

SRA TRANSPARENCY RULES
(Purchase of Leasehold)

Fact Sheet on Purchase of a leasehold residential property

1. What are our charges

Our fees cover all of the work required to complete the purchase of your new home, including dealing with registration at the Land Registry and dealing with 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.

Our fees (also known as profit costs) are normally calculated as a percentage of the purchase price in a range of between 0.25% and 0.5% with a minimum fee of £600 plus VAT. In addition, we make a charge of £30 plus VAT for each electronic money transfer we make in the transaction.

The eventual charge which we make will depend on a number of factors including the following: -

- Whether or not this is a chain transaction i.e. where your seller and/or buyer also wishes to move home at the same time.
- Whether or not your lender uses its own solicitor on the case. If we act for the lender as well, our extra costs are likely to be in the region of between 0.05% and 0.1% of the loan amount. If the lender uses its own solicitor, then we will advise you of that solicitor's charge once we have that information.
- Whether or not any unforeseen matters arise in the transaction such as defects in title where we will need to prepare additional documents alongside those of the main transaction.
- Whether or not the matter takes long in time with unforeseen complications arising.
- Whether or not all parties to the transaction are co-operative and there are no unreasonable delays from third parties providing documentation.
- Whether or not any legal indemnity policies are required.
- Whether this is the assignment of an existing lease or the grant of a new lease.
- Whether or not a lease extension is required.

In addition to our fees, we also have to charge you for disbursements (being costs related to your matter that are payable to third parties) such as the costs of the searches, Stamp Duty Land Tax (in England) or Land Tax (in Wales) as well as Land Registry fees and lease disbursements.

The costs for searches are normally around £250 per transaction although they may sometimes be more or less.

The amount of Stamp Duty Land Tax or Land Tax which you pay will depend upon the purchase price of your property. You can calculate the amount which you need to pay using the HMRC's website: www.gov.uk/stamp-duty-land-tax or for properties located in Wales by using the Welch Revenue Authority's website: www.gov.wales/land-transaction-tax-calculator.

The amount of Land Registry fees which you pay will also depend upon the purchase price of your property. You can calculate the amount which you need by visiting the Land Registry website: www.landregistry.gov.uk

There are certain disbursements which will be set out in the individual lease relating to the property. The disbursements which we anticipate will apply are set out separately below. This lists is not exhaustive and other disbursements may apply depending on the term of the lease. We will update you on the specific fees upon receipt and review of the lease from the seller's solicitors.

Anticipated lease disbursements

- Notice of Transfer fee – this fee if chargeable is set out in the lease. Often the fee is between £30 and £50 plus VAT
- Notice of Charge fee (if the property is to be mortgaged) – this fee is set out in the lease. Often the fee is between £30 and £50 plus VAT
- Deed of Covenant fee – this fee is provided by the management company for the property and can be difficult to estimate. Often it is between £75 and £100 plus VAT
- Certificate of Compliance fee – to be confirmed upon receipt of the lease. It can often range between £75 and £125 plus VAT

These fees vary from property to property and can on occasion be significantly more than the ranges given above. We can give you an 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.

At the end of this note we will be providing **for illustration purposes only** an explanation of what you might expect to pay on a £300,000 purchase.

If you would like a full case specific estimate, please contact one of our conveyancing lawyers who will be able to provide you with the same.

2. How long will my purchase take?

How long it will take from your offer being accepted until you can move in to your home will depend on a number of factors. The average process takes between 2-3 months.

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 with a mortgage in principle, it could take 6-8 weeks. However, if you are buying a property in a chain and therefore relying on other parties in the chain to be ready at the same time or if you require a lease extension or if this is the grant of a new lease, it could take even longer than 3 months to reach completion. In such a situation, additional charges would apply.

3. What are the main stages of the conveyancing process?

The precise stages involved in the purchase of a residential leasehold property vary according to the circumstances. However, the key stages will normally be as follows: -

- Take your instructions and give you initial advice
- Check finances are in place to fund purchase and contact lender's solicitors if needed
- Receive and advise on contract documents
- Carry out searches
- Obtain further planning documentation if required
- Make any necessary enquiries of seller's solicitor
- Give you advice on all documents and information received including the lease and leasehold information
- Go through conditions of mortgage offer with you if applicable
- Send final contract to you for signature
- Draft Transfer deed
- Advise you of joint ownership if required
- Obtain pre-completion searches
- Agree completion date (date from which you own the property)
- Exchange contracts and notify you that this has happened
- Arrange for all monies needed to be received from you (and from the lender if applicable)
- Complete purchase
- Deal with payment of Stamp Duty/Land Tax
- Deal with application for registration of the lease with the landlord
- Deal with application for registration at Land Registry

4. Illustration

We set out below **for illustration purposes only** a costs estimate for what a client might expect to pay on a standard purchase of an existing lease for £300,000 by a first time buyer taking a loan of £200,000. It assumes that we will also be acting for the lender, that no lease extension is required and that there are no significant complications.

• Profit costs:	£ 850.00*
• VAT on profit costs:	£ 170.00
• Electronic money transfer fee including VAT:	£ 36.00
• Search fees:	£ 250.00
• Landlord's registration fees:	£ 96.00
• HM Land Registry fee:	£ 135.00
• Stamp Duty Land Tax:	£2,500.00

Grand total: **£4,037.00**

***This is calculated as 0.25% (£750) of the purchase price plus 0.05% (£100) of the loan.**

Again, if you would like a case specific estimate for your particular circumstances, please contact one of our conveyancing lawyers.