

# PAYNE HICKS BEACH

## PURCHASE OF A LEASEHOLD RESIDENTIAL PROPERTY

Our fees cover all of the work required by us to complete the purchase of the relevant leasehold purchase. Details of what we will do are below.

Please note that what we charge, and the scope of work, may vary from deal to deal, depending upon a number of different factors. Each deal is bespoke and each client has different needs, requirements and attitude towards risk. These factors will inevitably affect how much time is spent on the relevant matter. The fees for a standard purchase, as referred to below, are assessed on the value of the property, as it affects the amount of risk we take on, and the amount of work involved in the transaction. For avoidance of doubt our formal engagement letter will override the standard fees referred to here which are illustrative only.

### FEES

#### Our fees for legal work

Our fees are normally calculated by reference to our hourly rates which are £475-£600 for partners, £475 for consultants, £350-445 for senior associates, £260-£320 for associates, £220-£230 for trainees and £50 for legal assistants, but fixed fees may be agreed in some circumstances. Value Added Tax and disbursements will be payable in addition.

We cannot give a reliable estimate for our costs until we have details of the intended transaction. However, below is an example of our fees for a leasehold purchase:

**Leasehold Purchase:** for a standard purchase of a leasehold property in central London for a purchase price of up to £2 million pounds, with the work done by an associate or senior associate under the supervision of a partner, our fees would likely to be within the range of £5,850 to £11,430. Our fee assumes that, in addition VAT will be charged on our fees at 20%:

1. The transaction is a standard transaction and that no unforeseen matters arise including for example (but not limited to) a defect in title which requires remedying prior to completion or the preparation of additional documents ancillary to the main transaction;
2. The transaction is concluded in a timely manner (exchange of contracts arising within 6-8 weeks of the initial instruction) and no unforeseen complications arise;
3. All parties to the transaction are co-operative and there is no unreasonable delay from third parties providing documentation or otherwise;
4. The property is not a new build;
5. No disputes arise;
6. There is no mortgage where we are required to liaise with your mortgage lender's solicitors or a mortgage to be secured against a separate property;
7. The property has not been repossessed;
8. The purchase did not take place at auction;
9. The client is not based overseas which requires enhanced due diligence;
10. There is no requirement for an expedited service; and
11. There are no leasehold enfranchisement issues, being the extension of a lease or collectively purchasing the freehold.

Any of the above would be considered to be a non-standard transaction where we would provide a bespoke fee, in light of the bespoke nature of the work.

If landlord consent is required for the transfer of the lease, where a fixed fee has been agreed, we will charge an additional fee. This will be charged on a time-spent basis.

If the landlord requires a Deed of Covenant (a contract between the buyer and the landlord in which the buyer covenants to comply with the obligations contained within the lease), where a fixed fee has been agreed, we will charge an additional fee. This will be charged on a time-spent basis.

## Exclusions

Please note that our fee does not include any advice on the following:

1. Tax aspects (including Stamp Duty Land Tax);
2. Options for an efficient structure for you to hold the property;
3. Property finance; and/or
4. compliance and conflict work.

If you require advice on the above elements, we would be happy to provide this advice, but this would be under a separate retainer and additional fees will be charged and agreed. *If the title is unregistered, we reserve the right to charge an additional fee.*

We do not advise on the governments 'help to buy' scheme.

## Dismemberments

Disbursements are costs related to the client's matter that are payable by us to third parties, such as HM Land Registry or search providers. We handle the payment of the disbursements on the client's behalf, but will require the client to send us money on account of these. These fees vary from property to property and can on occasion be significantly more than the ranges given below. We can give the client an accurate figure once we have sight of specific documents relating to the client's transaction.

1. **Indemnity policies:** such policies may be required in some circumstances. The cost will vary according to the issue and the value to be insured. VAT is usually charged at 20% in addition;
2. **Property searches:** will vary from transaction to transaction but approximately £500-£1000 plus VAT depending on location;
3. **Land registry fees:**
  - Priority Search - £3 (inclusive of VAT).
  - Registration fee - £20-£125. No VAT is charged on Registration Fee's;
4. **Stamp Duty Land Tax ("SDLT"):** depends on the purchase price and whether the buyer is an individual/ corporate entity/trustee and whether the buyer has existing property. The client can work out their anticipated SDLT liability by using the link below:  
<https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>;
5. **Notice of Transfer:** to be sent to landlord - whatever the fee is in the Lease (this will attract VAT); and
6. **Bankruptcy searches:** £2 (inclusive of VAT) - these may be required in some circumstances.

The client should be aware that ground rent and service charge are likely to apply throughout their ownership of the property. We will confirm the ground rent and the anticipated service charge to the client as soon as this we receive this information.

## Scope of works and the steps involved in the process

1. Advising the client to instruct a surveyor to carry out a survey of the property. If the client sends us a copy of their survey we will read it and raise with the seller any enquiries which may be suggested by their surveyor. We are not, however, qualified as lawyers to advise or comment on survey reports;
2. Reviewing all the papers for the property received from the seller's solicitors, including the title, the lease and the seller's replies to standard enquiries and reporting to the client accordingly;
3. Submitting all local authority and other relevant property searches;
4. Reviewing and reporting to the client on the results of all local authority and other property searches and raising further enquiries of the seller's solicitors on matters revealed by such searches and, following our review of the seller's replies to standard enquiries, raising observations on the seller's replies;
5. Negotiating and settling the terms of the sale contract and of any subsidiary documentation and reporting to the client on the terms of these documents;
6. Prior to exchange of contracts, advising, if appropriate, as to the need for the client to take out buildings insurance in relation to the property;
7. If the seller is a foreign registered company, we will settle and obtain from local lawyers in its local jurisdiction an opinion letter as to its corporate capacity and insolvency or a certificate of incumbency in order to protect the client's best interests;
8. Reviewing the service charge information and ensuring any arrears are discharged on, or prior, to completion;
9. If applicable, arranging for the purchase of/ transfer of a share in the freehold company;
10. If required, securing the landlord's consent to the transfer of the lease of the property to the client;
11. Proceeding to exchange;
12. Drafting and settling the terms of the transfer of the property with the seller's solicitors;
13. Prior to completion, carrying out all appropriate pre-completion searches and preparing a completion statement for the client that sets out the sum of money required for completion;
14. Preparing and submitting a SDLT return in relation to the transfer and after completion, following receipt of the client's approval and authorisation, submitting the return to HMRC. In the unusual event of HMRC raising enquiries or further SDLT returns being required in relation to the transfer the client will be notified and. If we agreed a fixed fee, we will agree with the client further fees for dealing with such matters;
15. Drafting and submitting an application to register the transfer of the property at the land registry;
16. Giving notice to the landlord of the transfer and using our reasonable endeavours to obtain an acknowledgement of such notice from the landlord; and
17. Storing or sending out the deeds to the property as instructed.

## Likely timescales

The following are a guide only. Timing is very much led by the Bank and how quickly they respond to us:

1. Exchange of Contracts: this is usually within 8-10 weeks, if the assumptions under the section headed 'Fees' above apply; and
2. Completion: this is usually 20 days following exchange, but the parties can choose any completion date on exchange of contracts.

Please note that if landlord consent is required, both of the points above could be delayed.

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