



## Notes For Purchasers And Developers Of Residential Land

These notes are for general information only. They should not be relied upon in the absence of advice about a particular situation and no liability is accepted in the absence of our receiving formal instructions and providing formal advice.

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### Acquiring or Preparing for Development of a site.

Before spending money on planning applications and site investigations you should ask your Solicitor to check the title deeds in case there are any rights of way over the land or other matters which should be taken into account in your development scheme. You should also be aware of your rights and obligations under the Party Walls Act if any work is to be carried out near the boundary of the neighbouring property. Sometimes considerable formality, delay and expense can be involved. If your Architect does not do so then we can advise on this. You should also consider whether the owners of any neighbouring properties have established any rights to receive sunlight through your property which might be wrongly interfered with by your construction. It is worth discussing the development in detail with planning offices before making a formal application. This reduces the risk of expensive refusals and appeals. Consult an Architect or Planning Consultant at an early stage.

Take advice on Tax and VAT.

Work out a detailed financial plan with plenty of safety margin, with your bank.

### Selling off the Development.

1. It is generally worth providing the potential buyer with as much information as possible at an early stage. This reduces the risk of losing a buyer and accelerates the exchange of Contracts.
2. The Purchasers' Solicitors will want from us: -
  - (a) detailed planning documents
  - (b) detailed building regulation documents
  - (c) results of all mining investigations
  - (d) results of any environmental researches, i.e. contaminated land checks
  - (e) details of any N.H.B.C. cover, architect's certificates or similar protection for the buyers
  - (f) copies of any guarantees which will be available to the buyers, e.g. double-glazing
  - (g) details of any extras agreed with the buyers or p.c. sums allowed to them.

(h) we shall need any Agreements and Bonds made with the authorities or details of any payments made under the Advance Payment Code relating to roads and sewers. If neither of these apply then it is possible that the purchasers will want the right to retain some of the price until the roads and sewers have been completed and adopted.

3. The buyer will need to know whether a fixed completion date can be agreed or whether this has to remain flexible with the buyer being obliged to complete within, say, fourteen days of the property being finished (to the buyer's reasonable satisfaction or to the satisfaction of the buyer's lender's surveyor).

4. We shall of course need the title deeds.

5. **Tax.**

You should consult with your accountant in case there are any unexpected tax problems. Sometimes it can be helpful to spread sales so that Contracts are exchanged on different properties in different tax years.

If Capital Gains Tax is a possibility then it can help to give a share in the property to spouses before the property is sold.

There can be a saving for buyers of Stamp Duty Land Tax if, instead of buying a finished product, they purchase the plot at a figure below the Stamp Duty Land Tax level and pay you the balance of the money for completion of the building work. If this saves the buyer money in Stamp Duty Land Tax and Land Registry fees then, of course, the buyer may be willing to pay you a little bit more. It also helps the developer's cash-flow in that some of the money is paid before the work has been completed. There would be additional legal fees in the preparation of the Building Contract and the risk of disputes arising out that Contract are greater than of disputes arising out of the purchase of the finished product.

VAT is also an important subject which should be checked with your Accountant first. Stamp Duty Land Tax is very complicated. Some areas are exempt of all Stamp Duty Land Tax for certain sorts of property.

6. **Costs.**

If the development is of one site only we can usually give an estimate of costs at the beginning. If there are two or more plots on a single development then we would usually charge for setting up the Contracts and other documents purely by reference to the time it took at a charging rate of £95 per hour. Once we had set those documents up we would then be in a position to give an estimate of the cost of the sale of each lot which would be lower than our usual rate for sales of domestic properties at those prices.

Abortive sales i.e. sales which start, sometimes involving a great deal of correspondence and work, but fail to reach exchange of Contracts, are a nuisance and expense to everyone. We would usually charge for these at half the agreed rate for the sale of that property, or, if less, on the basis of an hourly rate which is half our usual Conveyancing hourly rate.

7. Ideas often change as a development proceeds.

It is vital that the plans with which we are provided accurately show the estate layout, routes of services, and plot boundaries. If alterations are made, new editions of the plans should be clearly dated.

Furthermore, if you propose to change any of these after a property has been sold then you must check with us in case terms of that sale restrict your ability to make modifications to the scheme.

8. It is very easy to erect a dwelling or boundaries slightly out of position. It is very difficult i.e. expensive to sort matters out with buyers, lenders, Land Registry, planners afterwards.