

## Review Panel – Domestic Property Transactions

Date: 1st June 2016

Present	Deputy R.D. Johnson, Chairman Deputy A.D. Lewis Deputy R.J. Renouf Constable M.P.S. Le Troquer
Apologies	
Absent	
In attendance	Mr P. Harben, Partner, Collas Crill Mr S. O'Connor, Conveyancer, Collas Crill Mrs J. Hales, Scrutiny Officer

Ref Back	Agenda matter	Action
<b>Item 1</b> <b>28.04.16</b>  <b>511/2/1</b>	<p><b>1. Domestic Property Transactions</b></p> <p>The Panel welcomed Mr P. Harben and Mr S. O'Connor to a meeting to discuss its review on Domestic Property Transactions. The Panel noted that Mr Harben was due to take up position of Chair on a soon to be formed Conveyancing Sub Committee which would look at conveyancing issues from a legalistic perspective to ascertain what changes, if any, could be made to the current system to make more streamlined.</p> <p>The Panel was informed that it was important for each stakeholder to manage the client's expectation. Timescales for completion of transactions was between 4 and 6 weeks however, each transaction had to be taken on an individual basis and there was no one size fits all conveyancing transaction. The Panel was informed that in the past, unrealistic deadlines had been set by some Estate Agents raising the client's hopes of a quick transaction when in reality, this was unlikely to be achieved. The Panel was also informed that in some cases, there could be a level of confusion from purchasers on how much they could actually borrow. The Panel was further informed that until the full mortgage process had been carried out by the lender, the presumed borrowing amount was subject to change and purchasers had in the meantime, made an offer on a property which had been accepted and could no longer be afforded. As a result, the purchaser would be unable to go through with the transaction and the sale would have to be abandoned. It was agreed that this was difficult to manage as usually the full mortgage process would not be carried out until an offer had actually been made on a property. The Panel queried whether or not it could be mandatory for purchasers to have agreed funds in the form of a bank letter or similar prior to making an offer to avoid this from happening. The Panel was advised that whilst this may be helpful, it was not the sole reason for the abortion of transactions and would not necessarily solve the problem.</p> <p>The Panel asked if there was a collection of documents which followed good practice and set out procedures for the buying and selling of property. The Panel was informed that there was no such collection of</p>	

	<p>documents and the transaction ultimately relied on the goodwill of both parties. The Panel was also informed that some of the newer developments insisted on a reservation fee of up to 1% of the total purchase price which was a good indicator of whether or not people were serious purchasers. The Panel was given an overview of the system that currently operates in Guernsey in that there are two court sittings per week and fees can be held in escrow on behalf of either party. Collas Crill agreed to send a copy of its Terms and Conditions for its Guernsey office for the Panel to consider.</p> <p>The Panel was advised that although all property transactions went through Royal Court on a Friday, the monies were not actually transferred until the following Tuesday so in effect the property had not been paid for until then. It was discussed that perhaps a way of mitigating the tight deadline for removals etc. on a Friday would be to let both parties move over the weekend to avoid the bottle necks. However, after further discussion the point was made that this would still be reliant on the transaction happening on the Friday.</p> <p>The Panel asked if Home Information Packs would be something that could be implemented to minimise the risk of the sales being abandoned. The Panel was advised that although this could be perceived as a good idea, it was unlikely that vendors and estate agents would sign up to this as it would have an initial cost implication. The Panel then asked if pre-sale agreements could be implemented across the board and was informed that these were already in existence and from experience, had a tendency to cause delays with both parties being unable to agree terms resulting in a similar set of problems.</p> <p>There was discussion around the regulation of Estate Agents and it was noted that although the Jersey Estate Agents Association requested its members to follow a code of practice, there was no obligation to join. The Panel was informed that if it was mandatory for Estate Agents to be regulated, this may help towards a more streamlined process. The Panel was also informed that Estate Agents should have a standard list of questions that buyers are required to complete prior to a purchase to include, as a minimum, the confirmed amount of borrowing and the legal representative.</p> <p>The Panel discussed the timeframe for its review and the evidence it had received to date. The Panel agreed it would like to hear from other stakeholders, however, due to its upcoming workload on the MTFP Addition, agreed it would present an interim report and revisit the review later in the year. The Panel requested a draft report be circulated for further consideration.</p>	
--	---	--