

PAYNE HICKS BEACH

MORTGAGE OR RE-MORTGAGE OF A RESIDENTIAL PROPERTY

Our fees cover all of the work required by us to complete the purchase of the relevant freehold or leasehold property with a mortgage. 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. 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, 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 mortgage/re-mortgage. However, below is an example of our fees for a mortgage or re-mortgage:

We base our fees for mortgages and re-mortgages on the following scaled rates:

1. Our minimum fee is capped at £3,500 plus VAT;
2. Up to £250,000 0.6% of the purchase/ loan price;
3. Up to £500,000 0.5% of the purchase/loan price;
4. Up to £1,000,000 0.35% of the purchase/loan price;
5. Up to £2,000,000 0.3% of the purchase/loan price;
6. Up to £5,000,000 0.25% of the purchase/ loan price; and
7. In excess of £5,000,000 fee to be agreed.

In addition, VAT will be charged on our fees at 20%.

Our fee assumes that:

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 occurring 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. No disputes arise;
5. The client is not based overseas which requires enhanced due diligence; and
6. There is no requirement for an expedited service.

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

If landlord consent is required for the transfer and charge of the lease, if we have agreed a fixed fee, we will charge an additional fee on top. 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), if we have agreed a fixed fee, we will charge an additional fee on top. This will be charged on a time-spent basis.

Exclusions

Please note that the fees quoted above do not include any advice on the following:

1. Tax aspects (including Stamp Duty Land Tax);
2. Options for an efficient structure 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.

Disbursements

Disbursements are costs related to the client's matter that are payable 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.

We have listed the common disbursements for this type of transaction below:

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 at 20% 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"): (if applicable) - depends on the purchase price and whether the purchaser is an individual/ corporate entity/ trustee and whether the purchaser 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 Charge: to be sent to Landlord - whatever the fee is in the Lease, plus VAT at 20%; and
6. Bankruptcy search: £2 (inclusive of VAT) - this will likely be required.

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

Scope of works and the steps involved in the process

The following services will be included in the fees quoted above:

1. Advising the borrower client to instruct a surveyor to carry out a survey of the property. If they send us a copy of the survey, we will read it and raise with the seller any enquiries which may be suggested by the 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 (if applicable) and the seller's replies to standard enquiries and reporting anything untoward to the lender;
3. Submitting all local authority and other relevant property searches;
4. Reviewing and reporting to the client on any issues revealed by 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. If leasehold, reviewing the lease to check whether or not landlord's consent is required to complete the charge over the property, and (if required) applying to the landlord to obtain consent to the completion of a charge over the property;
6. Providing to the lender all appropriate undertakings for the completion of the charge and the registration of the charge at the land registry;
7. Negotiating and settling the terms of the sale contract and of any subsidiary documentation;
8. Prior to exchange of contracts, advising the borrower client, if appropriate, as to the need for them to take out buildings insurance in relation to the property;

9. 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 lender's best interests;
10. If required, securing the landlord's consent to the transfer of the lease of the property to the borrower client;
11. Drafting and settling the terms of the transfer of the property with the seller's solicitors;
12. Arranging drawdown and proceeding to completion of the charge;
13. Prior to completion, carrying out all appropriate pre-completion searches and ensuring we have enough money to complete and submit the SDLT return and land registry application;
14. Preparing and submitting a SDLT return in relation to the transfer and, after completion, following receipt of the borrower client's approval and authorisation, submitting the return to HMRC;
15. Drafting and submitting an application to register the transfer and the charge of the property at the land registry;
16. Giving notice to landlord of the transfers and the charges 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. Searches: these take approximately two weeks, after being ordered to arrive (although some may take longer);
2. Investigation of title: this usually takes 4-6 weeks, but timing, as stated above, is largely outside of our control; and
3. Completion: this is approximately 1 week after we complete our review of the papers/investigation of title, but may be quicker, dependent on the Bank.

10 New Square, Lincoln's Inn, London WC2A 3QG

DX Box 40 London, Chancery Lane

Tel: 020 7465 4300 Fax: 020 7465 4400 www.phb.co.uk

VAT registration number: GB 232 667364

The Firm is authorised and regulated by the Solicitors Regulation Authority

SRA number: 807106

© Payne Hicks Beach LLP: 1 June 2022