are placed in the title deeds to the property. They bind the land and not the parties personally. Your buyer is asking you to confirm that these have not been breached.</p> <p>Once we receive the Buyer's Solicitor's enquiries, we will highlight the relevant sections on the title for you to read.</p>

1b) Q&A: Enquiries raised by the Buyer's Solicitor

Question	Why do I need to obtain documents from the Local Authority?
Answer	<p>The local authority search is a search of the local authority's records, including planning, building control, highways department etc. It is a search of the subject property only.</p> <p>You should hold documents from when you carried out the works or if the works are prior to your time of ownership your previous solicitor (from when you purchased) should have obtained these for you. If you do not hold these your buyer's solicitors are asking that copies be obtained from the Local Authority. Please have a look at their website for details on how to order copies.</p> <p>Once we receive the Buyer's Solicitors enquiries, we will highlight the relevant references on the extract from the local authority search which will assist you in obtaining these documents.</p>

1c) Q&A: Enquiries raised by the Buyer's Solicitor

Question	What is a retention/Allowance?
Answer	<p>The buyer solicitor has asked you to deduct money from your sale price to cover a 'Retention'. This is not a legal issue but a commercial decision only you can take.</p> <p><u>What is a retention?</u></p> <p>A sum of money deducted by the buyer to cover the risk of a shortfall in 'service charge underpayments' covering your period of ownership but only revealed often up to a year after you move out (<i>simply because it takes that time for the Management Company accounts to be completed, sent to their accountant, audited and certified and returned to the Management Company to issue</i>).</p> <p><u>What is an allowance?</u></p> <p>You simply <u>agree to deduct the retention figure from your sale price and forget about it</u>.</p> <p>Most clients choose this because it is cheaper in the long run, faster and cleaner. If you choose to give with a one-off allowance and not a retention I will, as goodwill, carry out the extra work for free, to amend the contract to add this extra deduction clause (called a legal 'allowance').</p>

1d) Q&A: Enquiries raised by the Buyer's Solicitor

Question	What is an indemnity Insurance – why is this needed and what does it cover?
Answer	<p>Legal indemnity insurance is obtained in order to offer protection to a buyer (and a lender) where there is a defect in the title which cannot be resolved. It often provides a quick and low-cost alternative to the work required to correct a defect which will usually cost several hundred pounds in legal fees and will take several weeks.</p> <p>The premium for a legal indemnity insurance policy is paid only once, and in most cases is automatically transferred to successors in title and lasts for the life of the property.</p>

	<p><u>If you are purchasing:</u> It should be remembered, and be pointed out, that legal indemnity insurance does not remedy the insured defect, but merely offers financial compensation. You should also check each policy individually to see what actions might invalidate the cover. For all indemnity policies however, it is a condition that their existence must not be revealed to third parties.</p> <p><u>How much will an indemnity insurance policy cost?</u></p> <p>The premiums for indemnity insurance policies are charged on a sliding scale, depending on the value of the property, and they also vary depending on the risk insured. The cost will range from as little as £20 to as much as £300, or occasionally more for a non-standard policy.</p> <p><u>What will an indemnity insurance policy cover?</u></p> <p>The answer to this question depends on the particular risk you are intending to insure, but basically indemnity insurance covers loss of value to the property and legal costs.</p>
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2) Q&A: Survey

Question	Can you help me with my survey results?
Answer	We look at the legal aspects of the property and we can help you to order your searches. This looks at whether any documents to change the look of the property has been lodged at the local authority and any other information of the surrounding area. The survey is about the structural elements of the property and your estate agents are the best people to help you arrange this.

3a) Q&A: The Governments requirements for Anti-Money Laundering documents

Question	Can I email all the ID documents to you rather than send these by post?
Answer	Given the high risk and ongoing cyber fraud affecting conveyancers in general we strongly advise that you

	send all your ID documents in hard copy via post for your added protection and safety.
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3b) Q&A: The Governments requirements for Anti-Money Laundering documents

Question	With the ID, why does it have to be the specified documents only as stated on the ID3 form?
Answer	These documents are required under the UK government rules and regulations. Only certain documents are valid as proof of address and this is a requirement you must satisfy in order to sell/buy.

4) Q&A: Fees

Question	Why do I need to pay extra to have my completion take place sooner - What is the expedited fee for?
Answer	<p><u>20 working days between exchange and completion:</u></p> <p>The Law Society Conveyancing Contract states you leave 20 working days between exchange and completion dates. If you wish to amend this to a shorter time period then you can do so. However, it will involve solicitors squeezing in 20 days work into less days; for which solicitors charge an expedited fee.</p> <p><u>Expedited: 16-20 working days:</u></p> <p>We make no charge for goodwill purposes.</p> <p><u>Expedited: Less than 15 working days between exchange and completion:</u></p> <p>This is so short that we have to charge something. For additional work the SRA costs code allow our terms to charge an hourly rate (at £200 per hour). This could take in the region of up to two additional hours. However for goodwill we charge a one off discounted charge of between £97 to £149 (depending on how many days you leave and how busy we are). I hope this helps you. I repeat however that whilst the Law Society Contract of Sale (5th Edition) asks you to leave</p>

	<p>20 working days we will try to meet an expedited date and we will charge a nominal discounted rate for this additional work.</p> <p>Note: If you do want an expedited completion date of less than 20 working days then please let me know as soon as possible. This will allow me to check whether we can fit you in. There is a lot of additional work to be done and I will need to double check with my completion diary to ensure I can accommodate you.</p>
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5) **Q&A:** Timeframes for exchange once the file is ready to exchange

Question	How long until we can exchange?
Answer	The only thing outstanding is for you to agree a date with the buyer/seller. The estate agent can help you with this as they are able to put you and your seller/buyer in direct contact. If I can get a date agreed from you today, I can exchange for you today.

6) **Q&A:** Report on Title

Question	<p>I have received the report on title but do you think everything is ok and there is nothing in the paperwork to worry about.</p> <p>Do I have to read everything?</p>
Answer	<p>From a legal point of view, we have covered everything to ensure that the property is legally sound, which is why we are able to report to you. It is now for you to check whether there is anything within this report, which will affect your personal circumstance, which I am not aware of.</p> <p>As soon as you return the report with your signed paperwork, you will be in a position to exchange.</p>

7) Q&A: Lenders charges

Question	My Lender has charged me an early re-payment charge, why can't this be removed without the lender confirming in writing?
Answer	<p>We have contacted your lender and they have sent out a statement saying this amount is payable to them and will need to be sent to them on completion.</p> <p>This amount includes your lenders early re-payment charge. Their instructions are that this is the money that has to be paid on completion for them to remove their charge on your property.</p> <p>If your lender has agreed something different with you, then as you have a customer relationship with the bank you would need to ask them to send this to us in writing. This is to protect you from being in breach of contract if they later state that the Early Repayment Charge was payable.</p>

8) Q&A: Gift Paperwork

Question	<p>Why do I need to complete the gift paperwork?</p> <p>Why does the donor need to complete all the ID documents and get a solicitor to witness these documents?</p> <p>I have already informed my mortgage broker and/or lender that I am receiving a gift, so why do I need to complete the paperwork?</p>
Answer	<p>The government has very strict regulations with what they require all buyers to do. One of the main requirements is that the government needs you to show where all of the purchase money is coming from, and they require us as solicitor to make sure that this is complied with.</p> <p>Also, as you are getting a mortgage to help you buy the property your lender needs both you and your donor to provide both ID and Source of Funds documents together with signed declarations confirm that the money is a gift.</p>



	<p>If the requirements of both are not fully satisfied your lender won't release the mortgage funds and the government wouldn't let you purchase as all buyers have to comply with these.</p> <p>To help you make sure that you comply with both the governments and also your lender requirements and buy your new home, we have simplified everything for you into a few documents. If you follow the process we've set out this will ensure that you can move forward with your purchase. We have never had a client not comply with the governments or their lender's requirements when they have followed our process.</p> <p>Our process ensures the transaction proceeds quicker, more efficiently and is usually cheaper in the long run than liaising between the lender ensuring their requirements are satisfied in regards to the gift paperwork.</p>
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9a) Q&A: Deposit

Question	I do not have a 10% deposit for my purchase but I have a related sale, so can the deposit funds come from my sale?
Answer	As your deposit is coming solely from your sale, then you will not need to provide the 10% deposit in cash. We will take care of transferring the full deposit from your sale to your purchase on exchange.

9b) Q&A: Deposit

Question	I have a 15% deposit, why do I have to only send a 10% deposit?
Answer	<p>Whilst you may have agreed with your lender to provide a 15% deposit, for exchange you just need to put down 10% of the purchase price.</p> <p>Once exchanged we will send you a completion statement advising on the remaining amount to send us.</p>

9c) Q&A: Deposit

Question	Why am I on my sale receiving a reduced deposit from my buyers on exchange?
Answer	<p>Sometimes your buyer will not always be able to provide a full 10% deposit, this may be because they are obtaining a 95% mortgage, or they are receiving less money coming up the chain.</p> <p>What this means for you is that on exchange less than the usual 10% deposit will be put down. For yourself, the contract provides that if anything goes wrong and the buyers cannot complete then after a process is followed, you are able to keep the buyers 10% deposit. If the buyer doesn't put the 10% deposit down, then this doesn't mean you aren't entitled to it, it just means that you would have to pursue it via litigation.</p> <p>The chance of a failed completion is slim, but still a risk for you to be aware about.</p>

9d) Q&A: Deposit

Question	When and where do I need to send the deposit?
Answer	<p>Once we report to you on title, we will send you a letter which tells you the next steps you will need to undertake to proceed towards exchange (steps A-D). The deposit will be under step C.</p> <p>In readiness for exchange of contracts please send 10% of the purchase price immediately (unless you have a related simultaneous sale, in which just send the difference).</p> <p><u>When to send Deposit:</u> <u>As soon as possible</u> because your seller solicitors will not allow you to exchange contracts without knowing that you have transferred to our account cleared deposit funds.</p> <p><u>Where to send Deposit:</u> By Bank CHAPS/ TT (telegraphic Transfer) and not by BACS and cheque (to avoid clearance delays).</p>

10) Q&A: Building Insurance

Question	When do I need to arrange building insurance to be in place for?
Answer	<p>Once we report to you on title, we will send you a letter which tells you the next steps you will need to undertake to proceed towards exchange (steps A-D). Arranging building insurance will be under step C also.</p> <p><u>1): BUILDING INSURANCE POLICY</u></p> <p>You need to purchase building insurance to exchange as from exchange you take liability in the event of fire or damage to the property.</p> <p><u>i): Your lender will not allow you to exchange contracts without you: -</u></p> <p>Firstly, purchasing building insurance prior to exchange of contracts; and Secondly, sending to us a copy of both your insurance schedule before you exchange.</p> <p><u>ii): Purchase building insurance from your lender because:</u></p> <p>a): If you buy your own insurance, and it is wrong (i.e. does not meet your lender's mortgage conditions or those of the Council of Mortgage Lenders) then you risk losing your 10% deposit and being sued for other losses such as hotel bills if the seller does not move in time and cost of their removals). This is because the lender may delay sending you the deposit unless all of these conditions are met.</p> <p>b): But if you buy building insurance from your lender you are safe: Because if your lender gets the insurance wrong, then they are liable not you. It means you will not lose your 10% deposit for lack of suitable insurance.</p>

11a) Q&A: After Exchange

Question	Why do I have a shortfall, my broker has checked I have enough money?
Answer	The fact that there is a shortfall does not mean that you do not have enough money to purchase the property. As solicitors, the government and your

	<p>lender require us to look at the purchase price, stamp duty and any other fees (such as legal) fees and make sure that after your mortgage that you have enough to cover the rest.</p> <p>When we say shortfall all we mean is the difference between your mortgage and the amount you need to buy the property taking into account all the above fees.</p> <p>All that you need to do to finalise this is send us a copy of your bank statements showing the difference, as per our calculations, in your account.</p>
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11b) Q&A: After Exchange

Question	Why do I need to send the rest of the money and what happens now? (after the exchange call)
Answer	<p>Our dedicated completions team will now be working on preparing a completion statement for you.</p> <p>They usually wait for the seller's solicitors to send us theirs first. You should expect to receive the completion statement 5 working days before completion and you will be required to send us the money to be in our account by the day before completion.</p>

12) Q&A: Lender

Question	Why can't you as my solicitor chase my lender to get a quicker response?
Answer	<p>We can chase your lender for you but your lender has specifically stated in their rules, under the CML handbook, that we can only chase them in writing. So, if you would like us to draft a letter and send this in the post then we can.</p> <p>We usually find that in fact solicitors over chasing lenders can sometimes cause the application to be put at the back of the pile of applications. However, as you have a direct relationship with the lender due to you being a client of theirs, your lender will usually respond to you quicker due to the client relationship between yourselves. You can also contact the lender directly as you can speak to them over the telephone</p>

	<p>which will be quicker than relying on the postal system.</p> <p>If you have a mortgage broker acting on your purchase, they can also chase the lender directly on your behalf which achieves a quicker response.</p>
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13) Q&A: Management Company

Question	Why can't you chase the Management Company to get a quicker response?
Answer	<p>We can chase your Management Company/Landlord for you to obtain their responses to the buyer's solicitors enquiries. But once again we usually find that since you have a direct client relationship with the management company, they will usually respond quicker to you as you are a direct client of theirs.</p> <p>There are also sometimes cost implications for requiring further information from the management company once the management pack has been received. We can request further information and chase this on your behalf but the management company may charge additional fees for this, whereas as you are a direct client of theirs they may not charge further fees for this information.</p>

14) Q&A: Documentation on your purchase transaction

Question	Can you tell me what documents you have from the enquiries and can I have copies of the documents you have received from the sellers on my purchase?
Answer	<p>At the moment we are still in the process of title checking which means we are awaiting responses and documentation from the seller's solicitors to ensure there are no issues on the property you are purchasing.</p> <p>As there are still outstanding enquiries which need to be answered, we cannot complete our enquiries and title checking on the property at the moment.</p>

	<p>As soon as we have all the information we need and information your lender requires (if you have a mortgage), then we will send you a comprehensive pack which is called a 'Report on Title.'</p> <p>This comprehensive pack will have all the searches you paid to undertake on the property, correspondence from the enquiries, property information form, fittings & contents form, leasehold information form (if a lease), guarantees, warranties, planning documents, building regulations certificates and copies of deeds and plans from land registry.</p>
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15a) Q&A: Completion Statement Fee Queries

Question	Why am I being charged a lender fee on my Completion statement?
Answer	<p>This applies if you have a lender for your purchase (mortgage) and if you are selling then you have an existing mortgage on the property.</p> <p>Your lender needs someone to act on their behalf during the conveyancing transaction. This can be either us acting on behalf of your lender or an independent third-party solicitor acting on behalf of your lender.</p> <p>We must be on your lenders panel and comply with your lenders rules during the transaction (which is stated in the CML handbook). The work involved acting for a lender imposes strict duties on the solicitor involved. Some of the duties involved are the tasks which we have listed below for you:</p> <ol style="list-style-type: none"> 1. Taking instructions from yourselves with regards to the mortgage. 2. Receiving the mortgage offer from your lender 3. Checking the mortgage conditions contained in the mortgage offer 4. Reporting to you on the mortgage offer 5. Reviewing the lender requirements (under CML handbook) 6. Carrying out pre-contract searches required by the lender 7. Carrying out enquiries required by the lender 8. Carrying out bankruptcy search required by the lender 9. Carrying out the OS1 search in the name of the lender as required by them 10. Checking the mortgage deed and other relevant documents for the lender 11. Preparing the document requesting the mortgage funds for you to complete on the purchase

	<p>12. Making an application to HMLR for registration of the mortgage on the property</p> <p>Similarly, if we act for you on a sale, your lender requires we act for them in order to deal with the removal of the mortgage on the property (redeem the mortgage). We will redeem your mortgage and sort out the post completion formalities in relation to this, so that your buyer can purchase your property.</p> <p>Our lender fees are £297 plus VAT on a sale. On a purchase, our fees are £397 plus VAT.</p>
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15b) Q&A: Completion Statement Fee Queries

Question	Why is there a fee on my completion statement for the 'no move no costs which includes the 'Free 30-day money back happy service guarantee' or the 'fast track priority to exchange'?
Answer	<p>When you instructed us on the 'instruction form' we sent you at quote stage, there is a part on the form called 'terms and conditions' under section 11.</p> <p>This document asks you if you would like these options to apply to you, the costs of these are explained in our 'optional services' document and the instruction form.</p> <p>These fees are £97.00 plus VAT.</p>