



SAMPLE - LEGAL AUCTION PACK REPORT



Your Auctus Legal Auction Pack Report

CONGRATULATIONS ON OBTAINING YOUR AUCTUS LEGAL AUCTION PACK REPORT!

Your Auction Pack Report, (or your Report for short), is designed to provide you with all of the information you require to make sense of the Auction Pack on the property you are considering bidding for and help in making the process easier and quicker if you are successful with your bid.

Your Report contains an explanation of all of the different aspects of the Auction Pack and a report in plain English on all of the information contained in the Auction Pack relating to the property you are considering bidding on, (the Property).

It is not only important for you to understand what's contained in the Auction Pack but by having this information at the very outset you can identify any potential problems early on. This will allow you to decide whether to continue with your intention to bid on the Property and even help you in deciding what your upper limit will be as far as the purchase price is concerned. Your Report could end up saving you thousands of pounds in lost Deposit monies and wasted legal and surveyors fees.

Your Report is in two parts. Part One contains an easy to understand explanation of what the Auction Pack is made up of together with information on the actual Auction process.

Part Two contains a Report specific to the documents and search results contained in the Auction Pack for the Property. This allows you to identify any potential problems and contains recommendations on how they can be solved before causing you costly delays and legal expenses at a later stage of a potential purchase.

You should pay particular attention to the Action Areas which have been highlighted to indicate certain action which you and your solicitor should bear in mind should you decide to purchase the Property at Auction.

So, what is all this fuss about Auctions.....



PART ONE

A.1 WHAT HAPPENS AT AN AUCTION

THE AUCTION PROCESS

Buying a property at Auction is unlike buying on the open market where once you have had an offer accepted you can carry out searches and make enquiries and inspections before committing to buy. At the Auction, if you are the highest bidder when the Auctioneer's hammer falls then you are contractually bound to complete the purchase of that property. You don't get a say in the drafting of the contract and if you fail to complete on the specified completion date for whatever reason, (other than if the seller refuses to do so), you will most likely lose your Deposit, which is usually 10% of the purchase price and paid immediately after the Auction.

The completion date will normally be set for 28 days from the day of the Auction but this can be any period which the seller chooses and sets out in the Special Conditions of Sale.

BE PREPARED

A surprising number of people 'buy blind' at an Auction and this can be very dangerous. It is not uncommon that a seller will put their property in an Auction because there is some defect, either physical or legal, which would make it difficult to sell on the open market. The seller will hope that someone will buy the property at Auction without having inspected it or having the legal title checked and therefore take the problem off their hands.

THE SURVEY

It is highly advisable to have a good quality survey carried out on a property which you are considering bidding for at Auction. It may be tempting not to bother with this as it might seem like a waste of money as there is no guarantee that you will actually be the winning bidder. However, it could end up saving you thousands of pounds.

BUYING WITH A MORTGAGE

As mentioned earlier, the completion date will be fixed and can be as soon as the seller requires, so if you are buying with the aid of a mortgage you need to make sure that you have an offer agreed in principle before you go to the Auction. Even afterwards, the lender will not be able to issue a mortgage offer until it has carried out its valuation.

Where you need a mortgage it is important to instruct a solicitor on your behalf as soon as possible after the Auction. Auctus Legal can help you to find a solicitor experienced in these types of transactions from their panel of specialists. What's even better is that Auctus Legal have agreed very competitive fixed conveyancing fees and high service standards with every Firm of solicitors on its panel to give you the best chance of completing your purchase without any problems.

FAILURE TO COMPLETE

If you are the successful bidder then you will be contractually bound to complete on the completion date and the seller will be entitled to damages from you if you do not. On the day of completion you will be obliged to get the money to the seller's solicitor by the completion time stated in the contract, usually 2pm. Once the completion time has passed the seller may serve a "notice to complete" on you or your solicitor.

From service of the notice to complete you will then have 10 working days (or such other period as is specified in the Special Conditions) in which to complete. You will be liable to the seller for interest at the "contract rate", which is usually 4% above the Bank of England base rate on the balance of money owing to the seller.

In addition, the contract will usually include a clause requiring you to pay the seller's solicitor's additional fee for serving the notice, calculating the interest etc. This will typically be between £100 – £200 plus VAT.

These amounts will need to be paid before completion can take place. You will also be liable to the seller for any losses suffered as a result of the delay, for example additional mortgage interest, wasted removal costs etc.

If the notice to complete expires then the seller has the option to rescind the contract, (bring it to an end). They do not have to rescind immediately and if they choose to delay they still retain the right to rescind at any time. Until they do, interest will continue to accrue and you will continue to be liable for their losses. If they do rescind, they will be entitled to keep your Deposit, (regardless of the amount of deposit actually paid, you will be liable for 10% of the purchase price), and sell the property again. If the eventual sale price of the property is less than the price you had agreed to pay, the seller will be entitled to sue you for the difference, as well as additional costs such as legal and estate agent fees and any number of other losses. For example, if the seller was in a chain then all the other buyers' and sellers' losses will ultimately fall on you. If you are sued successfully you will most likely also be liable for the seller's full legal costs. Clearly the damages could run into many thousands of pounds and so you can see that by obtaining your Auctus Legal Auction Pack Report you have taken a very prudent and sensible approach to buying at Auction.

A.2 SO.....WHAT IS IN THE AUCTION PACK?

An Auction Pack is a bundle of legal documents which must be prepared and submitted to the Auction House prior to a property being sold at Auction. The Auction Pack should contain the following documents:

1. Evidence of Ownership of the Property – Title Deeds & Plan of the Property
2. Special Conditions of Sale to be included as part of the Auction Contract
3. Property Information & Fixtures, Fittings & Contents Forms
4. Local Authority Search Result
5. Water & Drainage Search Result
6. Energy Performance Certificate ('EPC')
7. Any Other Information, (such as copy Planning Permissions etc)

The purpose of the Auction Pack is to provide as much information up front and before the Auction takes place, because, as you have seen, once the hammer falls the final bidder is contractually obliged to purchase the property or run the risk of losing thousands of pounds if they do not.

A.3 WHAT INFORMATION DOES THE AUCTION PACK GIVE US?

1. EVIDENCE OF TITLE

Evidence of Title proves that the Seller owns and has the right to sell the Property.

If the Property is 'Registered', the Evidence of Title will be obtained from the Land Registry. The Land Registry provides an official record of who owns the Property and includes 'Official Copies of Title' and an 'Official Copy of the Title Plan'.

If the property is 'Unregistered' this means that there is no record of the property at the Land Registry. In this case the Auction Pack should include an Index Map search together with the documents that the Seller intends to rely on to prove that they own the Property and have the right to sell it. These will be the old-style 'title deeds' - a bundle of documents showing evidence of ownership going back at least 15 years.

If the Property is Leasehold, the Auction Pack should also include a copy of the Lease itself.

2. CONDITIONS OF SALE – 'GENERAL' & 'SPECIAL'

The 'General Conditions of Sale' are published by the Auction House prior to the Auction and usually contained in their catalogue and on their website. They are the basic Conditions on which every Lot in the Auction is sold. You should read through the General Conditions as they may vary slightly between Auction Houses.

In addition to the 'General Conditions', a seller can impose specific 'Special Conditions'. The buyer will purchase the Property subject to these Special Conditions. Typically, Special Conditions will include clauses such that the buyer will have to reimburse the seller's search and legal fees, or that the completion date is to be 14 or 21 days from the date of the Auction.

3. THE PROPERTY INFORMATION AND FIXTURES, FITTINGS & CONTENTS FORMS

These two Forms should be completed by the Seller. The Property Information Form must be completed carefully and honestly and contains important information on such things as the responsibility for the boundaries of the property, whether there have been any disputes or notices, building works carried out and any guarantees, details of the services benefitting the property and information on occupiers.

The Fixtures, Fittings & Contents Form is a list of items which the seller intends to leave or remove from the property on completion. The fixtures and fittings list is attached to the contract and forms part of it.

4. LOCAL AUTHORITY SEARCH

The local authority search is a search of the local authority's records, including planning, building control, highways and environmental departments. It is a search specific to the property only and does not cover neighbouring properties, so for an example it would not reveal planning applications relating to other houses or land in the area.

5. WATER & DRAINAGE SEARCH

This is a search of the Water Authority's records to check whether the property is connected to the mains drainage and mains water supply. It also advises whether the property has a water meter and gives information on water quality tests for the area.

6. ENERGY PERFORMANCE CERTIFICATE

An Energy Performance Certificate, (EPC), gives homeowners and buyers information on the energy and carbon emission efficiency of a Property through an A - G grade rating, where A is very efficient and G is least efficient. The EPC also gives advice on cost effective ways to improve the rating.

PART TWO –Your Report

B.1 THE ENERGY PERFORMANCE CERTIFICATE – (EPC)

Energy Performance Certificates were introduced to help improve the energy efficiency of buildings. Anyone selling a home now needs a certificate by law. From October 2008 EPCs have been required whenever a building is built, sold or rented out.

An EPC shows a buildings' energy efficiency in the form of an 'Asset Rating'. This is similar to the system used to rate white goods, such as fridges and washing machines. The certificate provides 'A' - 'G' ratings for the building, with 'A' being the most energy efficient and 'G' being the least, with the average up to now being 'D'.

Every EPC also has a Recommendation Report showing how the homeowner could improve the rating.

Only qualified, accredited domestic energy assessors and qualified, certified home inspectors can produce EPCs. They analyse how homes are constructed, insulated, heated and ventilated, and the type of fuel being used.

HOW LONG IS THE EPC VALID FOR?

Unless a building is later modified, EPCs are valid for 10 years from the date of issue. Energy assessors and home inspectors are responsible for placing EPCs in the National Register of domestic EPCs, where they will be kept for 20 years.

WHAT THE ENERGY PERFORMANCE CERTIFICATE CONTAINS:

EPCs provide ratings for all types of buildings, showing their energy efficiency based on factors such as:

- the age and layout of the property
- the activities going on within the different spaces
- the materials used in its construction
- how it is heated, cooled and ventilated
- how lighting is provided

The ratings are standardised, so the energy efficiency of one building can easily be compared with another building of a similar type.

THE ASSET RATING

EPCs include two Asset-Rating graphs that show:

1.THE ENERGY EFFICIENCY RATING

This is the buildings overall energy usage which reflects the level of fuel bills to be expected. The graph shows the buildings current rating versus the rating that it could attain if the improvements listed in the recommendation report were carried out.

2.THE ENVIRONMENTAL RATING

This shows the buildings impact on the environment in terms of carbon dioxide emissions. This also shows how environmentally friendly a building is and its potential for improvement.

3. RECOMMENDATION REPORT

The energy assessor's Recommendation Report includes key cost-effective ways to improve the energy performance of the property plus the level of cost, typical cost savings per year and the performance rating achievable after carrying out the individual recommendations

B.2 THE RATINGS FOR 100 ANY STREET

- The Energy Efficiency Rating:

THE PROPERTY HAS BEEN GIVEN A RATING OF 45 OUT OF 100 AND AN 'E' RATING

- The Environmental Rating:

THE PROPERTY HAS BEEN GIVEN A RATING OF 45 OUT OF 100 AND AN 'E' RATING

- The Recommendation Report:

The energy assessor has stated that the Property's Energy Efficiency Rating can be improved to a potential rating of 53 and the Environmental Rating can be improved to a potential rating of 52 by carrying out the following recommendations:

1. installing low energy light bulbs;
2. Upgrading the heating controls;
3. Replacing the boiler with a Band A condensing boiler

C.1 SELLER'S PROPERTY INFORMATION FORM – FORM TA6 &

- Fixtures, Fittings & Content Form – Form TA10

The Form TA6 contains information which must be completed truthfully and accurately by the Seller. The Form TA10 shows what fixtures, fittings and contents will be left at the Property by the seller.

C.2 FROM THE SELLER'S REPLIES YOU SHOULD BE AWARE OF THE FOLLOWING:

1. The Central Heating system was last serviced in 2009- Reply 2.1

ACTION:

Your solicitor should obtain a copy of the service record from the Seller.

2. The Seller has carried out structural works to the Property – Reply 3.2

ACTION:

Your solicitor should ensure that the Seller is able to provide copies of the Planning Permission and Building Regulation Completion Certificate for the works

3. The Seller has replaced some windows and doors at the Property in 2006 – Reply 5.1(e)

ACTION:

Your solicitor should obtain a copy of the FENSA Certificate for the replacement windows and doors. This is provided by the installer to show that the replacement windows and doors meet current Building Regulation standards. Your solicitor should also see if the Seller has any guarantees available for the replacement windows and doors

D.1 EVIDENCE OF TITLE

The Auction Pack contains documents that the seller intends to rely on to provide evidence of title or ownership to the property, and their right to sell it.

D.2 REGISTERED OR UNREGISTERED

Registered Property

If the property is registered at the Land Registry then there will be no physical deeds and documents of ownership. Instead, the proof of ownership and a Plan of the property is stored on a computer database maintained by the Land Registry under its own unique Title Number.

Unregistered Property

If the property is unregistered, then proof of ownership can only be evidenced by providing the original historical deeds and documents of title going back at least 15 years. The Auction Pack should include an Official Search of the Index Map from the Land Registry which shows that the property is unregistered, together with the deeds and documents of title that the seller intends to rely on to prove their right to sell it.

D.3 TYPES OF OWNERSHIP

In addition to being Registered or Unregistered, there are 3 different types of property ownership. These are Freehold, Leasehold and more unusually, Commonhold.

Freehold Property

If you purchase a freehold property, you will own the property, the land it is built on, and you will have the right to live there for as long as you please. You can make alterations to the property within restrictions of the law and planning legislation. Most houses are freehold.

Leasehold Property

If you buy a leasehold property you are actually buying the rights to live in it for a set period of time. You won't actually own the property or the ground it is situated on. Most flats are leasehold. Under the terms of the lease, you will be required to pay Ground Rent to the

Landlord, who will usually be the owner of the Freehold of the building. In addition to Ground Rent, you will probably also be required to pay Service Charge. This will cover the costs for communal maintenance, repairs and decoration. The lease should stipulate how the service charge is worked out, and how it is divided between the other leaseholders in the building. It's important to calculate all these costs before committing to a leasehold property, as you may not have budgeted for these additional costs.

Once the set period in the lease expires, the ownership of the property is given back to the freeholder. Most leases are usually between 99 to 150 years, however, it is possible to obtain an extension of the term of the lease from the Freeholder. When buying a leasehold property, it is important to find out how long is remaining on the lease as this will affect the value of the property and the ability to obtain a mortgage over it.

Commonhold Property

Commonhold is a relatively new idea and was only introduced in 2004. Like leasehold, this type of property is usually found with flats and units.

Commonhold is pretty self-explanatory. A group of people mutually own, for example, a block of flats and there is no overall landlord. However, there is a freehold owner, and that is a company called a commonhold association. The owner of each flat is a member of the association. The commonhold association is responsible for maintaining the communal areas of the building.

Leaseholders can convert to commonhold, but every leaseholder will have to buy the freehold together, and everyone in the building must agree to convert to commonhold.

D.4 TITLE REPORT FOR 100 ANY STREET

The Property is Registered with a Freehold title at the Land Registry under Title Number WA123456.

The Title Deeds, (or Official Copies as they are properly known), come in 3 parts:

- The Property Register, (or the 'A' Register), which describes the property and any rights benefitting it;
- The Proprietorship Register, (or the 'B' Register), which records who owns the property, and;
- The Charges Register, (or the 'C' Register), which shows any mortgages together with rights or covenants which may adversely affect the property.

The Property Register – the 'A Register'

The Property Register shows that the Property is known as 100 Anystreet, Anytown, Anywhere CR12 3BC.

ACTION:

Please ensure that this is the correct postal address for the Property

The Proprietorship Register – the 'B Register'

The Proprietorship Register shows that the Property is registered with an Absolute legal title. This is the best class of title that can be obtained and means that absolute ownership of the property is guaranteed by the Land Registry.

The current owner is John Smith & Julie Smith. On completion of your purchase, your solicitor will deal with the registration of yourself as owner of the Property at the Land Registry. Your name will appear under the Proprietorship Register.

ACTION:

Your solicitor should ensure that the Property is being sold by all of the registered owners.

The Charges Register – the 'C Register'

There is currently a mortgage registered against the Property in favour of Lender A.

Your solicitor will obtain an undertaking from the Seller's solicitor that they will pay off this mortgage from the purchase monies you will pay to them on completion of your purchase. If you are buying the Property with a mortgage, your solicitor will deal with the registration of the new mortgage details against the title deeds at the same time as they registered your purchase.

The Charges Register refers to a Conveyance of the Property dated 1st January 1987.

The Conveyance contains a number of Restrictive Covenants which govern how you are able to use the Property.

A restrictive covenant is a promise by one person with another, for example, by a buyer of land with a seller, not to do certain things with the land, such as to build on it or use it as a shop or factory. It binds the land and not the buyer personally and therefore "runs with the land". This means that the covenant continues even when the buyer sells the land on to another person. Restrictive covenants also continue to have effect even though they were made many years ago and appear to be obsolete

The Conveyance contains the following restrictive covenants:

- You must not use the Property other than as a single private dwellinghouse
- You must not use the Property for any purpose in connection with a trade or business
- You must not hold any public auction on the Property

ACTION:

Ensure that you are able to comply with the covenants throughout your ownership of the Property. If your intended use of the Property may breach one or more of the covenants you should contact a solicitor immediately to assess whether the covenants can be modified or removed

THE TITLE PLAN

The Plan shows the boundary of the Property edged in red.

ACTION:

You should ensure that the boundaries are accurate from your inspection of the Property. If they are not you should ask your solicitor to make enquiries into the legal ownership of any parts of the Property not shown on the Plan.

The Plan shows that there is a lane at the rear and side of the Property. Your solicitor should enquire who owns the lane and whether you will acquire any specific rights of way or maintenance obligations attached to the use of the lane.

E.1 THE LOCAL AUTHORITY SEARCH

What is a Local Authority search?

The standard Local Authority search is usually in two parts. The first provides a list of all of the relevant entries in the Local Land Charges Register, such as tree preservation orders or renovation grants. The second gives information on, amongst other things, planning applications relevant to the property, (whether granted or refused), building regulation history, enforcement actions, restrictions on permitted development, nearby road schemes, contaminated land and radon gas. The search covers a total of 13 different areas.

E.2 THE LOCAL AUTHORITY SEARCH FOR 100 ANY STREET CONTAINS THE FOLLOWING INFORMATION:

Search Date

The Search Result is dated 15th February 2010 and is therefore more than 6 months old.

Searches usually have a shelf life of 6 months from the date they are completed. Accordingly, if you are purchasing with the aid of a Mortgage Offer you can either carry out a new search or put in place search validation insurance as this will be required by your Lender. The insurance will usually cost around £40 and covers any financial loss you would incur due to there being a change in the search results between February 2010 and the present date. The new search will cost anywhere between £70.00 - £250.00 and will usually take 7-10 days to be obtained by your solicitor.

ACTION:

You should advise your solicitor as soon as possible whether you wish to order new search results or if you would prefer to rely upon validation insurance.

Search Results:

The search has been obtained from the Local Authority serving the locality, Cardiff City Council, and advises the following:

Roads

- Any Street is adopted and maintained by the Local Authority.
- The rear lane is not adopted by the Local Authority

ACTION:

Your solicitor should enquire who owns the lane and whether you will acquire any specific rights of way or maintenance obligations attached to the use of the lane.

Planning & Building Regulation History

- The search shows a Planning Permission in 1989 for a single storey Extension at the Property.

ACTION:

Your solicitor should obtain a copy of the Planning Permission and any associated Building Regulation Completion Certificate from the Seller.

You should ensure that you are happy with the quality of the building works carried out.

- Cardiff City Council have a Local Plan which details outline proposals for general development in the area. A copy of the local plan is published on the Council's website. For further information in this regard, please contact the Local Authority direct.
- There is a Tree Preservation Order, (TPO), protecting a tree on or near to the Property

ACTION:

Your solicitor should obtain a copy of the TPO and show you which trees may be protected. Where a tree is covered by a TPO you would not be able to carry out any pruning or other works without the previous written consent of the Local Authority.

F.1 The Water & Drainage Search

What Information is Contained in the Water & Drainage Search?

The standard Water & Drainage search includes the following key information about the Property:

- Details of water and waste water services at the property – not all properties are connected to the public system
- The location of public water mains and sewers in the area – important if an extension is planned
- The existence of any agreements or consents that may affect the enjoyment of the property
- Information on the risk of internal flooding (e.g. from overloaded nearby public sewers)
- An analysis of the risk of receiving low water pressure, together with possible remedial measures

- The location of nearby sewage works - to help determine if odour or noise may be a problem
- An assessment of water quality
- The basis of charging information, ie whether the Property has a water meter and its location if relevant.

F.2 The Drainage & Water Search for 100 Any Street contains the following information:

Date of Search

The Search Result is dated 8th February 2010 and is therefore more than 6 months old.

Searches usually have a shelf life of 6 months from the date they are completed.

Accordingly, if you are proceeding with the aid of a mortgage offer you can either carry out new searches or put in place search validation insurance as this will be required by the Lender. The insurance will usually cost around £40 and covers any financial loss you would incur due to there being a change in the search results between February 2010 and the present date. The new search will cost anywhere between £40.00 - £60.00 and will usually take 7-10 days to be obtained by your solicitor.

ACTION:

You should advise your solicitor as soon as possible whether you wish to order new search results or if you would prefer to rely upon validation insurance. The insurance will cover both the out of date Local Authority and Drainage & Water search.

Search Results

The search has been obtained from the Water & Drainage provider, Welsh Water, and advises the following:

- The Property is connected to the mains water system and is served by a water meter which is located within the Property
- The Property is connected to the foul water drainage system
- Surface Water from the Property drains into the public sewer system
- There is a sewer running within the boundary of the Property

ACTION:

You should be aware that if you were to ever consider extending the Property to within 3 metres of the centre line of the sewer you will require the prior written consent of the Water Authority to do so. Your solicitor should make enquires with the Seller as to whether they have ever encountered any problems due to the location of the sewer.

- The Property is not at risk from internal flooding due to overloaded public sewers
- The Property is not recorded on a register of low water pressure or flow
- The Property failed water quality tests for Iron Content

ACTION:

The search reveals that certain households in the area have failed water quality tests. You should ask your solicitor to make enquiries with the Seller and Welsh Water to determine whether the Property was one of the households tested in the random sampling.

G.1 The 'Special Condition of Sale'

In addition to the Auction Houses standard General Conditions of Sale you will purchase the Property subject to the following Special Conditions:

- In addition to the purchase price paid at the Auction you would be required to also pay the seller's costs of £230.00 incurred in providing the search results.
- The Completion Date for the purchase must be at any time within 21 days from the date of the Auction.

ACTION:

You must ensure that you instruct a solicitor to handle the purchase for you immediately if you are successful at the Auction as you will only have 3 weeks in which to complete the purchase.

Please contact us further if you would like us to put you in touch with one of Auctus Legal's panel firms of solicitors who will provide a very competitive fixed fee conveyancing service.

H. 1 Conclusion

We hope that you have found the Auctus Legal Auction Pack Report useful in helping you decide whether to bid on the Property. If you have any queries concerning the information revealed in this Report we would recommend that you speak to one of Auctus Legal's panel solicitors. If you wish we could ask one of the panel firms to contact you to discuss how best to proceed with your proposed purchase. Simply contact us on 0845 111 1111 or by e-mail to sols@auctuslegal.com and we can arrange for them to get in touch with you straight away.

Finally, Good Luck at the Auction.....!