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TAKING INSTRUCTIONS AND OTHER INITIAL MATTERS

Pre-exchange					Exchange & pre-completion				Completion & post-completion		
Stage 1 Taking instructions & advising client	Stage 2 Draft contract	Stage 3 Pre-contract searches, enquiries & planning	Stage 4 Title	Stage 5 Mortgage (applies throughout process)	Stage 6 Exchange of contracts	Stage 7 Purchase deed	Stage 8 Pre-completion searches and requisitions	Stage 9 Financial statements	Stage 10 Completion	Stage 11 SDLT & registration	Stage 12 Delays and remedies

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4.1 INTRODUCTION


The first interview will enable you to gather essential facts, but it should also be used, where necessary, to furnish the client with important advice on how to proceed. It gives you the opportunity to instil confidence in the client of your abilities as a conveyancer. To this end always try to see the client in person. Too many firms cut corners by relying solely on the telephone for obtaining instructions, but in the long run this may be a false economy, for clients will normally prefer to meet their solicitor at an early stage. It is our view that, ultimately, it is still the high level of service that impresses clients more, not the low level of fees; and a satisfied client is one who will return to you with future instructions. If a personal interview is impossible, at least ensure that the instructions received and advice given over the telephone are clear, and backed up with a letter of confirmation to the client.

In our experience, students often make silly mistakes when conducting or explaining a first interview with a client. Always remember to note down basic information such as the client's name, address, and contact telephone numbers—this is sometimes overlooked. Other errors include forgetting who pays stamp duty (the buyer), who pays the estate agent's commission account (the seller), and who pays any capital gains tax (the seller). Remember that giving survey advice to a buyer is essential and the type of survey you recommend will depend primarily on the age of the property. Regarding mortgage advice, these days,

endowment mortgages should generally be avoided at all costs, with the usual recommendation being a repayment mortgage, especially for first-time buyers who are looking for the cheapest option in terms of monthly outlay.

The Money Laundering Regulations 2007 require you to obtain satisfactory evidence of the client's identity when you establish a business relationship with the client, e.g. at the first interview. Strictly speaking you should not even open a file or prepare a client care letter until the client's identity has been verified (see 4.8.2 below).

4.2 ADVICE ON CO-OWNERSHIP

 See residential case study online for example co-ownership advice

When giving advice to joint buyers on co-ownership explain the differences between a joint tenancy and a tenancy in common simply, clearly, and without using legal jargon.

4.2.1 JOINT TENANCY

Under a joint tenancy, the purchasers own collectively the whole of the equitable estate with each other—they do not own individual shares. Accordingly, a 'share' in the property cannot be left by will, because upon death the deceased's 'share' passes automatically to the survivor(s). This is known as the right of survivorship. A joint tenancy is normally suitable for a married couple or cohabitants in a stable relationship, but not for those who have children from a previous relationship (see the next paragraph).

4.2.2 TENANCY IN COMMON

A tenancy in common is the opposite to a joint tenancy in that the buyers do own separate shares that may be left by will, or pass on intestacy in the event of no will, or may even be disposed of *inter vivos*. A tenancy in common should be recommended where the buyers are neither married nor in a stable relationship, where they have contributed in unequal proportions to the purchase price, or where they are business partners. It would also be appropriate for couples where one or both have children from a previous relationship, so that those children (and possibly any grandchildren) can be provided for.

4.2.3 TRUST DECLARATION AND MAKING WILLS

Where purchasers buy as tenants in common you should, on or before completion of the purchase, prepare a declaration of trust, signed by the parties, setting out their respective financial contributions and agreeing their share of the beneficial interest in the property. The declaration can also deal with other matters, such as the proportions each will pay towards the mortgage (if any) and other household expenditure, and the procedures for a later sale if one wishes to sell and the other does not.

The declaration of trust should be kept safely and referred to in the event of any later dispute. Without a trust declaration, uncertainty may arise in the event of a later dispute between the co-owners over the distribution of future sale proceeds. The court has a wide discretion to assess their shares in the property, having regard to the conduct and contributions of each party (*Oxley v Hiscock* [2004] EWCA Civ 546), but a purchase of domestic property in the joint names of cohabitants will establish a *prima facie* case of joint and equal beneficial interests until the contrary is proved (see *Stack v Dowden* [2007] UKHL 17 and *Jones v Kernott* [2011] UKSC 53). Because the survivorship rule does not apply to a tenancy in common, tenants in common should also be advised to make wills.

Failure to give proper advice in this area may result in a negligence claim against the solicitor if a client suffers loss as a result. The classic mistake is for a conveyancer to advise a joint tenancy where a tenancy in common is clearly appropriate; for instance, where

unmarried co-purchasers contribute in unequal shares to the purchase price (see *Ahmed v Kendrick* (1988) 56 P & CR 120).

4.2.4 ESTABLISHING WHETHER OWNERS ARE JOINT TENANTS OR TENANTS IN COMMON

You may need to know whether clients who already own property are joint tenants or tenants in common, for instance if one owner dies, or if the property is to be sold and the proceeds split. You can find out as follows.

Registered land

If the title is registered, you should consult the proprietorship register of the title to see whether a joint proprietorship restriction has been entered in the following terms: 'No disposition by a sole proprietor of the registered estate (except a trust corporation) under which capital money arises is to be registered unless authorised by an order of the court' (you may come across earlier versions). The presence of such a restriction tells you that the owners are tenants in common. The absence of such a restriction tells you that they are joint tenants.

Unregistered land

If the title is unregistered, you should consult the most recent conveyance to the present owners, which should state whether they (i.e. the purchasers in the conveyance) are joint tenants or tenants in common.



Key Points Co-ownership

- Explain to prospective co-buyers the differences between a joint tenancy (where the buyers collectively own all the property) and a tenancy in common (where the buyers own separate shares in it).
- Explain the principle of survivorship in a joint tenancy.
- Failure to give correct co-ownership advice may result in negligence.
- If buying as tenants in common the buyers should make a declaration of trust and consider making wills.
- For tenants in common the Land Registry will enter a co-ownership restriction in the proprietorship register to prevent a sole survivor from disposing of the land.
- If the above restriction is absent from the register, you know that the owners are joint tenants.

4.3 ADVICE ON SURVEY

4.3.1 GENERAL CONSIDERATIONS

A buyer should always be advised to have a survey of the property carried out before exchange of contracts because of the *caveat emptor* principle ('let the buyer beware'). It is for the buyer to discover any physical defects in the property and these may not be apparent from the client's own inspection. A client is sometimes reluctant to incur the additional expense of a survey fee so it is your job to reassure the client that this is money well spent. Failure on your part to give this advice could amount to negligence.

A physically defective property may, of course, be unsafe to occupy, but there are financial implications for the purchaser as well. The market value of a property will be reduced if it is in poor condition and so the purchaser may be paying more than he should for it. It may also adversely affect the purchaser's ability to mortgage the property or sell it at a later date. These are all considerations that must be drawn to the client's attention.

4.3.2 DIFFERENT TYPES OF SURVEY

There are currently three types of survey widely available.

Basic valuation

This is the simplest and cheapest form of survey but it does no more than establish the property's value on the open market. A prospective mortgagee will normally commission this type of survey in order to verify whether the property being charged is adequate security for the proposed loan. The mortgagee's surveyor owes a duty of care not only to the lender but also to the borrower who relies on the report (*Smith v Eric S Bush* [1990] 1 AC 831). A copy of the report should be made available to the borrower.

Unless the property has been built within the last ten years, and has the benefit of a National House Building Council (NHBC) guarantee, clients should be advised to seek a survey that is more detailed than the basic valuation. Even for new properties a basic survey should be recommended.


Home buyer's valuation and survey report

This is more detailed than the basic valuation but not as comprehensive as the full structural survey. It is popular amongst house buyers who, reluctant to incur the costs of a full structural survey, seek a compromise that gives more information than a basic valuation. The small print should be read carefully though; the conditions will often reveal just how superficial the report can be. Invariably, the surveyor will not inspect unexposed or inaccessible areas, for instance the roof space or below floorboards.

A buyer who opts for this type of survey should be advised to contact the buyer's mortgagee to request that the mortgagee's surveyor carries it out instead of—not in addition to—the basic valuation. This will generally be acceptable to the mortgagee and means that the client will avoid incurring two survey fees.

Full structural survey

A full survey ought in theory to reveal the true state and condition of the property, but this is not always the case, and the small print of the conditions of survey should be checked for exclusions. You would generally advise the client to have a full structural survey if the property is old (say, more than 80 years), or is of high value, or if the client has plans to alter the property structurally. The survey fee is obviously more (usually in excess of £500), but for this the client should at least get peace of mind (as long as the survey is favourable). If physical defects are revealed, then the client should be advised either to withdraw from the transaction, or to seek from the seller a reduction in the purchase price.

 See residential case study online for example survey advice in initial letter to clients

4.3.3 SPECIAL CONSIDERATIONS

Neighbouring property

There will be occasions when a survey of neighbouring property will be necessary, e.g. on the purchase of a flat or property that is structurally attached to the neighbouring property. In this case, the surveyor should be instructed to inspect the main structure of the building and the adjoining property (if possible), as well as the subject property. The poor physical condition of the building of which a flat forms part will inevitably lead to increased levels of service charge payable by the occupiers of the flats (see Chapter 16 regarding service charges in leases).

Drainage

You should consider whether the subject property is served by mains drainage, maintainable at the public expense (this will be revealed by the water search, see 6.5). If not, and the drainage system is privately owned, it would be prudent to commission an expert's report on its condition, because your client buyer may incur future costs of maintenance.

Electric wiring

If the electric wiring in the property has not been checked for many years, then an inspection by an expert should be considered.

Commercial premises

The acquisition of commercial premises will usually necessitate a thorough inspection and survey, the extent of which will depend on the nature and location of the property and the terms of any relevant lease. This is considered again in Chapter 18. One particular area of concern today is the potential liability for expensive 'clean-up costs' under the Environmental Protection Act 1990 and the Environment Act 1995. The detail of these statutes is outside the scope of this book, but the point must be stressed that any purchaser (and mortgagee) of land for development should consider the desirability of an environmental survey to check for contamination by hazardous substances (e.g. industrial waste).

Under the Environment Act 1995, local authorities are required to identify contaminated land within their areas and to serve a remediation notice requiring clean-up works to be carried out where necessary. The 'appropriate person' upon whom the notice is served is the original polluter, but if that person cannot be found, then the appropriate person will be the 'owner or occupier' of the land.

For further information concerning the important topic of contaminated land, please refer to *A Practical Approach to Commercial Conveyancing and Property* by Abbey and Richards (Oxford University Press, 2009).



Key Points Advice on survey

- For residential property, advise on the three different types of survey: basic valuation; home buyer's; full structural.
- Full structural is preferable for older or high-value properties.
- Commercial premises may require a more comprehensive survey.
- When buying a flat, consider a survey of the whole building because of service charge liability, etc.

4.4 ESTATE AGENTS

Most sellers will use an estate agent to market their properties and to negotiate on the sale price. The agent normally charges the seller a percentage of the selling price as commission. This becomes due on exchange of contracts but is paid out of the sale proceeds on completion. By the time the seller first contacts the conveyancer, the seller usually will have secured a buyer at an agreed price.

4.5 CAPITAL GAINS TAX—WILL THE SELLER HAVE TO PAY IT?

4.5.1 PRINCIPAL PRIVATE DWELLINGHOUSE EXEMPTION

Capital gains tax (CGT) is *prima facie* payable on the disposal of an interest in land. The disposal for tax purposes occurs at exchange of contracts (when the beneficial interest passes to the buyer), not on completion. Nevertheless, CGT is rarely payable in the context of residential conveyancing because of the availability of the principal private dwellinghouse (PPD) exemption. The disposal (i.e. sale) of an individual's PPD, including grounds of up to 0.5 hectare, is exempt from CGT. Although this will apply in most domestic transactions, the practitioner should always check the client's situation carefully to ensure that the exemption does in fact apply in each case.

Only or main residence

In the first place, one should establish whether the seller has lived anywhere else since the subject property was acquired, because the exemption states that the seller must have lived in the house as his or her only or main residence throughout the period of ownership. Certain periods of absence are disregarded, in particular, the following cumulative periods:

- non-residence during the last 36 months of ownership;
- the first 12 months of ownership;
- any period of absence in employment overseas;
- up to four years' absence if a condition of employment;
- any period up to three years in total throughout the period of ownership.

Exclusive business use

Secondly, one should obtain the client's confirmation that no part of the PPD has been used exclusively for business purposes; otherwise a proportion of the exemption may be lost in respect of the business use area. The word 'exclusively' is emphasized because if the business room (or rooms) is shared with other members of the household, this should qualify as 'duality of user', enabling the full exemption to apply.

Half a hectare limit

The practitioner should establish how much land is being sold along with the PPD. If the grounds exceed half a hectare (5,000 square metres or 1.235 acres) there could be a tax liability on the excess unless the excess is proved to be necessary for the reasonable enjoyment of the house, e.g. if a large house with a large garden is being sold. Where ownership of the house is retained but land alone is sold, the land enjoys the benefit of the PPD exemption provided the land sold does not exceed half a hectare.

Other matters

Check whether the client owns another house. Married couples are only entitled to one PPD exemption. If a married couple own more than one house, then they should elect which house is to take the benefit of the exemption. This election is revocable if they wish to change their minds. Finally, check that the client's house was not originally purchased in the name of a company, otherwise the PPD exemption will not apply.

Losses and allowances

Even if the PPD does not apply, either in full or in part, any chargeable gain on the sale of the property could be reduced or possibly wiped out altogether if certain allowable deductions are available and taken into account. For example, losses from previous assessment years can be carried forward and set off against gains. Also, each individual has an annual allowance for CGT, which is £10,600 for tax year 2012/13. If tax is actually payable, it will usually be charged at a flat rate of 18 per cent.

Advising buyers

Advice on CGT is, of course, primarily of importance to a client who is selling a property. However, a client who is intending to buy a property that will not be a PPD should be advised of any potential liability for CGT on a subsequent disposal.

**Key Points** Capital gains tax

- The principal private dwelling (PPD) exemption means that clients selling their only or main home will usually be exempt from CGT.
- The seller must have lived in the house as his only or main residence throughout the period of ownership, although certain periods of absence are disregarded.

- A part of the exemption may be lost for large gardens over 0.5 hectares or if part of the house is used exclusively for business purposes.
- The PPD exemption does not apply to second homes, although an election can be made, i.e. the client can choose which home is exempted.
- Advise buyers of potential CGT in the future if they are not buying a PPD.

4.6 STAMP DUTY LAND TAX—WILL THE BUYER HAVE TO PAY IT?

Where the price for the property exceeds a certain figure (known as the stamp duty land tax (SDLT) threshold—currently £125,000 for residential properties and £150,000 for non-residential or mixed-use properties) the buyer is required to pay a government tax called stamp duty land tax. The duty is calculated at 1 per cent of the total consideration for the property, increasing to 3 per cent over £250,000, 4 per cent over £500,000, 5 per cent over £1 million and 7 per cent over £2 million. The £1 million and £2 million thresholds apply only to residential property. If the consideration is just over one of these thresholds, you should consider apportioning the price between the land and any contents included in the sale (e.g. carpets and curtains). This could reduce the price for the land below the threshold and thus reduce or avoid stamp duty land tax altogether. However, you should take care that the price for the contents is a proper reflection of their value. Any overvaluation in these circumstances may constitute a fraud against HM Revenue and Customs (by both you and the client) and could also make the contract for sale unenforceable by action (see *Saunders v Edwards* [1937] 1 WLR 1116).

HM Revenue and Customs has issued guidance as to items it regards as chattels, where apportionment is allowable, and items it regards as fixtures, where apportionment is not allowable:

- **Chattels:** carpets, curtains, light shades, pot plants, free-standing kitchen white goods, and portable electric or gas fires.
- **Fixtures:** fitted bathroom sanitary ware, central heating systems, plants growing in the soil, and gas fires connected to a piped gas supply.

Any reduction in the purchase price of the property should also be reported to and first approved by the client's prospective mortgagee (if any). The mortgagee may possibly decide to reduce the amount it is prepared to lend.

There is a stamp duty exemption for property acquired in certain designated disadvantaged areas of the country. In these areas, where the consideration does not exceed £150,000, no stamp duty land tax will be payable. A list of the qualifying areas can be found at <<http://www.hmrc.gov.uk/so/dar/index.htm>>.

To assist you in filling out the stamp duty land tax return ask the buyer for his national insurance number when taking instructions and keep it on file.




Key Points Stamp duty land tax

- Over £125,000 = 1%.
- Over £250,000 = 3%.
- Over £500,000 = 4%.
- Over £1,000,000 = 5%.
- Over £2,000,000 = 7%.
- If the price is just above one of the thresholds, consider apportioning price between the land and any chattels included. Do, however, report any reduction in price to your client's mortgagee.
- Ask the client for their NI number, which is needed for the SDLT return.

4.7 CLIENT CARE AND ADVICE ON COSTS

Client care procedures and advice on costs are important aspects of the SRA Code of Conduct 2011 (the Code), which came into force on 6 October 2011. Full details of the Code can be found on the Solicitors' Regulation Authority website at <<http://www.sra.org.uk/solicitors/handbook/code/content.page>>.

4.7.1 COSTS

 See online case studies for example estimates of conveyancing charges

Outcome 1.13 of the Code requires practitioners to give clients the best possible information, both at the time of engagement, and when appropriate as their matter progresses, about the likely overall cost of their matter. This should include a breakdown between fees, VAT, and disbursements. At the start of a conveyancing transaction it should be possible to agree an estimate for the whole transaction. Remember that this will also have to include your fee for acting for the client's lender (if any). You should also advise the client of VAT payable on top of your profit costs, together with other expenses such as possible stamp duty, Land Registry fees, search fees, and bank transfer fees. If you forget to mention VAT, the client may assume that the quoted figure is inclusive of it (Value Added Tax Act 1994, section 89).

Once you have settled an estimated figure, it is sensible to inform the client that you reserve the right to increase your charges should the transaction prove to be unduly complicated or protracted. In this way you are not binding yourself to a fixed, unalterable fee. You may reassure the client, however, by saying that in the vast majority of cases, no increase is usually necessary. You should also discuss how and when the costs are to be met (normally at the conclusion of the transaction). You should confirm the estimate to the client in writing, and you must also advise the client immediately in writing if the figure is to be revised. Care is needed here because if you go further than giving an estimate—by committing yourself to a fixed (or 'agreed') fee—then you will not be permitted to charge more even if circumstances change.

4.7.2 COMPLAINTS HANDLING AND CLIENT CARE GENERALLY

Outcome 1.9 of the Code requires clients to be informed in writing at the outset of the matter of their right to complain and how complaints can be made. Outcome 1.11 requires you to deal with clients' complaints promptly, fairly, openly, and effectively. Firms should therefore operate a written complaints procedure, and ensure that all staff are made aware of it. This policy will tend to show that the Outcomes have been achieved and the Principles adhered to. In particular, the Indicative Behaviours in Chapter 1 of the Code recommend that the firm's written complaints procedure should:

- be brought to the clients' attention at the outset of the matter;
- be easy for clients to use and understand, allowing for complaints to be made by any reasonable means;
- be responsive to the needs of individual clients, especially those who are vulnerable;
- enable complaints to be dealt with promptly and fairly, with decisions based on a sufficient investigation of the circumstances;
- provide for appropriate remedies; and
- not involve any charges to clients for handling their complaints.

Clients should be provided with a copy of the written complaints procedure upon request and, in the event that a client makes a complaint, the client should be provided with all necessary information concerning the handling of the complaint. Outcome 1.10 requires clients to be informed in writing, both at the time of engagement and the conclusion of

the solicitors' complaints procedure, of their right to complain to the Legal Ombudsman, the timeframe for doing so and full details of how to contact the Legal Ombudsman. The Law Society has issued a useful complaints management practice note to help solicitors achieve good practice in this area (<<http://www.lawsociety.org.uk/productsandservices/practicenotes/complaintsmgmt/4986.article>>).

In relation to client care generally, the following Indicative Behaviours will tend to show that the solicitor has achieved the Outcomes in Chapter 1 of the Code and therefore complied with the Principles:

- agreeing an appropriate level of service with your client, e.g. the type and frequency of communications;
- explaining your responsibilities and those of the client; and
- ensuring that the client is told, in writing, the name and status of the person(s) dealing with the matter and the name and status of the person responsible for its overall supervision.

Remember that the Indicative Behaviours in the Code provide examples of the information practitioners should be providing in order to meet the Outcomes. However, unlike the Outcomes, the Indicative Behaviours are not mandatory, and a practitioner must decide what is appropriate for an individual client taking into account the client's particular needs and circumstances. For example, it may be inappropriate to give full information in certain cases, e.g. when acting for a regular client for whom repetitive work is done where the client has already been provided with the relevant information. It follows that the Indicative Behaviours are of particular importance when taking instructions from a new or non-established client.

At some stage during the first interview, you should advise the client of the future action to be taken to progress the matter, the likely timescale of the transaction, and when you will next contact the client. If the client is unfamiliar with the conveyancing process it is good practice to offer a brief explanation of the procedures involved and to estimate when exchange of contracts and completion are likely to take place. All relevant client-care information, including advice on costs, must be confirmed to the client in writing.



Key Points Client care and advice on costs

- Give the client a costs estimate and remember to include VAT, disbursements, and any stamp duty land tax.
- Advise the client of your firm's complaints procedure, who will have the day-to-day running of the file, and the name of the partner or other fee earner in overall charge.
- Advise the client of the future action to be taken and the likely timescale of the transaction.
- Confirm everything in writing to the client.
- Generally become familiar with the SRA Code of Conduct, Chapter 1 (client care).

See online case studies for example terms and conditions of business

4.8 PROFESSIONAL CONDUCT

4.8.1 GENERAL CONSIDERATIONS

The SRA Code of Conduct is intended to make it clear to consumers what outcomes they should expect from their legal service providers. As these are outcomes-focused requirements, practitioners need to consider how best to achieve the right outcomes for their clients taking into account the way that the practitioner works and its client base. Failure to achieve the Outcomes in the Code or breaching the Principles is a serious matter that may lead to

disciplinary proceedings. Many conduct issues may arise during the course of a conveyancing transaction. On exchange of contracts and completion professional undertakings will be given; there are rules governing practitioners' handling of clients' money; there are special provisions regarding contract races (see 5.4). In this chapter we will consider client confidentiality, money laundering, and acting for more than one party in a property transaction.

4.8.2 CLIENT CONFIDENTIALITY AND MONEY LAUNDERING

Confidentiality

Chapter 4 of the Code deals with confidentiality and disclosure. Outcome 4.1 provides that a practitioner must keep the affairs of clients confidential except where disclosure is required or permitted by law or the client consents. Outcome 4.3 provides that where your duty of confidentiality to one client comes into conflict with your duty of disclosure to another client, your duty of confidentiality takes precedence. Thus client affairs are confidential and must never be disclosed to a third party without the client's consent, even where the practitioner is no longer acting for the client. Suppose you act for borrower and lender and your borrower's client tells you that he intends to run a business from the premises, in breach of a mortgage condition. You cannot continue to act because there is a conflict of interest, but neither can you tell the lender the reasons why you can no longer act—this would be a breach of confidentiality to the borrower.

Money laundering

One exception to the confidentiality rule that is of importance in the context of conveyancing concerns money laundering. The Serious Organised Crime Agency (SOCA) has highlighted the prevalence of property transactions as a means of laundering criminal funds, and the high risk of exposure of professionals offering conveyancing services to the public. The Criminal Justice Act 1993 and the Proceeds of Crime Act 2002 introduced criminal offences for *failing to disclose* to the authorities (i.e. the SOCA) knowledge or suspicion of others who are involved in laundering the proceeds of a crime, drug trafficking, or terrorism. Thus, if you have such knowledge or suspicion, you must report it to your firm's nominated officer (see below) as soon as practically possible prior to the transaction taking place (subject to any legal professional privilege, see below).

The Law Society has issued an anti-money-laundering practice note (obtainable from the Law Society's website) alerting solicitors to likely circumstances that could amount to assisting in money laundering. These include:

- clients who ask you to hold large sums of cash and who then ask for a cheque from your firm;
- secretive clients who will not disclose their identity;
- unusual instructions, e.g. clients instructing you from the other end of the country when they could be using a local firm;
- unusual settlement requests, e.g. paying for a property with large sums of cash.

'Tipping off'

It is an offence to 'tip off' the client that you have made a disclosure to the authorities, or that the authorities are investigating a possible laundering offence. This rule is also contrary to the normal solicitor–client relationship of confidentiality. The duty of disclosure extends to any party (not just your client) suspected of being involved, so this covers the other side's client as much as suspicion about your own client.

Legal professional privilege

The case of *Bowman v Fells* [2005] EWCA Civ 226 has altered how conveyancers should approach reporting issues, and careful attention should be paid to the Law Society guidance on its website about the implications of this decision. Essentially, if a conveyancer forms

knowledge or suspicion of money laundering, he should first consider whether the information on which that knowledge or suspicion is based was received in legally privileged circumstances. If it was, he cannot make a report to the SOCA without the client's authority. In these circumstances, conveyancers should consider whether they would prefer not to act for the client. Advice on a case-by-case basis can be obtained from the Law Society's Professional Ethics helpline (0870 606 2577).

Money Laundering Regulations

The Money Laundering Regulations 2007 apply to all legal professionals acting in any real property transaction and extend to the proceeds of any criminal activity. The following matters should be noted:

- All staff who handle investment business must be trained to recognize and deal with suspicious transactions (e.g. a large cash sum received from a client for a deposit on a purchase should be treated as suspicious).
- Each firm must appoint a reporting officer (known as a nominated officer) and establish internal reporting procedures.
- There must be procedures for obtaining satisfactory evidence of the client's identity where necessary (see proof of identity and residence in the initial letter to the client in the residential case study online). When acting for a company for the first time, you will need to verify the beneficial ownership of the company (see proof of identity and residence in the initial letter to the client in the commercial case study available online).
- A record of each transaction must be maintained for at least five years.
- Evidence of clients' identity obtained must be kept for at least five years after the relationship with the client has ended.

4.8.3 ACTING FOR SELLER AND BUYER

The Outcomes in Chapter 3 of the Code require practitioners to have effective systems and controls in place to help identify and assess conflicts of interest. Accordingly, it is for the practitioner to decide whether acting for both buyer and seller in a particular conveyancing transaction would amount to a client conflict. Outcome 3.3 requires you to consider factors such as whether:

- the clients' interests are different;
- your ability to give independent advice to the clients may be fettered;
- there is a need to negotiate between the clients;
- there is an imbalance in bargaining power between the clients; and
- any client is vulnerable.

Clearly, acting for buyer and seller in the same matter carries a high risk of conflicts of interest and the SRA has indicated that it would not expect solicitors to act routinely for buyer and seller. This is supported by Indicative Behaviour (IB) 3.14 which states, that acting for a buyer (including a lessee) and seller (including a lessor) in a transaction relating to the transfer of land for value may tend to show that a practitioner has not achieved the Outcomes in Chapter 3 and therefore not complied with the Principles.

Outcome 3.6 states that you can act for more than one party even if there is a client conflict where the clients have a substantially common interest in relation to a matter or a particular aspect of it. However IB 3.11 provides that acting for two or more clients under Outcome 3.6 where a seller is transferring property to a buyer may tend to show that you have not achieved the Outcomes in Chapter 3 and have therefore not complied with the Principles.

In the light of the above, best practice is to decline to act for buyer and seller in the same transaction where the land is being transferred for value. However it may be possible to act

for both parties where the land is being gifted, or being transferred between parties who are related by blood, adoption, marriage, civil partnership or living together. Similarly, in a commercial context, it may be possible to act where the parties are associated companies (e.g. subsidiaries of the same holding company). However if a conflict were to arise during the course of the transaction, you would have to cease acting for at least one of the clients and could only continue to act for the other client if the duty of confidentiality to the former client were not put at risk.

Any decision to act for both buyer and seller should be of benefit to both clients, rather than in the practitioner's own commercial interests. This accords with Principle 2, which requires the practitioner to act with integrity. You should also bear in mind Principle 3 (not allowing your independence to be compromised) and Principle 5 (providing a proper standard of service to your clients).

Confidentiality may also become an issue in relation to acting for both parties. For example, a seller may want certain information kept confidential, but this information may be material to the buyer. As the duty of confidentiality takes precedence over the duty of disclosure (Outcome 4.3), you would have to consider ceasing acting for the buyer.

4.8.4 ACTING FOR JOINT BUYERS OR JOINT SELLERS

You can act for joint buyers or joint sellers provided no conflict of interest exists or is likely to arise between them. In most cases, the interests of the joint buyers or sellers are the same, so there is rarely a problem. You should obtain instructions (or verification of instructions) directly from each client, rather than simply relying on the word of the other(s). This allows you to clarify the client's exact requirements and to ensure that the instructions are not tainted by undue influence or duress.

4.8.5 ACTING FOR LENDER AND BORROWER

This is considered in Chapter 9 dealing with mortgages.



Conduct Points

- Do not act for buyer and seller in a conveyancing transaction for value.
- Keep your client's affairs confidential.
- Be aware of potential money laundering. Verify your client's identity and do not accept large sums of cash.
- You can normally act for joint sellers or joint buyers.
- You can normally act for buyer and lender provided it is an institutional mortgage on standard terms.

4.9 LAW SOCIETY CONVEYANCING PROTOCOL

4.9.1 GENERAL CONSIDERATIONS

The Law Society introduced the National Conveyancing Protocol in 1990 to help speed up the process of residential conveyancing. There is no compulsion to use the Protocol, but solicitors for the seller and buyer should agree whether or not it will be used. In practice, the decision is usually taken by the seller's solicitor and the buyer's solicitor normally goes along with it. The Protocol has been made compulsory for solicitors' practices that are part of the Conveyancing Quality Scheme. If one party will not adopt it, this does not prevent

it being used by the other party. The Law Society recommends that conveyancers use the Protocol preferred practice in all domestic conveyancing transactions. However, the obligation to act in the best interests of the client will take precedence over the Protocol.

Reference will be made to the Protocol throughout this book as the various stages in the conveyancing process unfold. The latest edition of the Protocol (2011) is set out in Appendix 5. It is worth consulting at regular intervals during the transaction to refresh one's memory of what exactly is required under the Protocol.

4.9.2 ADVISING THE CLIENT ABOUT THE PROTOCOL

You should explain the use and purpose of the Protocol to the client when taking instructions. Its use will generally be beneficial to the client but there is one area that may cause difficulty—the requirement to keep the other side informed of the client's situation in any related sale or purchase. This should be discussed with the client because it could be contrary to the client's best interests to disclose this information. For instance, if you tell the client's seller that your client has not found a buyer for his own property, the seller may decide to sell to someone else who is in a better position to proceed (e.g. buyer found, or no property to sell). If the client declines to offer information about a related sale or purchase, the practitioner must, of course, respect this wish in accordance with the duty of confidentiality to the client.

Seller's Property Information Form

If your client is selling and you have decided to use the Protocol, you can save time by asking the client to complete the Property Information Form during the first interview. This Form raises standard questions about the property such as whether the owner is aware of any boundary disputes, or whether the owner has received any notices concerning the property from the local authority. The Property Information Form is discussed in more detail in Chapter 6.

4.9.3 COMMERCIAL TRANSACTIONS

The full terms of the Protocol are generally not appropriate in the context of commercial conveyancing for the simple reason that the standard forms adopted by the Protocol contemplate the sale of a dwelling. Nevertheless, the spirit behind the Protocol is usually adopted in that the seller will provide the buyer with a pre-contract package, which will include a draft contract, replies to pre-contract enquiries, and evidence of title (see Chapter 18 regarding commercial conveyancing).

A commercial developer selling new houses on an estate should also provide a comprehensive pre-contract package to the individual purchaser's solicitors. Although the properties are dwellings, the full terms of the Protocol are, as above, generally inappropriate because the properties very often have not been physically completed before contracts are exchanged (see Chapter 17 regarding new properties).

4.10 ADVICE ON FINANCE

4.10.1 GENERAL CONSIDERATIONS

You should ensure that sufficient funds will be available both to complete the purchase and to pay for the costs and disbursements, including Land Registry fees and stamp duty land tax. The funding would be achieved either directly from the client's own resources or, more usually, through a combination of the client's own resources, a mortgage loan, and the proceeds of any related sale (unless, of course, the client is a first-time buyer).

It is helpful for the client if, while taking instructions, you can prepare a brief financial statement, showing the expected payments and receipts on the sale and/or purchase. In this

way, you can calculate how much extra money the client may need to find, either from the client's own resources or by mortgage loan, in order to complete the transaction(s).

Before proceeding with the conveyancing process, it is obviously important to check that:

- the client understands all the financial implications and can afford to go ahead; and
- sufficient funds are or will be available to finance the total expenditure.

If the client has a related sale and purchase, the net proceeds of sale will normally be used to assist the funding of the purchase price:

Calculating the net sale proceeds (a)

You can calculate roughly how much will be available from the sale by deducting from the total sale price the following:

- amount to be repaid under any existing mortgage(s) on the sale property (the client should be able to guide you on this, and you can verify the exact figure direct with the mortgagee);
- if estate agents are involved, their commission fee, including VAT;
- your costs on the sale, plus VAT and disbursements;
- rarely, any capital gains tax payable on the sale.

You should also consider whether any person other than your client has a claim to any part of the sale proceeds that would reduce the amount available to your client, e.g. someone who contributed towards the purchase price when the property was bought.

Calculating the full cost of purchase (b)

You will add to the purchase price:

- the price agreed for any chattels or other extras included in the purchase;
- any stamp duty land tax payable;
- your costs on the purchase, plus VAT and disbursements (including search fees).

To calculate how much the client must find either from the client's own resources or by mortgage loan, simply deduct the net sale proceeds ((a) above) from the full cost of purchase ((b) above). Completion statements are more fully explained at 12.9.

If the client is only selling (without a related purchase), you should confirm to the client calculation (a) above. If the client is just buying (without a related sale) you should confirm to the client calculation (b) above.

It is also prudent to remind the client of other possible expenditure that the client will have to settle personally before completion, for example, the surveyor's fee on a purchase (see 4.3), and furniture removal costs.

Advice may be required on potential liability to capital gains tax (see 4.5).

4.10.2 DEPOSIT PAYABLE ON EXCHANGE OF CONTRACTS

A buyer will normally be required to pay a deposit on exchange of contracts. The deposit acts as part-payment as well as a guarantee, which the seller can forfeit if the buyer defaults on the contract. The deposit is usually 10 per cent of the purchase price, although sometimes the parties agree less. Your client buyer will need to place you in funds for the deposit before exchange and you should advise the client of this now. Many clients believe mistakenly that their mortgage advance will cover the deposit but the advance is, of course, not available until shortly before completion (i.e. after exchange).

Financing the deposit

If the client does not have funds available, you will need to explore other ways of financing the deposit. If the client has a related sale, it may be possible to utilize the deposit you

 See commercial case study online for an example completion statement

receive on the sale towards the purchase deposit. This will depend on the terms of the contract. Alternatively, the deposit guarantee scheme could be considered, or, if the client has a related sale, short-term bridging finance (see 10.2.2). The last two methods will incur cost for the client and these should be explained.

4.10.3 MORTGAGES

Mortgages are considered in Chapter 9.



Key Points Advising on finance

- Ensure that sufficient funds will be available both to complete the purchase and to pay for the costs and disbursements, including Land Registry fees and stamp duty land tax.
- Prepare a brief financial statement showing the expected payments and receipts on the sale and/or purchase.
- Remind the client of other expenditure that the client will need to settle personally before completion, e.g. the surveyor's fee on a purchase and furniture removal costs.
- Consider how the purchaser client will be financing the deposit payable on exchange of contracts.
- It may be necessary to give generic advice on mortgages (see Chapter 9).



Key Points Taking instructions generally (seller and buyer)


- Obtain client's full names, address, and contact telephone numbers.
- Has your firm acted for the client before (relevant to client care advice)?
- Is it necessary to check client's identity (relevant to money laundering and mortgage fraud)?
- Confirm address of property and tenure.
- Is it a residential or commercial property?
- Obtain details of any estate agents involved. Obtain copy of agent's particulars. Any preliminary deposit paid to agents?
- If it is a commercial transaction, have the parties agreed heads of terms? If so, what are they?
- Obtain details of solicitors acting for other side.
- Price agreed.
- Other terms agreed, e.g. sale of chattels, likely completion date?
- Which fixtures will remain or be removed?
- Does client have a related sale or purchase, which has to be synchronized with this transaction?
- Who occupies the property (relevant to third party rights and vacant possession)?
- If it is a commercial lease, are there any sub-leases?
- Is property near river or railway or in unusual location (relevant to searches and enquiries)?
- Advise on costs and prepare brief financial statement. Remind client about other expenses, e.g. removal fees.
- How much deposit will be paid or received on exchange?
- If you are dealing with a lease, is it the grant of a new lease or the assignment of an existing one?
- Is there anything additional you need to know from the client or upon which the client requires your advice, which may be relevant to this particular transaction?
- Advise the client how long it should all take and what the next steps will be.

**Key Points** Additional matters when acting for a buyer

- How will purchase price be financed? If client requires a mortgage, consider mortgage advice.
- How will deposit payable on exchange be financed?
- Advise on survey.
- If more than one buyer, advise on co-ownership.
- Confirm proposed use of property (relevant to planning and any restrictions in the title).
- Advise the client whether stamp duty is payable. Can you apportion the price between land and chattels to reduce or eradicate stamp duty?
- If client is presently in rented accommodation, advise on giving landlord notice to end tenancy.

**Key Points** Additional matters when acting for a seller

- Where are the title deeds? If property is mortgaged, obtain full name and address of first mortgagee plus mortgage account number, so you can write to mortgagee requesting deeds on loan.
- Are there any second or subsequent mortgages? Obtain details of *all* outstanding mortgages on property, including names and addresses of lenders and amounts outstanding.
- Did you act for the client when the property was bought? If yes, it may be helpful to get the old file from store.
- What are client's instructions regarding sale proceeds?
- If Protocol being used, client to complete Property Information Form.
- Advise client not to stop mortgage repayments or cancel building insurance until completion.
- Will capital gains tax be payable on sale proceeds? Confirm whether principal private dwellinghouse exemption applies.
- On an assignment of a commercial lease has the client approached the lessor for consent to assign (if required)?

 See online case studies for key points on taking instructions and giving advice

SELF TEST QUESTIONS**COMMERCIAL PROPERTY**

1. A company director has contributed funds towards the acquisition price of a registered freehold warehouse bought in the name of his company. The appropriate method of protecting the director's beneficial interest under an implied trust of the land is to register at the Land Registry:
 - a) a caution;
 - b) a charge;
 - c) a notice; or
 - d) a restriction?
2. When taking instructions on an intended sale of a commercial freehold property that is mortgaged, on which of the following matters would you generally NOT be required to advise your client:
 - a) stamp duty land tax;
 - b) capital gains tax;
 - c) mortgage redemption; or
 - d) the contract?

RESIDENTIAL PROPERTY

1. You have a client who owns and lives in a large house and garden extending to 1.5 hectares. It has been his family home for the last seven years. He wishes to sell off one half, being the bottom of the garden, to a company developer for a small high-class housing estate. Which of the following will apply for tax purposes:
 - a) the sale is exempt from capital gains tax;
 - b) the sale is not exempt from capital gains tax;
 - c) the sale is subject to income tax; or
 - d) the sale is subject to corporation tax?

2. A young married couple wishing to buy their first home instruct you to act for them. They are each contributing £5,000, and a mortgage advance will fund the rest of the purchase price. Generally, how will you advise them to hold the beneficial ownership in the property:
 - a) as legal and equitable co-owners;
 - b) as tenants in common;
 - c) as licensees; or
 - d) as joint tenants?

3. You act for the purchaser of a 200-year-old cottage. Your client is buying with the aid of a building society mortgage. The survey you will recommend is:
 - a) the one suggested by the building society as being appropriate for this type of property;
 - b) a full structural survey;
 - c) a valuation report; or
 - d) a home buyer's valuation and survey report?

SHORT REVISION QUESTIONS**COMMERCIAL PROPERTY****Question 1**

Mrs Olena Yeltsin is an established client of your firm and has made an appointment to see you regarding her proposed sale and a purchase of shop premises where she wishes to run a business. You note from the official copies of the sale property that she and her husband Yuri are registered as joint proprietors. She has told your secretary that she and her husband are divorcing and has asked whether it would be acceptable for us to act for them both on the sale. She has already received a mortgage offer on her purchase of the shop and so does not require any mortgage advice. She will be living in rented accommodation, which is arranged.

What key matters will you discuss with her in the interview?

RESIDENTIAL PROPERTY**Question 1**

Your firm has recently been instructed to act for Stuart Rush and his wife Harriet Rush in the sale of 'Saxifrage' and the related purchase of 'Bentley Lodge'. Your principal has passed you the two files from which you note the following:

- a) The sale price of Saxifrage is £175,000.
- b) The purchase price of Bentley Lodge is £185,000.

- c) The clients have an endowment mortgage on Saxifrage securing a loan of £120,000.
- d) The clients have received a mortgage offer on Bentley Lodge of £130,000. There is a retention of £30,000 on the mortgage advance until essential repairs have been carried out to the roof and chimney stacks.
- e) The clients wish to complete the purchase before the sale as Harriet's mother lives with them and they wish to carry out the repairs before they all move.
- f) The clients' bank has offered them a bridging loan of £30,000 to enable them to complete the purchase before the sale.
- g) The bank will only release the bridging loan upon receipt of a solicitor's undertaking to pay the net sale proceeds of Saxifrage to the bank.
- h) The estate agents' particulars relating to Saxifrage have arrived in this morning's post.

What advice will you give your clients in respect of their proposed financial arrangements and what factors should you consider before you give any undertaking to the bank?

SUGGESTED ANSWERS TO SELF TEST QUESTIONS

COMMERCIAL PROPERTY

1. The correct answer is (d). Cautions against dealings were abolished under the Land Registration Act 2002 and it is not possible to protect a beneficial interest by notice. The appropriate entry is a restriction in the proprietorship register. Before the Land Registration Act 2002 it was possible to lodge a caution to protect such an interest.
2. The correct answer is (a). Stamp duty land tax is payable by a buyer and so is of no concern to your client seller. As far as the other options are concerned: you are told in the question that the property is mortgaged and so you should advise your client of the need to redeem the mortgage on completion. It may well be the case that on a disposal of a commercial property a seller will require your advice as to whether any capital gains tax liability arises. Finally, you should always advise your client on the terms of the contract. This applies to both buyer and seller clients.

RESIDENTIAL PROPERTY

1. The correct answer is (b). The principal private dwelling exemption for CGT does not apply here because the grounds being sold exceed half a hectare. Do not be drawn towards corporation tax simply because you see the word 'company' in the question. Remember that it is the seller who *prima facie* pays CGT on the disposal of an interest in land.
2. The correct answer is (d). Only options (b) or (d) are relevant on these facts. As the couple are married and are contributing in equal shares, a joint tenancy is appropriate. You will, however, have explained to them the differences between a joint tenancy and a tenancy in common and have taken their instructions on the matter. Note the word 'generally' in the question. Occasionally married couples prefer to hold as tenants in common but generally this is not the case.
3. The correct answer is (b). This is a very straightforward question. The fact that the property is over 100 years old means you must recommend a full structural survey notwithstanding the extra cost involved. Note that the question asks for your recommendation—ultimately it will be up to the client to choose what to do. Be careful not to be drawn to option (a). Remember that the mortgagee is only interested in establishing that the value of the property is adequate security for the proposed loan.

SUGGESTED ANSWERS TO SHORT REVISION QUESTIONS

COMMERCIAL PROPERTY

Question 1

To begin with you are told that Olena is an established client so there is no need for you to give full client care advice or to verify her identity. However, inform her that you will have the day-to-day running of the files and give her the name of the partner with overall responsibility. Note down her contact details, e.g. telephone number, and details of the estate agents involved. Ask her to confirm the agreed sale and purchase price, whether she has paid any preliminary deposit, and whether any other terms have been agreed, e.g. purchase of goodwill and fixtures and fittings if she is acquiring an existing business with the shop premises. Inform her of your firm's fees plus VAT and any other relevant expenses, such as stamp duty land tax. Ask whether anyone else, apart from her and her husband, occupies the sale property. You could give her the Property Information Questionnaire for her to complete and return.

Explain that as her husband is joint proprietor you would need him to confirm that he wishes to proceed with the sale (remember the conduct rule that you must not receive instructions through a third party, in this case Olena). There appears to be no conflict of interest in acting for Yuri on the sale, provided both husband and wife are in agreement. He will no doubt be instructing his own solicitors in connection with the divorce and you will be in touch with his divorce solicitors regarding the distribution of his agreed share of the sale proceeds. His firm may indeed confirm on his behalf that he is happy for you to act on the sale.

You will ensure that Olena's financial arrangements are in order. She must have sufficient funds from her share of the proceeds and her new mortgage to finance the purchase (including costs, stamp duty, etc.). However, this may be difficult given that her share of the sale proceeds will be determined only once the divorce settlement has been agreed. Prepare a brief financial statement for her in respect of both sale and purchase and give her an indication of any likely shortfall she must find in order to complete.

Tell her you will write to her existing mortgagee, requesting the deeds and asking for confirmation of the loan currently outstanding. Ask her for the mortgage account number, which you will need to mention in your letter. On the sale, check that the principal private dwelling exemption applies for CGT purposes. On the purchase, establish the age of the property and give appropriate advice on survey. She may require specialized advice in respect of the new business and it may be worth referring her to another lawyer in your firm who specializes in business law and practice.

Conclude the interview by informing her of the next steps and that you will be writing to confirm your advice. Give her some indication of how long the whole conveyancing process is likely to take (on average about two months).

RESIDENTIAL PROPERTY

Question 1

Before considering our advice, it may be helpful to prepare a brief financial statement:

Sale price	175,000
less mortgage redemption	<u>120,000</u>
sale proceeds	55,000
Purchase price	185,000
less net mortgage advance	<u>100,000</u>
	85,000
sale proceeds	55,000
add bridging loan	<u>30,000</u>
	85,000

At first glance the calculations appear to be correct, but a careful analysis of the clients' instructions will reveal that they have overlooked the following matters:

- a) The amount required to redeem the Saxifrage mortgage will not be exactly £120,000. This is the initial loan and does not take into account any outstanding interest charges, administration fees, or redemption penalties. We must obtain an up-to-date redemption figure. (As the mortgage is an endowment rather than a repayment, the principal sum will not have been reduced.)
- b) We are told there are estate agents on the sale so the clients will be liable to pay their commission plus VAT.
- c) They must pay 1 per cent stamp duty land tax on the purchase (£1,850).
- d) They must pay legal fees on the sale and purchase, plus VAT and disbursements (e.g. Land Registry and search fees). They must also pay their surveyor's fee.
- e) The bridging loan will incur interest charges and probably an arrangement fee.

In the light of the above, the clients should be advised that the net sale proceeds of Saxifrage will be insufficient to repay the bridging loan. We cannot advise them to proceed unless they can increase their bridging loan or find additional funds. An alternative solution would be to try and negotiate a reduction in the purchase price of Bentley Lodge.

We would advise the clients that they will need to fund the 10 per cent deposit on the purchase, payable on exchange of contracts. We could seek to utilize the deposit we receive on the sale (this is permitted under a contract incorporating the Standard Conditions of Sale), but this would still leave a shortfall of £1,000. The clients would have to find this from their own resources or seek a further bridging loan. Alternatively, the owners of Bentley Lodge could be asked to accept a reduced deposit.

Saxifrage appears to be the clients' principal private dwellinghouse but if this is not the case then they must be advised of their potential liability to CGT.

Undertaking

In the event of the bridging loan proceeding we must consider several matters before giving an undertaking to the bank. Breach of a solicitor's undertaking is professional misconduct and will result in disciplinary action.

- a) Can we trust the clients and are they creditworthy?
- b) The clients must give us an express and irrevocable authority in writing to give the undertaking.
- c) Our undertaking should be in writing and signed by a partner.
- d) We must be sure that we can comply absolutely with the terms of the undertaking. To this end, the wording must be clear, unambiguous, and wholly capable of performance by our firm.
- e) Are we satisfied that the anticipated net sale proceeds will be sufficient to discharge the bridging finance plus interest?
- f) In our undertaking we would state the sale price and itemize the anticipated deductions (e.g. mortgage redemption, agent's commission, legal fees, etc.) to calculate the approximate net proceeds of sale.
- g) As the undertaking is one to pay money, we would make it clear in the wording that payment by us of the net sale proceeds of Saxifrage will be made only if and when the sale proceeds are received by our firm. This safeguards against the possibility of us never receiving the proceeds of sale (e.g. because of client bankruptcy), but still being obliged to repay the bank.
- h) Ideally, the undertaking should not be given until after exchange of contracts. However, as the clients will require a synchronized exchange we would in practice give it shortly before the point of exchange, provided there are no unresolved problems.

ONLINE RESOURCE CENTRE CASE STUDIES**COMMERCIAL TRANSACTION CASE STUDY—TAKING INSTRUCTIONS AND GIVING ADVICE****Our client: Cambo Ltd—acquisition of 18 Clover Street London W2**

Timothy Wainwright and his family have run a successful wholesale clothing business for many years. Timothy has decided to sell the business and enter the world of property investment. He has formed a company called Cambo Ltd in which he, his wife and their three sons are all shareholders. Cambo Ltd has agreed to buy 18 Clover Street London W2 for £700,000 subject to and with the benefit of two occupational business leases. The property was built 70 years ago. A commercial mortgage has already been arranged in principle. See the Online Resource Centre for further details on taking instructions and giving initial advice.

RESIDENTIAL TRANSACTION CASE STUDY—TAKING INSTRUCTIONS AND GIVING ADVICE**Our clients:****Shilpa Jennings—sale of 19 Minster Yard Blakey****Shilpa Jennings and Daniel Rodriguez—purchase of 9 Castle Hill Blakey**

We act for Shilpa Jennings, who is selling 19 Minster Yard Blakey for £100,000 and Shilpa and Daniel Rodriguez, who are buying 9 Castle Hill Blakey for £200,000. See the Online Resource Centre for further details on taking instructions and giving initial advice.

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