

### Purchase of a leasehold residential property – a flat

Our fees are based on the amount of time it takes us to complete your purchase efficiently and the seniority and experience of the lawyers and other fee earners working on your transaction. Our fees will be specifically agreed with you at the outset of your transaction, once we know the details and circumstances involved, and will cover the work required to complete your purchase, including dealing with registration at the Land Registry and the payment of Stamp Duty Land Tax (Stamp Duty), if the property is in England, or Land Transaction Tax (Land Tax), if the property you wish to buy is in Wales. Where the transaction does not proceed to completion a reduction of 25% to 50% is usually applied to the agreed fees depending on how far advanced the transaction is.

Our current hourly charge rates range from £250 for a recently qualified solicitor to £435 for a senior partner/consultant.

Occasionally a transaction becomes unexpectedly more complex e.g. there might be problems with the lease that need to be rectified with the co-operation of the landlord. We would notify you of this as soon as reasonably practicable, so that you can decide whether you wish to continue with the transaction with the additional expense of us dealing with the unexpected extra work.

#### Our fees

<u>Purchase price of property</u>	<u>Fee range for existing lease</u>	<u>Fee range for new build/new lease</u>
Less than £350,000	£1,800 - £2,200	£2,000 - £3,000
£350,000 - £500,000	£2,200 - £2,800	£3,000 - £3,500
£500,000 - £750,000	£2,800 - £3,500	£3,500 - £4,500
£750,000 - £1,000,000	£3,500 - £5,500	£4,500 - £6,500
£1,000,000 - £2,000,000	£5,500 - £7,500	£6,500 - £8,500
£2,000,000 - £3,000,000	£7,500 - £9,500	£8,500 - £10,500
£3,000,000 - £4,000,000	£9,500 - £11,500	£10,500 - £12,500
£4,000,000 - £5,000,000	£11,500 - £13,500	£12,500 - £14,500
£5,000,000 +	£13,500 +	£14,500 +

When a new lease is granted of a newly built or refurbished property there is considerably more work involved. There are the terms of a new lease to be negotiated with numerous additional documents and information to be checked and for you to be advised on. This is why the fee ranges for such transactions are higher.

Our fee ranges assume that:

- This is a standard transaction and that no unforeseen matters arise including for example (but not limited to) a defect in title or lease which requires remedying prior to

completion or the preparation of additional documents ancillary to the main transaction

- This is the assignment of an existing lease or the grant of a straightforward new lease with limited negotiation
- The transaction is concluded in a timely manner and no unforeseen complications arise
- All parties to the transaction are co-operative and there is no unreasonable delay in third parties providing documentation
- No indemnity policies are required to cover problems. Additional disbursements will apply if indemnity policies are required and the seller does not agree to pay for them.

The fee range for acting on behalf of your mortgage lender should this be required is £500 - £2,000 plus VAT (depending on the size and complexity of the borrowing).

### **Disbursements**

Disbursements are costs related to your transaction that are payable to third parties, such as search fees. We handle the payment of the disbursements on your behalf to ensure a smoother process. Disbursements are not included in our fee ranges, however, these typically include:

- HM Land Registry fee: £20 - £910 (depending on purchase price and whether online registration can be used)
- Search fees: £350 - £500 plus VAT
- Electronic money transfer fee: 50p - £15 plus VAT.

Any photocopying that is required will be charged at a commercial rate. This would usually be no more than £100 plus VAT where relevant.

### **Other possible disbursements under the Lease**

There are certain additional disbursements which may be payable under the lease of the property. These are set out separately below. This list is not exhaustive and other disbursements may apply depending on the terms of the lease. We will update you on such specific fees payable upon receipt and review of the lease.

- Notice of Transfer fee – This fee (if chargeable) is set out in the lease. Often the fee is between £25 and £150
- Notice of Charge fee (if the property is to be mortgaged) – This fee (if chargeable) is set out in the lease. Often the fee is between £25 and £50
- Deed of Covenant fee – The amount of this fee (if a deed of covenant is required by the lease) is usually provided by the management company for the property and is difficult to estimate. Often it is between £50 and £250
- Certificate of Compliance fee – This fee (if required by the lease) to be confirmed upon receipt of the lease. Often it is between £50 and £250.

These fees vary from property to property and can on occasion be significantly more than the ranges given above. We can give you a more accurate figure once we have sight of your specific documents.

You should also be aware that ground rent and service charge are likely to apply throughout your ownership of the property. We will confirm the ground rent and the anticipated service charge as soon as we receive this information from your seller's solicitors.

## VAT

VAT is payable at 20% on all legal fees and taxable disbursements.

## Stamp Duty or Land Tax

This depends on the purchase price of your property. You can calculate the amount you will need to pay by using HMRC's [Stamp Duty Land Tax calculator](#) or if the property is located in Wales by using the Welsh Revenue Authority's [Land Tax calculator](#). There may be additional tax to be paid e.g. if you already own another property or have an interest in another property anywhere in the world, or less tax if you are a first time buyer.

## Example transaction

Example leasehold purchase transaction in England for a first time buyer of an existing lease being purchased for £500,000 with a mortgage, where we are acting for the lender.

Legal fee (purchase)	£2,800.00
Legal fee (acting for lender)	£500.00
Search fees	£350.00
Electronic money transfer fees	£15.50
Notice of transfer and charge	<u>£50.00</u>
Subtotal	£3,715.50
VAT	<u>£743.10</u>
Total legal fees, disbursements and VAT	<u>£4,458.60</u>
Stamp Duty (first time buyer)	£10,000.00
Land Registry fee	<u>£135.00</u>
Subtotal	<u>£10,135.00</u>
Total costs including Stamp Duty and Land Registry fee	<u>£14,593.60</u>

## How long will my purchase take?

How long it will take from your offer being accepted until you can move into your property will depend on a number of factors. The average process takes between 4-8 weeks to exchange contracts and then between 2-4 weeks from exchange to completion. It can be quicker or slower, depending on the parties in the chain. For example, if you are a first time buyer, purchasing a new build property that is ready for occupation with a mortgage in principle, it could take overall 6-8 weeks. However, if you are buying a leasehold property that requires an extension of the lease, this can take significantly longer, on average between 3 and 9 months. In such a situation additional charges would apply and you might decide not to proceed.

## Stages of your purchase

The precise stages involved in the purchase of a residential leasehold property vary according to the circumstances. However, below we set out some key stages that are relevant to most transactions:

- Take your instructions and give you initial advice
- Check finances are in place to fund purchase and contact lender's solicitors (if relevant)

- Receive and consider the draft contract, title documents and lease
- Carry out searches
- Obtain further planning and Building Regulations documentation (if relevant)
- Make any necessary enquiries of seller's solicitors
- Negotiate the terms of the contract and the terms of the lease (if a new lease is being granted to you)
- Report to you on all documents and information received
- Report to you on the conditions of your mortgage offer
- Send final contract to you for signature and request the deposit from you
- Draft transfer (where not a new lease)
- Advise you on joint ownership (where relevant)
- Agree completion date (date from which you will own the property)
- Exchange contracts and notify you that this has happened
- Arrange for all monies needed to be received from lender and you in time for completion
- Obtain pre-completion searches
- Arrange for you to sign the transfer (or new lease) and mortgage
- Complete your purchase
- Deal with the notification of transaction and payment of Stamp Duty or Land Tax
- Deal with application for registration of the transfer (or new lease) and mortgage at the Land Registry
- Serve notices and other post completion steps required by the lease and your lender.