

Key points to consider when taking instructions and giving advice

Acquisition of 18 Clover Street London W2

- **Mortgage.** No need for mortgage advice as the mortgage has already been arranged but we must look carefully at the terms of the mortgage offer. For example, will the directors of the company be asked to stand as guarantors? If so, they will need to be separately advised (professional conduct point). Is any other collateral security required for the loan, e.g. assignment of life policies?
- **Will our firm be instructed by the lender?** As it is a commercial mortgage, the lender may be separately represented by another firm of solicitors. In this case, additional costs will be incurred.
- **Finance.** We should consider the client's financial circumstances generally and be satisfied that the client can adequately fund the purchase and all associated costs including Stamp Duty Land Tax (SDLT). How will the deposit payable on exchange of contracts be financed?
- **Will VAT be payable in addition to the purchase price?** The sale of an old commercial building (i.e. more than 3 years) is exempt from VAT but the seller may elect to waive the exemption and charge VAT. Establish whether the seller intends to charge VAT.
- **Occupational leases of the property.** We should ask for copies of the leases at an early stage and consider and advise the client on their terms. In particular, are the leases in a form which would be satisfactory to an institutional investor? Two important considerations that could affect the value of the freehold reversion are:
 - Is the landlord entitled to a clear rent with upward only rent reviews?
 - Do the leases impose full repairing and insuring obligations on the tenant?(For further reference see [Lease of ground floor of 18 Clover Street](#) and [Lease of first and second floors of 18 Clover Street.](#))
- **Survey.** Given the high value of the property and its age, the client should be advised to take out a full structural survey.
- **Advice on client care, costs and our firm's complaints procedure.**
- **Money Laundering Regulations.** As Cambo Ltd is a newly formed company we will need to verify the beneficial ownership of the company and the identity of the shareholders. However, we shall not require verification of Mr and Mrs Wainwright's identity and address as they are established clients of the firm for whom we have acted for many years.
- We will send the client our [Terms and conditions of business](#) together with an [Estimate of conveyancing charges](#) and an [initial letter to the client](#).