 Key Sheet 2:

**Transfer Charge 2024**

When your apartment is sold a Transfer Charge must be paid. The charge will be 4.5% of the price you sell the apartment or receive for transferring the lease. VAT will be charged on all, or part of the transfer charge in line with current rates and regulations.

Part of the Transfer Charge (2% of the sale price) will be used to prepare your apartment for resale and the balance is put into a fund for the future maintenance of the building. At the present time this part of the Transfer Charge will not have VAT added.

This means the level of contribution you make while you are living in the apartment and which you pay through the Service Charge for long term maintenance costs is reduced.

Sometimes, when an apartment is to be sold it will only need a deep-clean and some minor maintenance but, some apartments will need to be completely redecorated. If complete redecoration is needed then we will arrange this and pay for it but we will reclaim the cost from you when your apartment is sold.

The level of work that is required that will be funded from the Transfer Charge will be at the discretion of the Managing Agent. You can expect us to pay for cleaning and minor repairs, and some spot decoration, as well as managing the work that is needed. If the oven, white goods or carpets need specialist cleaning or repair, or more extensive decoration is required, then we will expect the costs of these services to be reimbursed on completion of the sale. You will be asked to agree to this before the work is commissioned. We also reserve the right not to undertake this work until the apartment has been completely cleared.

The remaining part of the Transfer Charge (2.5% of the sale price) is paid to Rusty Oak Ltd and will cover the cost of marketing the apartment (so you do not need to employ an Estate Agent or pay for advertising) and promoting Honeybourne Gate on a continuous basis to maintain property values. At the present time this part of the Transfer Charge will have VAT added.

Apartments in developments similar to Honeybourne Gate sell best and maintain good values when the development is continuously promoted. This includes hosting events for local organisations, inviting potential purchasers to have lunch in the restaurant, sponsoring concerts and exhibitions for the benefit of apartment owners and their guests/members of the local community who may one day be interested in becoming apartment owners.

This work is funded from the Transfer Charge so that it does not have to be paid for from the Service Charge.

Under certain circumstances the landlord (entirely at his discretion) may reduce the Transfer Charge. Currently the circumstances under which the charge may be reduced are as follows:

1. Should a re-sale occur within one year of a previous purchase/resale then the transfer premium payable will be the actual cost of preparing the apartment for resale. Additionally, 0.5% of the gross proceeds of the sale will be contributed to the Contingency Fund and 1% of the gross proceeds of the sale to Rusty Oak Ltd to cover the sale costs.
2. Should a re-sale occur between one and two years after a previous purchase/resale then the transfer premium payable will be the actual cost of preparing the apartment for resale. Additionally, 1% of the gross proceeds of the sale will be contributed to the Contingency Fund and 1.5% of the gross proceeds of the sale to Rusty Oak Ltd to cover sale costs.

Should the Landlord agree that an apartment can be sub-let then a management fee will be agreed in lieu of a Transfer Charge for the period of the rental. This will be a minimum of 9% of the gross rental. If a rented property is subsequently sold then then the full transfer premium will be charged.

Rusty Oak Ltd will also provide other services funded from income from the transfer premium without further charge such as:

* Landlord approvals of alterations – no charge is made,
* Approval of potential purchasers – no charge is made,
* Obtaining benefit advice and arranging care for prospective purchasers – no charge is made,
* Providing benefit assistance for owners, for example managing, attendance allowance applications – no charge is made,
* Issuing contracts. When appointing contractors and obtaining services including insurance – no charge is made (over and above the managing agents fee paid from the Service Charge). No commissions are accepted from any supplier thus ensuring that Rusty Oak Ltd always acts in the interests of Honeybourne Gate and the apartment owners.

**The obligation to pay the Transfer Charge is a key term in the apartment lease and it is important that you discuss this charge with your Solicitor and advisors to make sure you understand your legal obligation. It is also a good idea to make sure that anyone who may have to handle your affairs in the future knows about this obligation. The above Transfer Charges must be paid even if the apartment owner does not use Rusty Oak Ltd for those activities that would be paid for from the fund.**

Signature & Date: ……………………………………………………………………………………………….