

Howard Hyman & Co

S O L I C I T O R S

IMPORTANT NOTICE FOR ALL PURCHASERS

Please read this note *if*:-

- a) *you are buying a property jointly with another party and the property is to be registered in joint names.*
- b) *it is being bought in a sole name but funds are being provided by another individual.*
- c) *the property being purchased will be occupied by a spouse, partner, etc. (unless the property was bought for investment purposes and is let to a tenant) whose name will not be on the Title Deeds.*
- d) *there is some arrangement other than specified above.*

It is **essential** that you let us know whether someone other than the registered owner will be contributing towards the purchase price, discharging the mortgage or making other contributions in money or money's worth (e.g. undertaking repairs or improvements, working in a business without full remuneration etc).

Such a person may possibly acquire a **beneficial interest** in the property being bought which you may not intend. It would be sensible for there to be a **Trust Deed** reciting the respective interests (if any) in the property being bought of any owners or even non-owners to avoid possible disputes or misunderstandings since disputes of this nature can be difficult and costly to resolve.

In order to try and avoid such a situation arising it is most important that you and any partner or third party complete and return to us without delay the Questionnaire annexed which will be retained on the conveyancing file. Please note that you are recommended to keep a copy with your private papers, since we are only required to keep purchase files for a period of twelve years.

JOINT OWNERSHIP OF PROPERTY

The legal interest of a property can be held in one of two ways, as follows:-

Joint Tenants

If the property is registered as joint tenants, the property will **automatically** be transferred to the survivor of you. Most married couples or partners in longstanding relationships have property registered on this basis.

It is **not** appropriate if you are jointly purchasing the property with another for investment purposes, by members of the same family or if the parties are in a relationship other than being married or in a civil partnership agreement.

Tenants in Common

The property is held by two or more individuals and does **not** automatically pass to the survivor of them. This enables each individual to make provision in his or her respective Will concerning their interest in the property which would be presumed to be an equal interest unless there is a Trust Deed or any documentation to the contrary.

It is highly desirable when buying a property to make a Will if you have not already done so since, otherwise, your wishes may not be followed in the event of your death whilst still an owner of the property.

It is often prudent in order to reduce the potential Inheritance Tax (IHT) payable on death for parties to hold a property as tenants in common in order to make use of the combined IHT threshold for spouses or civil partners currently of £624,000.

Beneficial Interest

It is possible that a partner or third party may acquire some interest in the property if, for example, they have made a direct or indirect contribution towards the mortgage or for improvements, etc. Paying normal household expenses other than a mortgage would not normally give rise to acquiring a beneficial interest as it will be construed as being an occupational rent.

*Please make sure you indicate your wishes by completing the Questionnaire below. If **no** instructions are received from you to register the property in your names as **tenants in common** we will complete the registration on the basis that it is held by you as **joint tenants**. However, this may not be appropriate and the matter should be discussed with us.*

QUESTIONNAIRE

Property (please insert address):

Please tick where relevant & delete where appropriate

The property is being bought in my sole name with/without a commercial mortgage

The property is being bought in joint names with the person mentioned below and is to be held by us as **JOINT TENANTS** (see above for explanation)

Names (BLOCK CAPITALS please):

.....

We agree that the property being bought is to be registered in our joint names as **Joint Tenants** having both read the accompanying Notes and with the opportunity of discussing this with our solicitor or taking separate independent legal advice.

Signed.....Dated.....

Signed.....Dated.....

Signed.....Dated.....

The property is being bought in joint names with the person mentioned below and is to be held by us as **TENANTS IN COMMON** (see above for explanation)

Names (BLOCK CAPITALS please):

.....

We agree that the property being bought is to be registered in our joint names as **Tenants in Common**. We have both read the accompanying notes and have had the opportunity of discussing this with our solicitor or taking separate independent legal advice.

Signed.....Dated.....

Signed.....Dated.....

Signed.....Dated.....

The property is being bought for investment purposes. *Please specify if there is a Partnership or Trust Deed*

The property is being bought in my sole name but for occupation by myself and (*name any adults*).

Contributions towards the purchase price has been made by as specified in the Schedule below.

Please keep a record of all payments received or paid or anticipated to be received or paid in the Schedule below together with any supporting documentation, Loan Agreements, etc., if applicable. We may require some further details and require documentation in support.

Kindly note that if we are not satisfied about the source of funding we may decline to act for you

| | |
|---|--------------------------|
| I would like to discuss the preparation of a Trust Deed. <i>If there is an existing Deed please provide us with a copy.</i> | <input type="checkbox"/> |
| I would like to discuss the preparation of a Will(s) or review an existing one. If you have an existing Will please let us know and provide a copy. | <input type="checkbox"/> |

Trust Deeds

A Trust Deed can set out precisely on what basis a property is jointly held or if a party has a beneficial interest even though it may not be registered at the Land Registry in their name. It would include details of the parties respective shares or interests (including life interests, where applicable) arrangements with regard to payment of the mortgage and outgoings, events that would give rise to a sale which can include provision for one party to buy out the other(s) based upon an agreed formula and division of the sale proceeds.

The costs of a straightforward Trust Deed would be in the region of £400 plus VAT. If there are any lengthy meetings or discussions which is much more likely if the property is to be held by more than two persons or is intended to provide a home for elderly or vulnerable people particularly where they have provided funds it almost certainly would be appropriate for them to take separate independent advice. If they choose to do so which will increase the likely costs.

In many cases it is sensible to also consider the provisions in any Wills the parties have made.

Wills

It is a good idea for parties who own or have an interest in a property to make a Will.

The cost of a simple Will excluding complicated trust provisions or complex bequests is £150 plus VAT or £250 plus VAT for two, if mirror or mutual wills and not more than one hour is spent in meetings/preparation.

Everlasting Powers of Attorney

These replaced Enduring Powers of Attorney and were introduced in October 2007 and can deal with the appointment of a person (known as a Deputy) to deal with another's affairs besides making provision for care needs including medical treatment. There is a fee for registering the Power with the costs.

The Power can be time consuming to draw up which would give rise to fees probably in the order of £500. An additional charge will be made for any meetings other than in our offices.