

GENERAL

Please find herewith our advice notes on the key areas regarding your purchase at The Bay, Colwell. If you require clarification of any of the matters contained herein please do not hesitate to ask.

1. The Agreements which govern your purchase must contain all the terms of your reservation and purchase. Prior to Exchange of Contracts, please ensure you have specifically checked with us that any incentives/terms you have agreed are included in the Agreements. Standard contract law provides that unless an incentive/term is expressly included as part of the Agreements then it is not binding upon the parties. Once you have exchanged Contracts and paid the 10% Deposit you will be unable to change the Agreements. If they have agreed to extras or variations and they do not agree to incorporate them as part of the Agreements then it would be at your risk if they did not comply.
2. If you are buying with a mortgage, any incentives you have been offered will need to be raised with your lender as this may affect their decision to lend or the amount they will lend you.
3. The owner of the freehold of the site is a company called Link Corporate Trustees who are known as the Superior Landlord but the company granting you an underlease of the property is Coastal Parks Hold Limited who have been granted a 999 Lease of the development, and this company is hereafter referred to as "the Landlord".
4. The Landlord's legal interest is charged to Lenders (i.e. there is a mortgage over the development) but on completion of your purchase your Plot will be released from these charges.
5. We understand that there are Leisure Facilities currently being renovated on the development
6. You must accept that services charges can increase as the development matures. They very rarely go down and will generally be reviewed each year. As the renovation of the Development continues the Service Charge may be subsidised by the Landlord as to the unsold properties. Once the renovation works are finished those subsidised costs may then be more certain and then apportioned between the property owners so that all the properties are then paying for the service charge in full rather than being subsidised.
7. Letting is permitted under the terms of the Lease but only for short term holiday lets not exceeding one month at any time. Please also note the restriction in the Lease in paragraph 9 of Schedule 4 stating that holiday lets are allowed provided that for the first 5 years of term any letting must be carried out via the landlords appointed agents letting scheme. . Please refer to our notes regarding the Planning Permission below to ensure your lettings comply. You must of course ensure that any letting is done in the proper manner so that you can regain possession of your property.
8. If you intend to purchase with the aid of a Mortgage you must make sure that your Lender is informed of the restrictive nature of the occupation of the premises, purely as holiday accommodation and any incentives offered by the Seller. You should not exchange unless you have an acceptable mortgage offer. I would also add that even if you are not obtaining mortgage finance you should still consider obtaining a survey before purchasing these properties. This is not

something that we deal with for you and you would need to employ a surveyor for this purpose. These properties are not new build and therefore do not have a structural build warranty so you must satisfy yourself that the properties are sound and free from defects and the price you are paying meets the market valuation.

9. You must appreciate that there may be renovation works in progress on the development for some time. The Seller specifically reserves the right to develop or sell all parts of the site, including the Amenity Land and any Common Areas. Therefore the general layout may change as the development progresses. Areas that are presently open land may therefore be built on in the future.

If you are seeking to rely upon any verbal representation made to you by the seller then you must advise us immediately so that agreement can be obtained in writing.

10. If you intend to let your property the Seller operates a Letting Pool. You must take care to use a proper Holiday Letting Agreement. We do not provide advice upon such letting agreement, as this is personal between yourself and the Landlord after you have purchased the property. If you are buying with the aid of a mortgage you must abide by the Lender's requirements regarding letting.
11. Once you have exchanged contracts you are legally bound to complete the purchase. If you do not complete you will likely lose your deposit and the Seller may claim any losses it incurs from you (such as loss of bargain if they then have to sell it at a lower cost to someone else).
12. Upon completion you will need to pay the costs for the Land Registry Fees, Stamp Duty Land Tax (please refer to the detail at the end of this document for such fees) and the Seller's solicitors Document Engrossment Fee (£180). This is on top of the purchase price you pay. You will also need to pay the first monthly instalment of the Ground Rent and Service Charge (this will mean you are therefore paid up in advance of the first month for the site charges) unless you have agreed a Guaranteed Rental Agreement.
13. If you have agreed a Guaranteed Rental Agreement with the Landlord a copy of the Agreement will be provided to you. This Agreement guarantees a certain rental amount per annum stated in the Agreement for the term stated within the Agreement. Under the Agreement the property can only however be let through the Landlord or their agent during this term and during this time the Landlord collects the hire charges and any cancellation charges. The Landlord pays to you the Guaranteed Rent as per the terms of the Agreement. There may be other personal agreements incorporated depending on what you agree with the landlord. During the term the Site Charges i.e. the ground rent, amenity land fee, insurance rent and service charges due under the Lease terms are waived by the Landlord and no action will be taken under the Lease for non-payment during that period. When the Agreement ends, the charges shall become payable once more from and including the date of termination of the Agreement. The Landlord deals with all advertising by any means it shall think fit at its own expense. If there is any material breach of the terms of the Agreement for any part of the letting season which prevents the Landlord from securing a customer for the holiday home the Landlord will be entitled to compensation for all or part of the costs incurred in advertising the home. If there is a breach of any clause in the Agreement the Landlord has a right to suspend the letting of the property and to cancel or suspend any other lettings arranged while the breach continues and you will be liable for any costs the Landlord incurs as a result of any cancellations or suspensions. Any costs incurred by the Landlord shall survive termination of the Agreement for any reason. You must read the Guaranteed Rental Agreement in full to ensure that you understand your obligations and those of the Landlord and if you have any queries do not hesitate to contact us for an explanation. Please also read carefully the requirements for termination of the Agreement and the notice period required to be given. If the property is sold any sale would be subject to the Guaranteed Rental Agreement but the benefit of this can be transferred. Please note that we will not be able to provide you with any investment advice in relation to these arrangements as we deal with the conveyancing aspect of your purchase only. If you require advice on the deal you have agreed you must obtain your own investment advice in this respect.

14. As the property is deemed holiday accommodation if you sell your property within 3 years of purchase, it may be subject to VAT on the sale. You should seek advice from an accountant upon any tax implications of the purchase and onward sale. We do not provide advice upon the tax implications of your purchase and sale, and therefore recommend you speak to an accountant or financial planner in this regard.
15. As part of the Conveyancing process we will carry out a search with the Local Authority and Land Charges Department to identify relevant planning issues and other such matters.

THE LEASE

This is the main document governing your rights and responsibilities in respect of the property once it has been completed. The property is defined in Schedule 1 of the Lease and you will note that the structural parts, the external walls, roofs and foundations (including loft space) remain the ownership of the Landlord. The property being demised to you is shown on the plan edged red but you also have exclusive use of the garden area edged blue and the parking bay edged green. These do not form part of the property however.

The Lease will be granted out of the Landlord's leasehold title and will be for a term of 999 years less 3 days from the 8th January 2018. The Lease will be registered at the Land Registry on completion, where upon you will need to pay the Stamp Duty Land Tax and Land Registry Fee based upon the value of the property.

Common Parts

1. This is the definition of the land which forms the Common Parts and is intended for Common Use, and includes the Amenity Land which will be referred to later. The Landlord reserves the right to develop or sell these areas.

Rents

2. The annual rent as from June 2022 for these properties has now been reduced to a peppercorn (ie nil). This is due to new legislation which came into effect from 30th June 2022 in which new leases can only be granted with rent as a peppercorn. This does not affect existing leases issued prior to this date please note so if you already own a unit on this development then there will be no change to the rent payable in relation to previous leases granted.

Leases where the annual rent exceeds £250 per annum (or £1,000 per annum in Greater London) at any point during the lease term may be considered an assured tenancy (subject to other criteria being met). In assured tenancies, if the rent remains unpaid for a sum and a period prescribed by Ground 8 in Part 1 of the Second Schedule to the Housing Act 1988, the landlord may be entitled to seek mandatory possession of the property through a Court Order. In such circumstances, if the rent remains unpaid, the tenant is not able to benefit from any statutory protections (for example relief from forfeiture), which means the lease would be brought to an end and you would lose the property. Therefore it is absolutely vital that you always make your rent payments when due.

3. You will be charged a fair and reasonable proportion of the annual Insurance Premium – at present this is included within the Service Charge payment, though technically in the Lease document it is a separate charge.
4. You are also charged an annual Amenity Land Fee of £1,622.40 which will also be reviewed each year as per the Lease. You will be asked to enter into a Deed of Easement granting you the rights to use the Amenity Land and in which this fee will be charged. This relates to your use of the common areas on the development and leisure facilities.
5. You will be charged a Service Charge plus VAT based on the Landlord's costs of keeping in repair the structure of the premises that you are purchasing, running the development and facilities, and looking after the Common Parts. We understand that the current figure is £1,950.38.
6. You must read the Lease document carefully as it governs your use of the property. You may ask us to go through it with you in person or by phone if you wish or if you do not understand or are unsure any of the terms within it.

7. Please also note that the Lease excludes security of tenure under the Mobile Homes Act 1983 as this development consists of holiday homes. The law provides security for long leaseholders to remain in occupation when a lease comes to an end and to seek a lease extension or new lease (security of tenure) however the lease being granted to you excludes the provision which means that at the end of the 999 term the lease would come to an end

The Sale of your Property

8. It is a term of the Lease that when you sell your property in the future you must pay to the Landlord a Transfer Fee which is based at 2% of the greater of the gross sale price or open market value as determined by the Landlord. You will agree the open market value with the Landlord and in default of an agreement the Landlord's Surveyor will assess it. If you do not use the site sales facilities (and thus use a third party estate agent) you will still have to pay the 2% Transfer Fee. The Landlord is not obliged to sell your property, it is entirely at their discretion whether they will do so or not at the time of you offering it for sale. You must appreciate that as an ongoing development their priority will be to sell their own properties first.

As the property is Leasehold, when you come to sell your property the new buyers must enter into a Deed of Covenant with the Landlord that they will abide by the terms of the existing Lease and pay the rent etc going forwards. You will need to meet the Landlord's solicitor's costs at that time. We would be happy to act for you in the sale of your property if/when the time comes.

Tenant's Covenants

9. The Lease contains the usual covenants by the tenant in relation to payment of rent and outgoings etc. Please ensure you thoroughly read the Lease document particularly Schedule 4 as this governs many of the things you may and may not do with respect to the property.

Landlord's Covenants

10. The Landlord covenants to insure the estate and the buildings and carry out the services for which a service charge will be charged. (You will need to insure the contents of your property though, as well as consider public liability indemnity insurance if you are letting it out).

Rights

11. The Lease contains adequate rights of access and use of services for the enjoyment of your property. You will appreciate that the Landlord has to reserve similar rights over your property in respect of the passage of services. The roads and services of the property are to remain private. You will also be asked to enter into a Deed of Easement as mentioned above with the Landlord which will grant you the rights to use the Amenity Land and Facilities on the development.

Planning Use

12. The property is strictly to be used as a Holiday Home either by you, your family and friends or by letting out for holiday purposes and a copy of the Planning Permission is attached.

You will have to ensure that the planning permissions, conditions and restrictions are complied with as part of the terms of the lease and you must therefore pay particular attention to the conditions regarding occupation of the property. The Seller's solicitors have confirmed that the Seller has complied with any other requirements of the planning conditions. We do not always obtain separate pre-conditions sign off to each part of the development, as it is an ongoing development.

THE AGREEMENT TO LEASE

1. The contracting party is Coastal Parks Hold Limited. The Agreement is for the land only by way of Leasehold.
2. The deposit monies paid under the Agreement will be held by Coastal Park's Solicitors as agents.
3. The Seller's solicitors will charge £180 (£150 plus VAT) for producing the engrossed documents. This is on top of the purchase price you pay for the property and is not included in your legal fees paid by the Landlord

THE PROCESS OF THE PURCHASE

Below is a summary of the steps in the transaction, moving through the 3 key steps of Reservation, to Exchange of Agreements, to Completion of the purchase:

1. Reservation Form Received.
2. Draft documents and plan received by Hamers from Seller's solicitors, these are then submitted to the Buyer's for their review.
3. Hamers proceed with searches.
4. Obtain mortgage offer if applicable.
5. Please ensure you discuss with us any incentives/terms agreed at this stage to be incorporated into the agreements.
6. Exchange of Agreements – Once the client is happy to proceed, and their mortgage is suitable (if any). We will need the following:
 - Your Identification before we can accept funds from you (this should however be provided at the outset of the transaction)
 - Signed Agreement;
 - 10% Deposit, less Reservation Fee paid.
7. Following Exchange of Agreements, we then await completion of the property.
8. Completion – Upon our receipt of the Notice to Complete you will have 10 working days to arrange the balance completion funds, and for us to draw down the mortgage monies. We then will need the following:
 - Signed Lease;
 - Balance completion Funds.
9. Following Completion, we will then attend to the Stamp Duty Land Tax Return and Registration with the Land Registry.
10. Once the Property is registered, we will provide you with copies of the Registered Title and if you wish, will retain the originals in our deeds store, or supply them to your mortgage lender if applicable.

STAMP DUTY LAND TAX FEES

From April 2016, HM Revenue and Customs introduced a higher rate of Stamp Duty Land Tax which is applicable to the purchase of additional residential properties such as buy-to-let properties or second homes/holiday homes. The following thresholds apply to the property purchase price you have agreed with The Bay:-

You'll pay:

| Price Band | % of the property price |
|--------------------|-------------------------|
| First £250k | 3% |
| From £250k - £925k | 8% |
| From £925k - £1.5m | 13% |
| Over £1.5m | 15% |

If you have agreed to purchase more than one property at The Bay, please discuss this with us as they may be deemed "Linked transactions" for Stamp Duty purposes. If so, then you would have to pay stamp duty based on the total value of those transactions rather than the individual values.

Please note these figures are as a guide only and the rates may have changed when you exchange Contracts or complete the transaction. To obtain an accurate figure of the stamp duty payable, please visit the HMRC's calculator page at <https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#/intro>

LAND REGISTRATION FEES

As of 31st January 2022 the following thresholds apply to the Land Registration Fee which is based on the property purchase price you have agreed with The Bay plus one year's Ground Rent of approximately £67.74 plus VAT;

| Price Band | Fee Payable |
|------------------------|-------------|
| £0 to £80,000 | £45 |
| £80,000 to £100,000 | £95 |
| £100,001 to £200,000 | £230 |
| £200,001 to £500,000 | £330 |
| £500,001 to £1,000,000 | £655 |
| £1,000,001 and above | £1105 |

Please note these figures are as a guide only and the rates may have changed when you exchanged Contracts or complete the transaction. In particular, we are currently liaising with the Land Registry on the issue of their fees being calculated on the lease premium (i.e. £10,000 plus VAT) solely.

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