

# **JOHN WELCH & STAMMERS SOLICITORS – EXAMPLE COSTS**

## **Leasehold purchase**

### **How much will the work cost?**

#### ***Fixed fees***

Most solicitors charge a fee proportionate to the value of the property, so the fee you will pay depends on the price you are paying for your property, together with a number of factors including the complexity of the title and your funding arrangements.

Our fees range from £1400 plus VAT\*\*, and disbursements for a leasehold property with a value up to £250,000 to £4,350. plus, VAT and disbursements for a freehold property with a value of up to £2,000,000. For properties with a value of more than £2,000,000 you would need to discuss the fee with a solicitor in the office.

### **Example quote for a leasehold flat purchased for £325,000**

Legal fee	£1500.00
VAT @ 20%**	£300.00
Stamp duty land tax **	£3750.00
Stamp duty land tax administration fee (inclusive of VAT)	£84.00
Identification check x 2 (inclusive of VAT)	£15.00
Bank fees x 2 (inclusive of VAT)	£72.00
HM Land Registry fee	£150.00
Searches estimate	£350.00
HM Land Registry final searches (approx.)	£30.00
<b>Estimated total</b>	<b>6251.00</b>

In addition to the above-mentioned fees there will be a fee for a management pack, this fee varies and we will obtain a quote from the relevant management company once we have been instructed – see sub heading “other disbursements” for further information.

*\*\* Stamp duty has been calculated on the basis of replacing a residential property with a residential property assuming no ownership of a second property and no first time buyer status. The current rate of VAT is 20%*

#### ***Hourly rates***

It is unlikely but may be necessary to agree an hourly rate with you, if it is not possible to give you an accurate estimate of the likely costs involved with your purchase.

Hourly rates are based on the qualification and experience of your legal representative and will be given where needed or on request.

All professional costs, whether fixed fee or hourly rate, are subject to VAT.

### **In what circumstances may the costs change?**

We want to ensure you only pay for the service you receive, so, as an example, a simple flat purchase with standard funding arrangements will cost less than a complex leasehold title involving a lender who requires us to undertake additional work on their behalf.

Some factors which could typically increase the cost of the service you require are:

- if the legal title is defective, the lease needs to be extended or a deed of variation is required;
- if the title is unregistered;
- if there is an intermediary leasehold title;
- if there is a management company that we need to engage with to ensure compliance with any regulations which may apply;
- if we need to obtain a certificate of compliance for a restriction on the title or you are required to enter into a deed of covenant;
- if we discover that the correct consents have not been obtained for alteration works;
- if you are obtaining financial contributions from third parties;
- if you are purchasing under the help to buy scheme or using a complex funding arrangement;
- if you are having the benefit of a Help to Buy ISA;
- if you are purchasing through an auction or from a lender under a power of sale, with tight deadlines to meet;
- if documents or information are requested from you or any other party, which requires our work to be duplicated;
- if the property is a new build or is being transferred out of an existing title.

### **What are disbursements?**

Disbursements are charges levied by third parties which apply to your transaction, and which we will pay on your behalf. These costs are fixed by the third-party suppliers and we cannot influence them.

### ***Stamp duty land tax/land transaction tax***

Please refer to HM Revenue and Customs for relevant rates, or if the property is located in Wales the Welsh Revenue Authority. We will also give you a rough idea of the Stamp duty costs when a quote is requested with an accurate figure given when we have been instructed and our stamp duty questionnaire has been completed by.

If you are purchasing a new lease and an annual rent is payable, you may need to pay stamp duty land tax/land transaction tax on the 'net present value'.

### ***HM Land Registry fees***

Please refer to HM Land Registry for relevant rates. You will be given an accurate fee when a quote is given.

The above fees are not subject to VAT.

### ***Searches***

These costs are not fixed. Each search provider will charge a fee for their service and each local authority, water authority (etc.) will have their own fee scale. We generally request £350.00 on account of searches and in most cases this sum is sufficient to cover all the searches.

Any variation is accounted for on your completion statement during the course of the transaction.

Some searches are subject to VAT.

### ***Electronic transfer fee***

The charge levied by the practice (which includes the cost payable by us to the bank) per payment is £36.00 inclusive of VAT.

### ***Other disbursements***

When buying a leasehold property, there are often additional charges payable on completion to third parties such as the freeholder or a management company. Examples of these are:

- deed of covenant;
- certificate of compliance;
- notice of transfer and/or charge;
- share certificate costs;
- apportionments of ground rent and/or service charge.

The above fees generally range from £150.00 to £600.00 but vary from property to property; they could be significantly more than the range given, but we will let you know about your charges when we receive the 'pre-sale pack' which is supplied by the sellers. These charges may or may not be subject to VAT.

Service charges and ground rent may also be payable and we will let you know the anticipated charges when we receive this information.

### ***What we will do for you***

Our fees may include some or all of the following matters:

- approving the contract and if required, negotiating amendments;
- reviewing the legal title to the property, including the lease and freehold title;
- reviewing the information supplied by the freeholder or managing agent (the 'pre-sale pack');
- undertaking searches and raising enquiries;
- reviewing your funding arrangements;

- reporting to you on our investigations;
- acting on behalf of, and reporting to your lender;
- exchanging contracts and undertaking pre-completion searches;
- accounting to you with a completion statement;
- completing the purchase for you, paying the purchase price to the seller's solicitors;
- serving any required notices required under your lease;
- making an application to the management company for a new share certificate (if applicable);
- obtaining a certificate of compliance from the freeholder/managing agents for HM Land Registry purposes;
- submitting your stamp duty land tax return to HM Revenue and Customs (or where the property is in Wales, submitting your land transaction tax return to the Welsh Revenue Authority) and paying any duty owed;
- registering your ownership of the property with HM Land Registry.

### **How long will it take?**

Generally speaking, your purchase should take between four and six weeks to complete but this depends on many factors, including the speed of your searches, mortgage offer and the co-operation of all parties. If a pre-sale pack is required from a management company and/or freeholder, it can take much longer to complete than the standard four to six weeks.

If you are in a 'chain', any dates will need to be agreed with all parties.

### ***In what circumstances will the above matters not apply to me?***

It is important to note that the information above relates to residential conveyancing for individuals who are buying a property to live in. If any of the circumstances below apply, it is likely to involve additional work, or you may require advice from another department within the practice:

- if you are purchasing the property as an investment;
- if you are acting in your capacity as director of a company;
- if the property you are buying is to be transferred out of an existing title and documents need to be drafted or negotiated.

### **Overview of the conveyancing process**

As members of the Law Society's Conveyancing Quality Scheme we follow the Law Society Conveyancing Protocol which is designed to make the conveyancing process as straightforward and efficient as possible.

The steps involved in the purchase of your property will include the following:

- Once we have received a memorandum of sale from the selling agent, or details of the transaction from you if your matter is a private sale, we will ask you to complete a short questionnaire and to put us in funds to enable us to commence searches.
- The seller's solicitors will supply us with a contract pack, including title deeds to the property, a plan, a copy of the freehold and leasehold title together with a copy of the lease, protocol forms (a property information form, a fittings and contents list and a leasehold information form), a contract and the energy performance certificate.

- We will check title to the property, order searches, approve the contract and draft a transfer deed. We will also raise any relevant enquiries with the seller's solicitors so that we can report to you thoroughly; it may be that some of these enquiries have to be forwarded to the managing agents/freeholders and this will be done by the seller's solicitor.
- We would recommend you have a survey carried out, as we are unable to advise you on matters such as the physical structure of the building. If you are getting a mortgage, your lender will also carry out a valuation of the property. Please remember that the valuation is only for the benefit of the lender. You should let us have a copy of your survey and mortgage valuation.
- Once we have received your mortgage offer, searches and replies to enquiries, and the Leasehold Information Pack, we will provide you with a written report on the property for you to consider. We will also send you a contract and transfer deed to sign, or you can attend the office to sign them and discuss any questions you may have.
- If we are also instructed in your sale, we will ensure that the two transactions can exchange simultaneously, and supply you with completion statements setting out the costs and disbursements incurred in relation to each matter.
- As soon as all parties are in a position to proceed, we will exchange contracts. This is the point at which the agreement is binding, and you cannot pull out of the transaction without incurring penalties. At the point of exchange, you should book your removals and put your buildings insurance in place as this is when the risk of the new property will pass to you.
- We will order your mortgage advance, or ask you to put us in funds for any balance required to complete.
- On the completion date, funds will be transferred between solicitors and once completion has taken place, we will notify you and the selling agents so that keys can be released to you.
- On completion, we will serve notice on the freeholder and/or managing agents to advise them that you are the new owner of the property so that they may update their records.
- Post completion we will submit your stamp duty land tax return to HM Revenue and Customs (or where the property is in Wales, submit your land transaction tax return to the Welsh Revenue Authority) and pay any duty owed. We will also register you as owner with HM Land Registry and supply you with evidence once HM Land Registry has completed our application, and send you copies of the title together with all documents which you may need when you come to sell the property.