

Commercial Property Sale

Procedure

Now that terms have been agreed for your sale, your buyer (in these notes we refer to a person or company to whom you are transferring or granting a lease, as a buyer) will be arranging his survey and applying for a mortgage if necessary. We will apply for your title deeds and then prepare the contract. Our practice is to prepare a complete bundle of papers including replies to enquiries and we can, if required, provide you with a check list of those items which we will need.

If you are selling a freehold, a contract will be exchanged in the usual way covering all the various terms agreed between you and the seller. If you are granting a lease, a contract will also be exchanged if there are any conditional aspects to be dealt with before completion (works to be carried out by landlord or tenant; early access required prior to signing the lease etc) but if there are no conditions, it may be possible to proceed direct to completion. Normally, exchange of contracts will take place when we (and you) are fully satisfied on all aspects of the sale.

At exchange, you will become legally bound to sell or grant the lease and it is at this stage that the deposit is received. A completion date will be fixed by agreement between the parties and it is important to give us as much notice as possible of your required completion date.

Survey

Your buyer may want to arrange some form of survey on the property and you may be contacted by the estate agent or their surveyor direct. It is advisable to allow the surveyor access as quickly as possible as this should accelerate the issue of the buyer's mortgage offer or agreement on the lease.

Matters affecting the property

It is very important for you to let us know at as early a stage as possible details of any matters affecting the property which are not obviously discoverable from the deeds. If you are aware of any council schemes, planning permissions on neighbouring property, notices or correspondence from the council or other bodies affecting your property or any neighbouring property, please send us copies as appropriate or speak to the person dealing with your transaction for you. Failure to disclose those matters may result in the buyer having a claim against you after completion if it is proved that you were aware of them and did not disclose them prior to exchange of contracts.

Contract Deposit

If you are selling a freehold, a deposit will be paid on exchange of contracts and will normally be held by us as stakeholders. If you are buying a property simultaneously then, in commercial transactions, the sale deposit cannot be used to fund the purchase deposit and you may be required to provide the purchase deposit separately.

In some cases, the buyer seeks to pay less than the usual 10%. We normally advise that it is safe to accept this, provided the buyer is obtaining a 95% mortgage, or is simultaneously selling his own property.

The purpose of the deposit is to compensate the seller in the event that the buyer withdraws. The likelihood of this is in our view very small but you should be aware that, if in your instance you have to sell the property at a very much lower price, a deposit of less than 10% may not provide full compensation.

Where you are transferring or granting a lease for no premium, a deposit is not usually payable by the buyer.

Buildings Insurance

In the case of a sale of a freehold, although the buyer is likely to be advised to insure your property at exchange, our advice is that you should maintain buildings insurance until completion. We accept that this may result in "double insurance", but the additional premium for a few weeks is small and problems can be avoided if there is any insurable damage to the property between exchange and completion.

If you are transferring or granting a lease, buildings insurance is almost always covered under the terms of the lease itself and will normally be dealt with by the landlord.

How Warners can help you

It is always a good idea to review other aspects of your business when changing premises. New or additional premises may necessitate changes either to a shareholders agreement (for your company) or a partnership agreement. It may be that a partnership agreement will need specifically to deal with the property to cover the new circumstances. If you are moving to larger premises, it may be that you will be increasing your staff numbers, in which case it may be important to review and/or change your standard employment contract. If any of these circumstances apply, please contact one of the offices and talk to our employment teams.

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You can find out more at
www.warners-solicitors.co.uk