



ISLE OF MAN STANDARD CONDITIONS OF SALE 2021 (1st Edition)

1. GENERAL

1.1 Definitions

1.1.1 In these conditions:

- (a) 'accrued interest' means:
 - (i) if money has been placed on deposit or in a building society share account, the interest actually earned
 - (ii) otherwise, the interest which might reasonably have been earned by depositing the money at interest on seven days' notice of withdrawal with a clearing bank less, in either case, any proper charges for handling the money
- (b) 'clearing bank' means a bank admitted by the Bank of England as a direct participant in its CHAPS system
- (c) 'completion date' unless otherwise defined in the contract has the meaning given in condition 6.1.1
- (d) 'contents price' means any separate amount payable for contents included in the contract
- (e) 'contract rate' unless otherwise defined in the contract is that rate of interest equivalent to 4% above the base rate of interest prevailing from time to time of the Bank of England
- (f) 'conveyancer' means an advocate admitted to practice in the Isle of Man
- (g) 'direct credit' means a direct transfer of cleared funds to an account nominated by the seller's conveyancer and maintained by a clearing bank
- (h) 'lease' includes sublease, tenancy and agreement for a lease or sublease and any document varying or supplemental to a lease
- (i) 'notice to complete' means a notice requiring completion of the contract in accordance with condition 6
- (j) 'office copy' has the special meaning given to it by Rule 108 (i) of the Land Registry Rules 2000.
- (k) 'public requirement' means any notice, order or proposal given or made (whether before or after the date of the contract) by a body acting on statutory or other legal authority
- (l) 'requisition' includes objection
- (m) 'transfer' includes conveyance and assignment
- (n) 'VAT' means value added tax
- (o) 'working day' means any day from Monday to Friday (inclusive) which is not Christmas Day, Good Friday or a statutory Bank Holiday.

1.1.2 In these conditions:

- (a) words importing one gender shall be construed as importing any other gender and may be used interchangeably
- (b) words importing the singular shall be construed as importing the plural and vice versa unless the context otherwise requires
- (c) a reference to a person includes an individual, a corporation, company, firm or partnership or government body or agency, whether or not legally capable of holding land

- 1.1.3 A party is ready, able and willing to complete:
- (a) if he could be, but for the default of the other party, and
 - (b) in the case of the seller, even though the property remains subject to a mortgage, if the amount to be paid on completion enables the property to be transferred freed of all mortgages (except any to which the sale is expressly subject).

- 1.1.4 These conditions apply except as varied or excluded by the contract.

1.2 Joint parties

If there is more than one seller or more than one buyer, the obligations which they undertake can be enforced against them all jointly or against each individually.

1.3 Notices and documents

- 1.3.1 A notice required or authorised by the contract must be in writing.

- 1.3.2 Giving a notice or delivering a document to a party's conveyancer has the same effect as giving or delivering it to that party.

- 1.3.3 Where delivery of the original document is not essential, a notice or document is validly given or sent if it is sent:

- (a) by fax, or
- (b) by e-mail to an e-mail address for the intended recipient given in the contract.

- 1.3.4 Subject to conditions 1.3.5 to 1.3.7, a notice is given and a document is delivered when it is received.

- 1.3.5 (a) A notice or document which is received after 4.00pm on a working day, or on a day which is not a working day, is to be treated as having been received on the next working day
- (b) A response to a notice or document sent by e-mail that there has been a failure of delivery of the same is to be treated as proof that the notice or document was not received.

- 1.3.6 Condition 1.3.7 applies unless there is proof:

- (a) that a notice or document has not been received, or
- (b) of when it was received.

- 1.3.7 A notice or document sent by the following means is treated as having been received as follows:

- (a) by post: before 4.00pm on the second working day after posting
- (b) by fax: one hour after despatch
- (c) by e-mail: before 4.00pm on the first working date after dispatch

1.4 VAT

- 1.4.1 An obligation to pay money includes an obligation to pay any VAT chargeable in respect of that payment.

- 1.4.2 All sums made payable by the contract are exclusive of VAT.

1.5 Assignment

- 1.5.1 The buyer is not entitled to transfer the benefit of the contract.

- 1.5.2 The seller may not be required to transfer the property in parts or to any person other than the buyer.

2. FORMATION

2.1 Date

- 2.1.1 If the parties intend to make a contract by exchanging duplicate copies by post the contract is made when the last copy is posted.

- 2.1.2 If the parties' conveyancers agree to treat exchange as taking place before duplicate copies are actually exchanged, the contract is made as so agreed.

2.2 Deposit

- 2.2.1 The buyer is to pay or send a deposit of 10 per cent of the purchase price no later than the date of the contract.
- 2.2.2 If a cheque tendered in payment of all or part of the deposit is dishonoured when first presented, the seller may, within seven working days of being notified that the cheque has been dishonoured, give notice to the buyer that the contract is discharged by the buyer's breach.
- 2.2.3 Conditions 2.2.4 to 2.2.6 do not apply on a sale by auction.
- 2.2.4 The deposit is to be paid by direct credit or to the seller's conveyancer by a cheque drawn on a conveyancer's client account.
- 2.2.5 If before completion date the seller agrees to buy another property in the Isle of Man, he may use all or any part of the deposit as a deposit in that transaction to be held on terms to the same effect as this condition and condition 2.2.6.
- 2.2.6 Any deposit or part of a deposit not being used in accordance with condition 2.2.5 is to be held by the seller's conveyancer as stakeholder on terms that on completion it is paid to the seller with accrued interest.

2.3 Auctions

- 2.3.1 On a sale by auction the following conditions apply to the property and, if it is sold in lots, to each lot.
- 2.3.2 The sale is subject to a reserve price.
- 2.3.3 The seller, or a person on his behalf, may bid up to the reserve price.
- 2.3.4 The auctioneer may refuse any bid.
- 2.3.5 If there is a dispute about a bid, the auctioneer may resolve the dispute or restart the auction at the last undisputed bid.
- 2.3.6 The deposit is to be paid to the auctioneer as agent for the seller.

3. MATTERS AFFECTING THE PROPERTY

3.1 Freedom from incumbrances

- 3.1.1 The seller is selling the property free from incumbrances, other than those mentioned in condition 3.1.2.
- 3.1.2 The incumbrances subject to which the property is sold are:
- (a) those specified in the contract
 - (b) those discoverable by inspection of the property before the contract
 - (c) those the seller does not and could not reasonably know about
 - (d) matters, other than monetary charges or incumbrances, disclosed or which would have been disclosed by the searches and enquiries which a prudent buyer would have made before entering into the contract
 - (e) public requirements.
- 3.1.3 After the contract is made, the seller is to give the buyer written details without delay of any new public requirement and of anything in writing which he learns about concerning a matter covered by condition 3.1.2.
- 3.1.4 The buyer is to bear the cost of complying with any outstanding public requirement and is to indemnify the seller against any liability resulting from a public requirement.

3.2 Physical state

- 3.2.1 The buyer accepts the property in the physical state it is in at the date of the contract unless the seller is building or converting it.
- 3.2.2 A leasehold property is sold subject to any subsisting breach of a condition or tenant's obligation relating to the physical state of the property.
- 3.2.3 A sublease is granted subject to any subsisting breach of a condition or tenant's obligation relating to the physical state of the property.

3.3 Leases affecting the property

- 3.3.1 The following provisions apply if any part of the property is sold subject to a lease.
- 3.3.2
 - (a) The seller having provided the buyer with full details of each lease or copies of the documents embodying the lease terms, the buyer is treated as entering into the contract knowing and fully accepting those terms.
 - (b) The seller is to inform the buyer without delay if the lease ends or if the seller learns of any application by the tenant in connection with the lease; the seller is then to act as the buyer reasonably directs, and the buyer is to indemnify him against all consequent loss and expense.
 - (c) Except with the buyer's consent, the seller is not to agree to any proposal to change the lease terms nor to take any step to end the lease.
 - (d) The seller is to inform the buyer without delay of any change to the lease terms which may be proposed or agreed.
 - (e) The buyer is to indemnify the seller against all claims arising from the lease after actual completion.
 - (f) The seller takes no responsibility for what rent is lawfully recoverable, nor for whether or how any legislation affects the lease.
- 3.3.3 Unless the original lease is recorded in the Deeds Registry or registered in the Land Registry the seller will hand over the original of each lease to which the property is subject on completion

3.4 Retained land

Where after the transfer the seller will be retaining land near the property:

- (a) the buyer will have no right of light or air over the retained land, but
- (b) in other respects the seller and the buyer will each have the rights over the land of the other which they would have had if they were two separate buyers to whom the seller had made simultaneous transfers of the property and the retained land. The transfer is to contain appropriate express terms.

4. TITLE AND TRANSFER

4.1 Proof of title

- 4.1.1 Without cost to the buyer, the seller is to provide the buyer with proof of the title to the property and of his ability to transfer it, or to procure its transfer.
- 4.1.2 Where the property has a registered title the proof is to include an office copy.
- 4.1.3 Where the property has an unregistered title, the proof is to include an abstract of title.

4.2 Requisitions

- 4.2.1 The buyer may not raise requisitions:
 - (a) on the title shown by the seller taking the steps described in condition 4.1.1 before the contract was made
 - (b) in relation to the matters covered by condition 3.1.2.

4.2.2 Notwithstanding condition 4.2.1, the buyer may, within six working days of a matter coming to his attention after the contract was made, raise written requisitions on that matter. In that event, steps 3 and 4 in condition 4.3.1 apply.

4.2.3 On the expiry of the relevant time limit under condition 4.2.2 or condition 4.3.1, the buyer loses his right to raise requisitions or to make observations.

4.3 Timetable

4.3.1 Subject to condition 4.2 and to the extent that the seller did not take the steps described in condition 4.1.1 before the contract was made, the following are the steps for deducing and investigating the title to the property to be taken within the following time limits:

Step		Time Limit
1.	The seller is to comply with condition 4.1.1	Immediately after making the contract
2.	The buyer may raise written requisitions	Six working days after either the date of the contract or the date of delivery of the seller's proof of title on which the requisitions are raised, whichever is the later
3.	The seller is to reply in writing to any requisitions raised	Four working days after receiving the requisitions
4.	The buyer may make written observations on the seller's replies	Three working days after receiving the replies

The time limit on the buyer's right to raise requisitions applies even where the seller supplies incomplete evidence of his title, but the buyer may, within six working days from delivery of any further evidence, raise further requisitions resulting from that evidence.

4.3.2 Unless a form of transfer has been annexed to the contract, the parties are to take the following steps to prepare and agree the transfer of the property within the following time limits:

Step		Time Limit
A.	The seller is to send the buyer a draft transfer	Immediately after making the contract
B.	The buyer is to approve or revise that draft and return it to the seller	Six working days after delivery of the draft

4.3.3 Periods of time under conditions 4.3.1 and 4.3.2 may run concurrently.

- 4.3.4 If the period between the date of the contract and completion date is less than 15 working days, the time limits in conditions 4.2.2, 4.3.1 and 4.3.2 are to be reduced by the same proportion as that period bears to the period of 15 working days. Fractions of a working day are to be rounded down except that the time limit to perform any step is not to be less than one working day.

4.4 Defining the property

- 4.4.1 The seller shall at the seller's sole cost provide the buyer with a plan of the property identifying the boundaries of the property (such plan to be in a form acceptable to the Land Registry for registration.)
- 4.4.2 The seller need not:
- (a) prove the exact boundaries of the property
 - (b) prove who owns fences, ditches, hedges or walls
 - (c) separately identify parts of the property with different titles further than he may be able to do from information in his possession.
- 4.4.3 The buyer may, if it is reasonable, require the seller to make or obtain, pay for and hand over a statutory declaration about facts relevant to the matters mentioned in condition 4.4.2. The form of the declaration is to be agreed by the buyer, who must not unreasonably withhold his agreement.

4.5 Transfer

- 4.5.1 The buyer does not prejudice his right to raise requisitions, or to require replies to any raised, by taking any steps in relation to agreeing the transfer.
- 4.5.2 The transfer is to have effect as if the disposition is expressly made subject to all matters covered by condition 3.1.2.
- 4.5.3 If after completion the seller will remain bound by any obligation affecting the property which was disclosed to the buyer before the contract was made, but the law does not imply any covenant by the buyer to indemnify the seller against liability for future breaches of it:
- (a) the buyer is to covenant in the transfer to indemnify the seller against liability for any future breach of the obligation and to perform it from then on, and
 - (b) if required by the seller, the buyer is to execute and deliver to the seller on completion a duplicate transfer prepared by the seller
 - (c) if the transfer contains any covenant on the part of the buyer, the buyer is to execute the transfer prior to recordal or registration.

5. PENDING COMPLETION

5.1 Responsibility for property

- 5.1.1 The property is at the buyer's risk with effect from exchange of the contract.
- 5.1.2 No damage to or destruction of the property nor any deterioration in its condition will entitle the buyer either to any reduction of the purchase price or to refuse to complete or to delay completion.
- 5.1.3 The seller is under no obligation to the buyer to insure the property.
- 5.1.3 If payment under a policy effected by or for the buyer is reduced, because the property is covered against loss or damage by an insurance policy effected by or for the seller, the purchase price is to be abated by the amount of that reduction.

5.2 Occupation by buyer

- 5.2.1 If the buyer is not already lawfully in the property, and the seller agrees to let him into occupation, the buyer occupies on the following terms.
- 5.2.2 The buyer is a licensee and not a tenant. The terms of the licence are that the buyer:
- (a) cannot transfer it

- (b) may permit members of his household to occupy the property
 - (c) is to pay or indemnify the seller against all outgoings and other expenses in respect of the property
 - (d) is to pay the seller a fee calculated at the contract rate on a sum equal to the purchase price (less any deposit paid) for the period of the licence
 - (e) is entitled to any rents and profits from any part of the property which he does not occupy
 - (f) is to keep the property in as good a state of repair as it was in when he went into occupation (except for fair wear and tear) and is not to alter it
 - (g) is to insure the property in a sum which is not less than the purchase price against all risks in respect of which comparable premises are normally insured
 - (h) is to quit the property when the licence ends.
- 5.2.3 The buyer is not in occupation for the purposes of this condition if he merely exercises rights of access given solely to do work agreed by the seller.
- 5.2.4 The buyer's licence ends on the earliest of: completion date, rescission of the contract or when five working days' notice given by one party to the other takes effect.
- 5.2.5 If the buyer is in occupation of the property after his licence has come to an end and the contract is subsequently completed he is to pay the seller compensation for his continued occupation calculated at the same rate as the fee mentioned in condition 5.2.2(d).
- 5.2.6 The buyer's right to raise requisitions is unaffected.

6. COMPLETION

6.1 Date

- 6.1.1 Completion date is twenty working days after the date of the contract but time is not of the essence of the contract unless a notice to complete has been served.
- 6.1.2 If the money due on completion is received after 2.00pm, completion is to be treated, for the purposes only of conditions 6.3 and 7.3, as taking place on the next working day as a result of the buyer's default.
- 6.1.3 Condition 6.1.2 does not apply and the seller is treated as in default if:
- (i) the sale is with vacant possession of the property or any part of it, and
 - (ii) the buyer is ready, able and willing to complete but does not pay the money due on completion until after 2.00pm because the seller has not vacated the property or that part by that time.
- 6.1.4 The buyer and the seller shall not be required to complete on a day that is not a working day nor before 9.15am or after 5.15pm on a working day.

6.2 Arrangements and place

- 6.2.1 The buyer's conveyancer and the seller's conveyancer are to co-operate in agreeing arrangements for completing the contract.
- 6.2.2 Completion is to take place in the Isle of Man, either at the seller's conveyancer's office or at some other place which the seller reasonably specifies.

6.3 Apportionments

- 6.3.1 Income and outgoings of the property are to be apportioned between the parties so far as the change of ownership on completion will affect entitlement to receive or liability to pay them.
- 6.3.2 Apportionment is to be made with effect from the date of actual completion.

6.3.3 In apportioning any sum, it is to be assumed that the buyer owns the property from and including the day of actual completion and that the sum accrues from day to day at the rate at which it is payable on that day.

6.3.4 For the purpose of apportioning income and outgoings, it is to be assumed that they accrue at an equal daily rate throughout the year.

6.3.5 When a sum to be apportioned is not known or easily ascertainable at completion, a provisional apportionment is to be made according to the best estimate available. As soon as the amount is known, a final apportionment is to be made and notified to the other party. Any resulting balance is to be paid no more than ten working days later, and if not then paid the balance is to bear interest at the contract rate from then until payment.

6.3.6 Compensation payable under condition 5.2.5 is not to be apportioned.

6.3.7 Any sum paid by the seller towards a reserve or sinking fund is not to be apportioned.

6.4 Amount payable

The amount payable by the buyer on completion is the purchase price and the contents price (less any deposit already paid to the seller or his agent) adjusted to take account of:

- (a) apportionments made under condition 6.3
- (b) any compensation to be paid or allowed under condition 7.3.

6.5 Title deeds

6.5.1 As soon as the buyer has complied with all his obligations on completion the seller must hand over the original documents of title.

6.5.2 Condition 6.5.1 does not apply to any documents of title relating to land being retained by the seller after completion or to any documents of title recorded in the Central Registry.

6.6 Rent receipts

The buyer is to assume that whoever gave any receipt for a payment of rent or service charge which the seller produces was the person or the agent of the person then entitled to that rent or service charge.

6.7 Means of payment

The buyer is to pay the money due on completion by such one or more of the following methods as the buyer determines:-

- 6.7.1 direct credit
- 6.7.2 conveyancer's client account cheque, and
- 6.7.3 if appropriate, an unconditional release of a deposit held by a stakeholder.

6.8 Notice to complete

6.8.1 At any time on or after completion date, a party who is ready, able and willing to complete may give the other a notice to complete.

6.8.2 The parties are to complete the contract within ten working days of giving a notice to complete, excluding the day on which the notice is given. For this purpose, time is of the essence of the contract.

6.8.3 On receipt of a notice to complete:

- (a) if the buyer paid no deposit, he is forthwith to pay a deposit of 10 per cent
- (b) if the buyer paid a deposit of less than 10 per cent, he is forthwith to pay a further deposit equal to the balance of that 10 per cent.

7. REMEDIES

7.1 Errors and omissions

7.1.1 If any plan or statement in the contract, or in the negotiations leading to it, is or was misleading or inaccurate due to an error or omission, the remedies available are as follows.

7.1.2 When there is a material difference between the description or value of the property as represented and as it is, the buyer is entitled to damages.

7.1.3 An error or omission only entitles the buyer to rescind the contract:

- (a) where it results from fraud or recklessness, or
- (b) where he would be obliged, to his prejudice, to accept property differing substantially (in quantity, quality or tenure) from what the error or omission had led him to expect.

7.2 Rescission

If either party rescinds the contract:

- (a) unless the rescission is a result of the buyer's breach of contract the deposit is to be repaid to the buyer with accrued interest
- (b) the buyer is to return any documents he received from the seller and is to cancel any entry at the Central Registry relating to the contract or any notice of the same by caveat.

7.3 Late completion

7.3.1 If there is default by either or both of the parties in performing their obligations under the contract and completion is delayed, the party whose total period of default is the greater is to pay compensation to the other party.

7.3.2 Compensation is calculated at the contract rate on an amount equal to the purchase price and the contents price, less (where the buyer is the paying party) any deposit paid, for the period by which the paying party's default exceeds that of the receiving party, or, if shorter, the period between completion date and actual completion.

7.3.3 Any claim for loss resulting from delayed completion is to be reduced by any compensation paid under this contract.

7.3.4 Where the buyer holds the property as tenant of the seller and completion is delayed, the seller may give notice to the buyer, before the date of actual completion, that he intends to take the net income from the property until completion. If he does so, he cannot claim compensation under condition 7.3.1 as well.

7.4 After completion

Completion does not cancel liability to perform any outstanding obligation under this contract.

7.5 Buyer's failure to comply with notice to complete

7.5.1 If the buyer fails to complete in accordance with a notice to complete, the following terms apply.

7.5.2 The seller may rescind the contract, and if he does so:

- (a) he may
 - (i) forfeit and keep any deposit and accrued interest
 - (ii) resell the property
 - (iii) claim damages
- (b) the buyer is to return any documents he received from the seller and is to cancel any entry at the Central Registry relating to the contract.

7.5.3 The seller retains his other rights and remedies.

7.6 Seller's failure to comply with notice to complete

7.6.1 If the seller fails to complete in accordance with a notice to complete, the following terms apply.

7.6.2 The buyer may rescind the contract, and if he does so:

- (a) the deposit is to be repaid to the buyer with accrued interest
- (b) the buyer is to return any documents he received from the seller and is, at the seller's expense, to cancel any entry at the Central Registry relating to the contract.

7.6.3 The buyer retains his other rights and remedies.

8. LEASEHOLD PROPERTY

8.1 Existing leases

8.1.1 The following provisions apply to a sale of leasehold land.

8.1.2 The seller having provided the buyer with copies of the documents embodying the lease terms, the buyer is treated as entering into the contract knowing and fully accepting those terms.

8.1.3 The seller is to comply with any lease obligations requiring the tenant to insure the property.

8.2 New leases

8.2.1 The following provisions apply to a contract to grant a new lease.

8.2.2 The conditions apply so that:

'seller' means the proposed landlord

'buyer' means the proposed tenant

'purchase price' means the premium to be paid on the grant of a lease.

8.2.3 The lease is to be in the form of the draft attached to the contract.

8.2.4 If the term of the new lease will exceed twenty-one years or such other period as may be prescribed from time to time by legislation for compulsory first registration, the seller is to deduce a title which will enable the buyer to register the lease at the Land Registry with an absolute title.

8.2.5 The seller is to engross the lease and (if required by the buyer) a counterpart of it and is to send the counterpart to the buyer before the completion date.

8.2.6 If delivered under condition 8.2.5 the buyer is to execute the counterpart and deliver it to the seller on completion.

8.3 Consent

8.3.1 (a) The following provisions apply if a consent to let, assign or sublet is required to complete the contract.

(b) In this condition 'consent' means consent in the form which satisfies the requirement to obtain it

8.3.2 (a) The seller is to apply for the consent at his expense, and to use all reasonable efforts to obtain it

(b) The buyer is to provide all information and references reasonably required.

8.3.3 Unless he is in breach of his obligation under condition 8.3.2, either party may rescind the contract by notice to the other party if three working days before the completion date (or before a later date on which the parties have agreed to complete the contract):

(a) the consent has not been given, or

(b) the consent has been given subject to a condition to which a party reasonably objects.

In that case, neither party is to be treated as in breach of contract and condition 7.2 applies.

9. Contents

- 9.1 The following provisions apply to any contents which are included in the contract, whether or not a separate price is to be paid for them.
- 9.2 The contract takes effect as a contract for sale of goods.
- 9.3 The buyer takes the contents in the physical state they are in at the date of the contract.
- 9.4 Ownership of the contents passes to the buyer on actual completion.