

# PROPERTY PRACTICE & PROCEDURE GUIDE

## (Residential Re-Mortgage)

### TITLE

We will not report to you on the title of the property as you are already the current owner (and occupier). We will also assume that the whole of the land and buildings contained in the title is to be remortgaged. Please therefore advise us if there are any additional or separate pieces of land to be included, or if any are to be excluded.

### SEARCHES/INSURANCE

Searches are a requirement of your Lender. However some Lenders will allow search insurance in place of the full searches described below. In order to save you additional costs, we have assumed that you agree to this cheaper and quicker option, such insurance will be taken out on completion. We will also obtain the basic/cheapest level of insurance cover required by your Lender. This will only protect the Lender and not you. As you are already the owner (and occupier) you should already be aware of any defects or issues affecting the property. Please advise us immediately if you wish for the full searches instead to be undertaken on your behalf.

#### Local Search

This is a standard form of enquiries made with the Local Authority in which the property is situated. The search will disclose, amongst other things, whether there are any relevant Planning Permissions or Improvement Grants and whether any road fronting the property is maintained at the cost of the Highway Authority or is privately maintained. It is important that you realise the limitations on the results of the search. The search will primarily only be against the property. Whilst some matters, e.g. possible road developments within 200 metres of the property are covered, no planning information that does not specifically relate to the property will be revealed. If you are concerned about possible development in the surrounding area, you should contact the local Planning Authority direct. This is especially important if the property is next to open land, factories or agricultural buildings etc. If you have any further queries about what is and is not covered by the search, please let us know.

If you intend to develop the property then you should check separately by way of an archaeological survey whether any archaeological investigations are needed. Existing or future planning permissions may require such investigation as a condition of any development.

#### Water & Drainage Search

This search helps to avoid costly mistakes relating to drainage and water assets and owner liability issues under and around the property. The search will show known "mains" and if under existing buildings or extensions could make such constructions at risk of being "unauthorised" and therefore potentially affecting the value and usability of the property. They are also of interest to clients who are buying a property with the intention of developing or extending it in the future. Depending upon the location of water pipelines or sewers, such developments can be refused if the property is situated too close to these assets.

The drains/sewers/pipes that run under private property will usually be the responsibility of the owners under whose land they lie. Only when they join either neighbouring property's drains/pipes or an existing adopted main or meet a public highway do they become adopted 'mains'. We would advise you to have a drains survey to investigate the extent of any potential liability. Septic tanks should also be investigated (including all pipes) to ensure it works and has sufficient capacity. Certain types need more maintenance than others.

#### Envirosearch

An Envirosearch provides essential site history and other environmental information for properties. They detail site-specific current and historical contaminated land information and a range of environmental data. They include details on all past and present contaminating and polluting processes, information on local areas of mining activity, landfill and waste treatment site details, nearby hazardous and radioactive substances, subsidence and probability of radon gas. However, they only use historical data and cannot guarantee there has been no contamination of the property and therefore a site inspection/survey is always recommended especially where any development of the site is intended.

#### Chancel Repair

Until 2013 (and possibly afterwards) there is a risk that the Property may be subject to a Chancel Repair liability. It will be cheaper to take out Title Insurance of around £150 to give you cover rather than investigating matters further. If you need a Mortgage then your Lender will insist on this insurance being taken out. Sellers rarely are prepared to pay for this type of insurance so you will need to pay this.

### NEW MORTGAGE

You should liaise with your Broker/Financial Adviser to progress the Mortgage Application to the formal Offer stage. In most cases, this firm will also be instructed to act for your Lender and we must comply with their Instructions which will accompany your Mortgage Offer. We will report to the Lender on the property and on any other material matter affecting the loan. (If there is any conflict, we would not be able to act for both you and the Lender).

## **BUILDINGS INSURANCE**

It is a term of your mortgage that you insure the property in accordance with their Conditions to the level of cover referred to in their Offer and/or Valuation Report. This must be in force from the day the mortgage is completed. Some lenders require their name to be noted on the policy which you should deal with on completion.

## **COMPLETION**

The completion date is the day on which the new mortgage is completed and any excess monies will be available to you and any existing mortgage will be repaid.

## **POST COMPLETION**

Following completion we shall submit an application for registration of your new mortgage on the title at the Land Registry will then be made and after approximately 4 weeks new Title Entries will be produced. These together with any other important documents will be sent to your Lender.

## **CONFIDENTIALITY**

The information which we hold in connection with any business undertaken on your behalf is confidential and cannot be communicated by ourselves to any party without your consent. There are times when we need to pass on information in your best interests, for example in the case of a purchase the Selling Agent may wish to know the progress of the transaction and whether your Mortgage has been confirmed. If such information is not given the Agent may consider advising the Seller to re-market the property. We have included in the enclosed Terms & Conditions a general Authority to supply information as required in your best interests.

## **TAX IMPLICATIONS**

Whilst we will be dealing with the legal aspects of this transaction to ensure that the new mortgage validly secured, we are not in a position to advise you on any possible tax consequences of the transaction. If you are concerned that there may be such consequences, we would strongly advise you to seek the assistance of an accountant or contact us and we can recommend you to a Financial Advisor whose services you may or may not wish to use.

## **REPAYMENT OF EXISTING MORTGAGE**

If you have an existing mortgage the firm will need to give a promise to your new Lender that we will pay off the mortgage and remove it from the deeds. Fixed rate and Discounted Mortgages often have Redemption/Early Repayment penalties. Please check with the Lender as to whether these will apply as we will need to pay them the full amount shown on their Redemption Statement. Although we will receive a final figure from the Lender for the completion date most Lenders do not guarantee that figure in circumstances such as where they assume a recent payment has or will be made and then that payment is not paid or called back. To cover this situation we make a retention/hold back a sum of £500.00 on completion. We will account to you as soon as we have received confirmation from the Lender that sufficient funds have been paid to them.

(Last updated 29.02.12)

**Please see our Remortgage Procedure Flowcharts enclosed**





# Re-Mortgage Procedure

