

Client Care Information and Terms of Business

Conveyancing Matters

This is a very formal document but it does contain useful information and I advise you to read it carefully and to ask me if you have any queries.

Steve Butler

CLIENT CARE INFORMATION

1. Introduction

My name is Steve Butler. I am a solicitor and a partner in the firm and I will have the overall management and responsibility for your case. I set out in this letter the terms of business for clients of this firm as they apply to you.

2. Standards

I will endeavour to maintain certain minimum standards of case management. If you find that the standards set out below are not maintained please speak to me.

I will try to return your telephone calls as soon as possible. I have a personal voicemail facility, so if for any reason I am not at my desk, please leave a message on my voicemail.

3. Charges

For Conveyancing Matters we usually try to give you an estimate of the costs and to stick to it. In some cases, where there is more work than we expected, we will charge you extra for that work and agree the figure with you from time to time. Our charges for that extra work, like those of all solicitors, are based on a number of different factors.

Factors which will be taken into account are:

1. the time spent;
2. the skills, specialised knowledge and responsibility required of the members of the firm handling the matter;
3. the complexities and difficulty or novelty of the questions involved;
4. the circumstances in which the business involved is transacted (for instance if, due to the urgency, evening or weekend work is required or if an unusually large amount of documentation needs to be considered).

The most important of these factors is the amount of time spent by members of the firm in dealing with your case. We have a time recording system which records the time spent by each member of the firm on your case. Each individual has an hourly charge out rate which is the selling price of an hour of his or her time.

My basic current charge out rate is £135.00 per hour. The charge out rates are exclusive of VAT.

Charge out rates in the firm are of course subject to periodic review (for example to take into account inflation).

Charge out rates may also be increased if any of the factors mentioned at the beginning of this section apply.

Charge out rates will apply to all the work done on your case including time spent on the telephone (£13.50 per call), reading incoming post (£6.75 per letter), dictating outgoing letters (£13.50 per letter), preparing file notes of meetings, considering and drafting documents, preparing instructions and briefs to barristers, researching law where necessary, attending conferences with barristers, attending at Court (£175.00 per hour), meetings with you, meetings with the lawyers acting for the other person in your case or other people connected with the case, taking statements from witnesses and so on.

As well as the charges made by this firm, incidental expenses such as search fees, government fees and if necessary expert fees will be added to the bill. We usually ask for disbursements to be paid to us by you in advance unless the amount is very small.

Our charges are not contingent upon the successful completion of your conveyancing transaction. We will still send

you a bill even if the matter does not proceed, whether this is your fault or the fault of someone else. You are liable for the charges in that case

If you require a forecast for your own case at any time, please ask and I will do my best to give one. It is unlikely that I will be able to make a firmer prediction until I can assess the issues in detail and until I know the position of the other person in your case.

I will always try to give you my best estimate of the likely costs of your case, but the estimates are not fixed. Sometimes I may only be able to give you my best estimate of the costs of the next stage of your case. I will give you an estimate whenever you ask for one.

When we deliver a bill we ask that it is paid within 14 days. If it is not paid within one month from the date of delivery of the bill, we reserve the right to charge interest at the rate of 8% per annum on the outstanding sum whether the bill is interim or final.

I must emphasise that the final charge will be dependent upon all the circumstances, in particular the total amount of time involved on the matter, which cannot be foreseen with any certainty, although I will do my best to keep you informed as to the costs incurred as the case progresses.

4. Recovering costs from the other person in your case

If your conveyancing transaction does not proceed and you have not exchanged contracts, there is no rule of law requiring the other person in your case to make any payment towards your legal costs, and you are unlikely to recover them. The situation is different after exchange of contracts and I will discuss that with you if that situation arises, which is most unlikely - I can count the number of occasions when this has happened to a client of mine on the fingers of one hand after over 25 years of conveyancing experience.

5. Ending instructing me

You may terminate your instructions to me in writing at any time, but I will be entitled to keep all your papers and documents while there is money owing to the firm for our charges and expenses and I will be entitled to bill you in full for all work done so far. I may decide to stop acting for you only with good reason, for example:

1. if you do not pay a bill;
2. if you fail to comply with a request for payment of money on account;
3. if you do not give me clear or proper instructions;
4. if I cannot continue to act without being in breach of rules of professional conduct; or
5. if there has been an irretrievable breakdown in trust and confidence.

6. At the end of your case

My firm will keep your file of papers (except for any papers that you ask to be returned to you) for at least six years from the date of the last bill. My firm will keep the file on the understanding that we have the authority to destroy it after this period. My firm will not destroy documents that you ask us to deposit in safe custody.

If you require the file during the period while it is in storage, we can provide this to you on payment of our reasonable fees for delivery, locating any specific documents and making any copies for you. As you will appreciate, we hold a number of files in storage and it may take some time to retrieve your particular papers.

7. Procedure for resolving problems

If a problem arises at any time, please contact me so that we can talk about your concerns. If that does not provide the solution, I can make arrangements for an independent firm to look at your file and decide what action should be taken.

All solicitors must attempt to resolve problems that may arise with their services. It is therefore important that you immediately raise with me any concerns you may have. I would be disappointed if you thought that you had reason to be unhappy with the service that I am providing.

In the unlikely event that a mistake is made by my firm, we have professional indemnity insurance in the sum of £2,000,000.00 per claim. We do require that you limit any claim you may have in respect of professional negligence against this firm to the amount of that sum.

If you continue to instruct me, this will mean that you accept the terms of business set out in this leaflet.

CONVEYANCING INFORMATION

GENERAL MATTERS

Searches

If you are involved in the purchase or remortgage of a property, we shall require fees for Local, Mining and Water Searches as soon as possible at the outset of the transaction. A Local Search is a questionnaire submitted to the Council to establish whether there are any existing matters or future proposals by the Council which may affect the value of the property or its future saleability. Please note that a Local Search will not reveal any proposals by a private individual or company affecting surrounding or nearby land or property which may be, for example, the subject of a planning application for development. If therefore you are purchasing a property that, again for example, enjoys an open outlook over surrounding or adjoining land then please let us know if you would like the Local Search to include that land or property. Please note that an additional fee over and above the Council's normal Local Search fee will probably apply.

A Mining Search is to establish whether there has been any mining activity within the vicinity of the property in the past as well as any current or proposed mining work. The search will also reveal the existence of any disused/abandoned mineshafts within 20m of the boundaries of the property.

A Water Search is to establish the route and location of the drains and sewers serving the property. Please note that if you are obtaining a Mortgage advance then it is usually a compulsory requirement of the Lender that the above searches are effected but in any event we strongly recommend that such searches are effected for your own protection.

Please also note that depending upon the location of the property, it is possible that further Searches will need to be effected. We will try to anticipate the likelihood of such Searches at the outset and advise you of the fee required. Any such Search fees which we have been able to pay on your behalf will be shown on our invoice. An example is a landfill enquiry Search at the cost of £19.97.

We shall let you know the amount needed for searches and will carry them out as soon as you pay the fees. The three main searches need to be started as soon as you have obtained a mortgage offer (if applicable) if not sooner. It can sometimes take weeks for a local authority search in some parts of the country, so it is better to start them as soon as possible.

Home Information Packs (HIPs)

All sellers of property are now required to provide a HIP which included the basic local searches and information about the property. The legal duty about the provision of information is very low level with the result that the quality of information is poor. In particular, they invariably contain personal searches made at the local authority instead of an

official search. There is a great deal of evidence that cost cutting means that these personal searches are often unreliable. Many banks will not accept them. Accordingly, I always advise my clients to carry out the usual official local authority searches again if a personal search is provided in the HIP.

Our costs and fees

All search fees and fees paid out on your behalf must be paid for by you in advance. In matters where there are sale or Mortgage proceeds or other monies coming into our hands, we will expect to deduct our fees from those proceeds before accounting to you for the balance. In matters where we have to pay out funds on your behalf, we will normally require payment of our fees before or at the same time as completion. In the event that the matter should not proceed to completion, our fees shall be such sum as is reasonable, having regard to the amount of work done together with VAT and any disbursements incurred.

Payments to our firm

Please note that due to money laundering regulations we are unable to accept more than £50 in cash. Any money paid to us therefore in excess of this amount must be in the form of a cheque or bankers draft made payable to this firm. In situations where the payment is for your deposit we will ask you to provide a bankers draft to avoid delays associated with clearance of cheques. Please note that a cheque from a Building Society will be subject to the same clearance procedure as a personal cheque usually a minimum of 4 working days.

Capital Gains Tax

If the property that you are acquiring will not be the only one that you will own or it will not be used as your main residence then there will be capital gains tax implications. We are not qualified to advise you on this topic and we strongly recommend, therefore, that you immediately take advice from a suitably qualified accountant.

Insurance Guarantees

Depending on the lender and the amount of any Mortgage advance in relation to the purchase price/valuation, your Mortgage offer may require you to pay a premium (usually a single one-off payment) to enable the lender to obtain an "insurance guarantee" from an insurance company. This may be alternatively described in your Mortgage offer as, for example, a "higher percentage loan fee". The guarantee is to cover the lender for any shortfall required to repay its lending, should the property be repossessed and sold by the lender in the future and the net sale proceeds fail to generate sufficient money to completely repay the amount owing to the lender. We are required to bring to your attention, however, the fact that the insurers are entitled to pursue you for repayment of any sums paid out by them, even though you may have paid the premium.

SPECIFIC ISSUES FOR YOU TO CONSIDER AND ABOUT WHICH WE MAY NEED INSTRUCTIONS FROM YOU

(Items for you to contact us about are show in bold text, but all the following information is important.)

Stamp Duty Land Tax (SDLT)

If you are purchasing a property for a figure in excess of £125,000.00, SDLT will also be payable, currently at the rate of 1 % of the total price up to and including a purchase price of £ 250,000.00. The rate between £ 250,000.00 and £500,000.00 is currently 3 % of the total price and thereafter 4% of the total price. With effect from 30th November 2001 the Government have introduced an exemption from stamp duty for certain areas providing the price does not exceed £ 150,000.00. Please ask us if you wish to know whether you will qualify for the exemption. **The information we will need to decide this properly is the name of the local council electoral ward in which the property is situated.** The forms for dealing with SDLT have to be lodged with the tax within 30 days of completion or a fine of £100 is payable. You will have to sign the form and supply your National Insurance number(s). You are now placed under a legal obligation to retain control of documentation about the purchase for 6 years in case the Revenue wish to make further enquiries, which would of course involve you in extra expense.

Home Information Packs (HIPs) *(A government initiative which is a complete waste of time)*

As the Seller of a property you have now by law to provide a Home Information Pack. This is entirely at your expense and the cost cannot be recovered from the Buyer. **I can prepare this for you and we need to discuss the cost of doing so in advance.** It might be that I advise you to use a separate provider who can do this more cheaply than I can. If I do prepare it I shall do so in the cheapest way to comply with your duty. This is likely to involve the provision of personal searches, rather than official searches (see above), and so the HIP will probably not actually help the sale process in any way.

Methods of Ownership

If you are proposing to purchase a property Jointly then you should consider the method of joint ownership which you would prefer. Briefly, there are two methods that can be adopted, the first of which is known as a "joint tenancy". This is the most common arrangement adopted by married and other couples where in the event of the death of either owner, the share of the deceased automatically passes to the survivor, notwithstanding the fact that either owner may have made a Will leaving their share in a property to someone other than their co- owner.

The other method of joint ownership is known as a "tenancy in common" where the share of a deceased co-owner would not automatically pass to the survivor but would pass to whoever had been nominated by the deceased in a Will or, in the absence of a Will, to the next of kin of the deceased. This method of ownership is usually adopted by business partners and people who wish to leave their share in a property to someone other than their co-owner, ie: children either from a current or former marriage or other close relatives. It is vital to remember that if this method is adopted, each co-owner should make a Will, failing which, their share could pass to their co-owner if that person is the next of kin of the deceased. Please also remember that if this method is adopted and the co-owners propose to marry, marriage will invalidate a Will unless it is clearly stated that it is in contemplation of a marriage, with the result that the share of the deceased will then pass to their husband/wife as next of kin. **If you require any further explanation of the above, please do not hesitate to contact us but in the absence of instructions to the contrary, we shall assume in your case that you wish to purchase the property under the first option, ie: a joint tenancy.**

It may sometimes be the case that a property cannot be bought in the joint names of married or other couples because of certain circumstances, eg: one of you already has a Mortgage on another property or because of an adverse credit rating. For the protection of the person who will not be a co-owner, we strongly recommend that you ask us for advice as to the means of protecting that person's interest. There are certain circumstances where it would be more advisable for a property to be acquired in the name of a Limited Company. We are not qualified, however, to advise you on this topic further and we strongly

recommend, therefore, that you immediately take advice from a suitably qualified accountant.

Surveys and Inspections

If you are purchasing a property for cash, we strongly recommend that you have the property thoroughly inspected by an independent Chartered Surveyor and we shall be pleased to arrange this for you if you wish and advise you of the likely costs. If, however, you are purchasing a property with the aid of a Mortgage advance, you may feel that it is sufficient to rely solely upon inspection of the property by the lender's valuer. Please note however that the inspection by the lender's valuer is often limited and is in reality merely a valuation which may not identify all or any defects which exist in the property. The lender will probably provide a copy of the valuation report to you but will stress that, notwithstanding the fact that you have paid for the inspection, you should not rely upon it as confirmation that the property is free from defect and is for the lender's purposes only. Furthermore, if defects in the property are not identified, it is unlikely that you will have any legal remedies against the lender's valuer. Most lenders provide the facility of a more detailed inspection at additional cost and you may wish to make enquiries about this. **We do, therefore, strongly advise that an independent inspection is carried out to safeguard your position and again, we shall be pleased to arrange this for you if you wish and advise you of the likely costs.** We enclose an explanatory leaflet issued by the Royal Institute of Chartered Surveyors which you may find helpful. Whether you are paying cash for a property or buying with the aid of a Mortgage advance, we strongly recommend that you obtain specialist reports and estimates, prior to exchange of Contracts, in respect of any repairs or defects identified in any valuation/survey report even if it is not a condition of any Mortgage offer that you do so.

Please note that if you are buying a property we do not normally make a physical inspection and generally rely upon information received from the Seller's Solicitors and yourself. **It is vital therefore that you give us as much information as possible about the property for example whether the house has been converted, extended or altered.** Some examples are a loft conversion, removal of walls or the construction of outbuildings. In addition it is very important that you tell us about anything that the Seller has told you about the state and condition of the property or indeed any other matters where information needs to be verified by us in writing from the Seller's Solicitors. This is important because Contracts for the purchase of property usually contain a condition which states that you accept that you are buying the property based on your own inspection and surveys and not based upon any representation/guarantee from the Seller or the Seller's agents about the state and condition of the property, other than representations/guarantees confirmed in writing by the Seller's Solicitors.

Buildings Insurance

Please note that if you are buying a property then it will be at your risk following exchange of Contracts, rather than completion, and you should therefore ensure that insurance cover is effected immediately Contracts have been exchanged. This is particularly important if you are arranging your own buildings insurance cover rather than via a lender if you are obtaining a Mortgage advance. In those circumstances it is usually the case that the lender effects insurance cover once a Mortgage offer has been made or automatically upon exchange of Contracts, whichever is the later. If a lender allows you to arrange your own insurance, please note that the lender will require us to ensure that cover is effected before completion. **(This involves us and you in a great deal of extra work and inconvenience and unless the costs of the policy from the lender are much higher than the policy you can obtain yourself, we advise you to use insurance from your lender, at least initially. You can always change the policy later if you wish.)** To comply with these requirements, you will need to ensure that full details of the policy are sent to us by fax or letter from the insurers or brokers before completion. The details which are required should include the date of the policy, amount of cover (which should be for at least the amount recommended in the lender's Valuation Report), policy number, the amount of any excess and confirmation that the cover is index linked. The confirmation should also state that the policy is in the joint names of yourself and the lender.

Life Insurance

If any Mortgage offer that you receive is on the basis of payments of interest only, you should ensure that an

endowment policy or other suitable means of repaying the loan at the end of the Mortgage term is effected immediately Contracts have been exchanged or, in the case of a remortgage, on completion. You should ensure that the method for repaying the Mortgage debt is one which will generate sufficient money no later than the end of the Mortgage term to at least repay the Mortgage debt and provides life cover for an amount at least equivalent to the Mortgage debt. Please note that the maturity value of a life policy or other "repayment vehicle" is an estimate by the insurance company and not a guarantee. It is possible therefore that the policy may not generate the maturity value you expect and indeed even a danger that the maturity value will be insufficient to completely repay the Mortgage debt. You should therefore seriously consider whether this method is suitable, given the risks involved. You should be aware that some insurance companies have recently been informing policy holders that the maturity value of their policies will not be as originally estimated.

If alternatively the Mortgage offer is on the basis of payments of capital and interest, ie: normal repayment, then whilst this method will ensure full repayment of the loan at the end of the Mortgage term, we still strongly recommend that you arrange a suitable life policy to enable the Mortgage to be repaid in the event of your death during the Mortgage term. Again, the cover should be effected immediately Contracts have been exchanged or, in the case of a remortgage, on completion. The term of the life cover should be the same as the term of the Mortgage and the life cover should, of course, be at least equivalent to the amount of the Mortgage advance.

Environmental Report

We strongly advise you to take advantage of an environmental report which may provide useful and, in some cases, important information. An environmental report covers an area within a radius of 500 metres of a subject property and the report may indicate, for example, whether this area was a land-fill site in the past and whether there was a past use that may have left unstable land, pollution or contamination behind. It can also point out whether there are nearby active land-fill operations and nearby industries that might release toxic gases or chemicals into the air or store radioactive or other hazardous substances. The report will also cover whether the land is in an area affected by radon gas, maybe affected by past or present coal mining, has overhead transmission lines or is at risk from flooding or from subsidence. In particular it is most important to realise that if property is on a "floodplain" it may be expensive or indeed impossible to insure as well as affecting its future saleability. If an Environmental Report does reveal susceptibility to flooding you should therefore carefully consider whether to proceed and at the very least ensure that you can obtain insurance.

We can obtain a report for you easily at a cost of less than £50. The report is usually available in three days and if you would like us to obtain one, please let us know as soon as possible. Please be aware that the report may only provide information on past uses of the land where information is actually available. The report will not guarantee that any information provided is complete or accurate or that the land is free from contamination but if a potentially contaminative use is identified, further investigation can be made.

It is very important that you are aware that Councils are currently embarking on an inspection process of land and property throughout their area with a view to compiling a register of contaminated land. It is envisaged that in the event that contamination is identified then the Council will try to trace the original polluter but if they are unsuccessful then this could result in your being responsible for the cost of removing the contamination, even though you may not have originally caused it and the cost could potentially run into thousands of pounds.

Please note that we are not professionally qualified to interpret the information contained in an environmental report and we suggest that should you require any such interpretation then in the first instance you contact the Environmental Health Department at the local authority for guidance. Should you choose to proceed without investigating the information divulged in the report then you do so at your own risk.

We can also help you with all types of cases involving Family Problems, Conveyancing, Wills, Administration of Estates and Immigration Problems.