

Module 11 : Sales Progression

- What is Progression?
- Drawing up the contract
- Surveyors, Solicitors and Conveyancers
- Exchanging

Topics covered in this module:

- What is Progression?
- Drawing up the contract
- Surveyors, Solicitors and Conveyancers
- Exchanging
- Completion
- Finance
- Transfer

Sales Progression – 5m 20s

11.1 Introduction

The handshake stage that the seller and buyer eventually reach with the help of their estate agents is the beginning of what has become known as "sales progression".

The term was coined to describe the legal and administrative processes that have to be followed from the time an agreement is reached until the property has changed hands and is registered in the name of the new owner.

Although the role of the estate agent officially ends when the matter is handed to a conveyancer or solicitor, it is very wise to keep track of the process. If everything is organised and all the elements are in place, the process will be smooth and take a minimum amount of time.

As an agent representing either the buyer or the seller, the time you spend on the detail of the agreement and ensuring that all the requisite elements are in place for the process to go forward smoothly, will be well spent.

This is the area where you need to go the extra mile and follow the process through to the end.

While it may not seem essential, the goodwill you will generate with your clients will bolster your reputation as an agent who really cares about the people you deal with. This will translate into referrals and cooperation from everyone you deal with in the industry.

Knowing what is involved in the sales progression stages of the process will enable you to help both parties in the sale. You will be in a position to inform them about what documents are needed and what arrangements need to be made for the financing and payment of the property.

In short, if the parties to the sale are well prepared by someone as the sale unfolds, there will be far less stress, the progression stage will happen as fast as it possibly can and in some cases, it could mean that a sale will be prevented from falling through.

Main steps in sales progression

Buying or selling a home in the UK takes approximately two to three months. The process of sales progression from selling to buying a house is known as 'conveyancing' and make take weeks or months depending on the complexity of the transaction.

In general, here are the steps involved in the sales progression:

- Sellers are obliged to produce an EPC (Energy performance Certificate) for the property

- The offer is not binding on the seller or buyer until contracts are exchanged
- Buyers have to pay [SDLT](#) (Stamp Duty Land Tax) for property valued at over £ 125,000. However, if it's a first home, there is no SDLT due for properties less than £300,000. Also, buyers can claim a 5% bonus on property purchases between £300,000 and £ 500,000

Buyers can use the SDLT calculator to find out the tax they may need to pay.

For those who are not purchasing a first time home, the purchase tax rates are as given below:

£125,000 to 250,000 2%

£250,000 to 925,000 5%

£925,000 to 1.5 million 10%

If a buyer owns two properties, they'll need to pay higher rates. (They may be entitled to a tax refund if they sell their previous home within 36 months of purchasing a new one.

More information is available on the [UK government online resource](#) for more information.

11.2 The Agreement

Although the sales process really begins when the seller decides to put their home on the market, the sales progression only starts when a serious offer is submitted by a buyer.

The receipt of an offer triggers a round of negotiation between the seller's agent and the buyer or the buyer's agent. The point of these negotiations is to establish a price that both parties are happy with. It has become the accepted practice that the price of the house is pitched slightly above what the seller and their agent think the market will bear. The buyer is usually aware of this and submits an offer that is between five and ten percent below the asking price.

Once a price has been settled on, the seller's agent gathers the details about the buyer. The seller's agent will need to know exactly what the buyer's situation is. They will need to know if the buyer is in a chain, which means that they have a house to sell or whether they are waiting for funds from having sold a property in order to buy another one.

Chains can sometimes be fairly complex, but they must be closely observed. The links in the chain must be resolved in sequence for a property sale to go smoothly. There is no point in trying to

conclude one section of a transaction if its completion can only happen once another aspect has been resolved.

If the buyer has sold a property they may still require funds from a mortgage lender. The details of the lender and the amount of the mortgage need to be revealed.

All the buyer's personal details must be available so that they can be correctly identified in the offer, the subsequent contract and property registration documents.

11.3 The Offer

With all the details of both parties in hand, the estate agent draws up the offer which will then be presented to the seller.

The offer will include the price that had been previously agreed upon as well as any other essential details that the parties have agreed to.

These will usually be a detailed list of all the fixtures and fittings that the seller will leave in the house.

The offer may state that it is conditional and that a professional survey must be carried out at the insistence of the mortgage lender. If the survey reveals that the property is sound, then the offer stands and the sales progression can continue to the next stage.

If the survey reveals that there are problems, the process is stalled until an agreement is reached on how to address the issues that the survey uncovered.

A lot depends on the type of problem. If it is a major issue, it could prove fatal to the agreement and the whole offer falls away. If there are minor issues, then the seller may agree to have them repaired at their own expense so that the agreed price can stay the same, or the seller may agree to reduce the price to offset the expected repair bill.

11.4 Getting into Detail

Once the offer has been accepted and all the issues that might derail the sales progression have been seen to, the matter is passed on to the conveyancers or solicitors.

It is their lot to draw up the contracts and ensure that all the particulars of the agreement between the buyer and the seller are included in the contracts and that all the legal requirements are met.

Where the parties have agreed that certain fittings and fixtures will be part of the sale of the house, those must be specified in detail. It must also be specified whether or not the actual fittings and fixtures are to remain in the house. It could be that the buyer just wants a functioning stove to be part of the deal, or they could want the specific stove that they saw in the house when they viewed it.

The solicitors will need to be made aware of details like this as it will affect the way they draft the contract. Instead of stating, for example, that "an electric cooker..." must be in the house, they will specify the make, model and serial number of the cooker that was in the house at the time of the viewing.

The same detail could apply to any of the fittings and fixtures and must be nailed down before the matter is handed to the solicitors. If the agreement is not specific, it opens up the possibility that the deal will go off the rails and cause an immense amount of trouble.

Most solicitors will provide a Property Information Form and a Fixtures and Fittings Form which must be completed in detail. If there is anything that the forms do not cover but that is relevant to the agreement, be sure to add the detail in an addendum to the forms.

In many cases, where deals go wrong in the final stages, someone in the process has failed to pay attention to detail or has failed to double-check every tiny aspect of the material they send through to the solicitors.

Legislation has been brought into effect to combat money laundering. These laws require the solicitors to have clear and irrefutable identification of the parties to the agreement. This must consist of a current official document with a photograph such as a driver's licence or a passport and a recent utility bill, such as telephone, gas or electricity. The original documents must be supplied to the solicitor so that they can take certified copies.

If repair work has recently been carried out on the house, either in order to sell it or as routine maintenance, the solicitor will need all the receipts, certificates and guarantees relating to the work. This relates to major work as opposed to touch-ups, so any rewiring, window or door replacement, damp-proofing or plumbing repairs will be relevant.

Documentation will also be required where major alterations have been carried out in the past. This relates to alterations carried out by the seller and those carried out prior to the seller's occupation of the house. These include additions such as loft rooms and other structural extensions.

The solicitor will need to have planning consents and regulation certificates. If the seller does not have these, they can be obtained from the local council. If the seller does not have the documentation and there is a problem obtaining it from the council, the solicitor must be made aware of the situation.

The sale of leasehold properties will require the seller to provide the name and details of the management company, if there is one, as well as details of block insurance policies and management company accounts.

11.5 The Wait

To the seller and the buyer, the period that the solicitors take to draft the agreement will seem like an eternity.

If you, as the agent, have been organised and meticulous with preparing the requisite information, there should be no delays and the process should take about two weeks.

One element that is notorious for causing hold-ups at the last minute is the acquisition of finance by the buyer.

Although estate agents usually represent the seller in the transaction, you should take a keen interest in the affairs of the buyer as soon as a price has been agreed upon. It is concomitant with your duty of care to your principal that you get to know as much as possible about the buyer's affairs when organising the matters that have to be forwarded to the solicitors.

You would never be justified in actually becoming involved in the other party's affairs, but where it seems that your client's interests might be put in jeopardy, you need to know what is happening and have a solution to offer. You need to be in a position to keep the process moving.

The application for finance by the buyer after the deal has been agreed and when the solicitors are becoming involved usually throws up another problem; that of the institution lending the money, requiring a professional inspection of the property.

Different institutions, banks, building societies and other lenders, handle the matter of inspections in different ways as they don't process applications in the same sequence.

Some lenders wait until all the background checks have been carried out and the borrower has been approved for the amount applied for, before they will instruct a surveyor to inspect the property. Others send the inspectors out as soon as they receive the application for finance.

If the buyer approached a financial institution when they started looking for a property, it may be a simple case of providing the lender with the details of the property so that they can arrange an inspection as soon as an agreement has been reached.

Knowing the buyer's financial position is very important. It will play a large part in how you structure the agreement and whether or not you agree to take the house off the market while the sales progression is taking its course.

11.6 The Search

The seller's solicitor will draw up the contract of sale and forward a draft copy to the buyer's solicitor.

It is the buyer's solicitor's duty to request a local authority search. The average local authority will return the search results in about five working days.

The searches are usually not complex, but they might throw up issues which could pose problems for the timely completion of the sale and transfer of the property.

The searches cover the specific property and the surrounding area. What the solicitors are looking for is anything that might impede the buyer's enjoyment of the property and anything that might have an adverse effect on the current and future value of the land and buildings.

These factors are of great interest to the buyers and more particularly to any institution that is raising a mortgage for the buyer. They need to know that their investment is safe and likely to appreciate in value rather than depreciate.

In most cases, property that is in the middle of suburbia, surrounded by long established housing and business areas, will not have any issues that would raise any problems.

Where the land under consideration is in an area that is likely to be undergoing development or redevelopment, then there may well be plans that need to be considered.

There are various search forms that the solicitor will submit to the local authority. These are the LCC1, CON 29(R) and CON 29(O).

Information gained from an LCC 1, or Local Land Charges register, search will relate to the following, among other things:

- Improvement and renovation grants
- Conservation areas

- Listed buildings
- Tree protection orders
- Future developments
- Smoke control zones

The CON 29 forms relate to enquiries that can be requested by the buyer's solicitor. The CON 29(R) form contains enquiries that apply to all transactions and are required, which is what the (R) stands for.

These issues are:

- Planning control history
- Building control history
- Contaminated land
- Nearby road schemes and motorways
- Radon gas

The CON 29 (O) form covers issues which the solicitor might think apply to the transaction at hand. The (O) denotes the optional nature of these enquiries and cover, to mention but a few topics:

- Advertisements, which would cover the proposed erection of outside advertising billboards which could devalue the property by being either too close to it or by spoiling the view the property has
- Public paths and byways. These are of concern as some land, particularly in rural areas, where the right to roam might impact the buyer's use of the land
- Road proposals by private bodies
- Noise abatement in urban development areas

Once these searches have yielded results, there may be enquiries that the buyer's solicitor will want to address to the seller's solicitor. If you, as the seller's estate agent have done a thorough job and

checked up on all the details, you will have supplied the solicitor with all the information you can relating to such issues as mentioned above.

If this is the case, then the seller's solicitor will be able to deal with the enquiries without referring back to you or the seller. This saves time.

Once the solicitors are happy that all the issues that they need to deal with have been finalised, they will proceed with the final draft of the contract which will be completed by the seller's solicitor.

The final draft will then be forwarded to the buyer's solicitor where it will be thoroughly perused. Once both solicitors are satisfied that the contract is correct and reflects the will of the parties to the sale, they will proceed to the next step.

11.7 he Signing

When each solicitor has a copy of the contract and they are satisfied that the buyer's finances are in order, the seller will be called in to sign.

The buyer will also sign and will be required to provide a deposit which is usually 10% of the purchase price, but of late, the percentage has been around 5%.

Before the parties to the sale actually sign the contracts, the solicitors must go through the documents in detail with their respective clients. They have to ensure that the buyer and the seller fully understand what is contained in the agreements before they sign.

11.8 The Exchange

Once signed, the contracts are exchanged.

This quite literally means that the solicitors handling the conveyancing will read the contracts out to

each other over the phone and then send the contract documents to each other by post or by courier. The contract that you signed is identical to the contract signed by the other party. Once the exchange has taken place, there is no going back without major penalties.

Problems can arise with the exchange if the sale is one of a chain of sales. In this case, the exchanges have to happen in sequence on the same day. If there is a hitch with one of the contracts lower down the chain, the hold-up can scupper the whole process and everyone has to go back to square one when the complication has been resolved.

FACT

Average UK buyer likely to be aged 36 when they buy first property

Source: theguardian.com

Take a Quick Recap Test

[viralQuiz id=210]

11.9 Completion Day

This is the day when it all happens.

The funds for the house are transferred to the buyer's solicitor who then ensures that they reach the seller's solicitor. If this goes smoothly, the buyer can move into their new house.

Again, when the sale is part of a chain, the rest of the chain has to operate smoothly and all the funds must be in the respective accounts by 15:00 on the day of completion for everyone to be able to move.

The date that the Completion Day is to take place can be set out in the contracts, and usually happens between seven and twenty eight days from the day that the contracts were exchanged.

It is preferable that there is a reasonable gap between exchange and completion to allow the wheels of the system to grind along at their own pace. If there is an attempt to move quicker than the system is used to moving, there may be complications.

Assignment

Sales Progression

Time: 30+ minutes

It is important that you concentrated on the information in this module. Complete the worksheet to see how much information you have retained.

Download the worksheet below, print out and complete.

[Download Worksheet](#)

Summary

Sales progression is a time honoured and established procedure. There are many aspects of it that could be improved upon, but one has to work within the parameters as they stand. Any attempt to short-circuit the system could well lead to major problems and cause all manner of legal issues that will prejudice the interests of all parties.

As an estate agent, you must become familiar with all the aspects of the sales progression. You will soon identify the elements that are likely to cause bottlenecks and problems and be able to plan ahead and pre-empt most problems.

With an eye to gaining referrals and increasing your marketing network, which is gold in the real estate business, work at becoming an expert in sales progression.

With a thorough understanding of the sequence of how everything transpires, you will be able to forestall most of the pitfalls and gain a reputation for being an agent whose deals are problem free.

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