

# Reservation Agreement Guide

Simple, Safe & Guaranteed



Our Process is recommended in the UK Government's 'How to Sell Guide' and our transaction forms are reproduced with the permission of the Law Society.



### **What is a 'Reservation Agreement'?**

A Reservation Agreement is an agreement between the Buyer and Seller. The Buyer reserves the right to purchase the property and the Seller agrees not to sell to another party. If either breaks the agreement they agree to pay the other party a compensation amount. This protects the Buyer from being gazumped and the Seller from gazundering. More importantly the sale proceeds with both Seller and Buyer committed to each other subject to contract.

### **How long is the agreement for?**

The term of the agreement is set by both parties prior to the start of the agreement and can be any time up to six months. It helps keep both parties working towards an agreed timeline. Seller and Buyer should exchange contracts before the expiry date, if either party is not ready to exchange they must provide a reason why. The agreement term can be extended by mutual consent if one party is delayed and there is no charge for any extensions.

### **What scenarios do not carry a compensation payout?**

If the property is down-valued due to a survey or urgent repairs identified and they cannot be renegotiated.

If the chain breaks above the seller or below the buyer.

If the property has a bad title confirmed by the conveyancer.

If the buyer is unable to secure the finance.

Agreed timelines not met and neither party wishes to continue (subject to reasonable proof).

Special Conditions can be added to the agreement to cover specific areas of concern for individual cases, they will have to be agreed by both parties.

In events where the sale cannot continue through no fault of either party, any fee paid will be refunded in full.

### **How much does it cost?**

Neither party have to pay the compensation amount upfront, instead Gazeal provide a guarantee to pay the compensation in the event that the agreement is broken. The fee for this guarantee starts from as little as £600 including vat. This guarantees a compensation payment to the innocent party of £2,000. Gazeal can guarantee amounts up to £100,000 if required.

### **Who pays the initial fee?**

This is decided before the Reservation Agreement is produced. The Buyer pays the fee to secure the property off the market. In some cases the Seller can choose to offer to refund it, or split it 50/50.

### **Is this a deposit?**

No, this is a fee for arranging a pre- exchange agreement and the certainty of compensation if the sale falls through unreasonably. This does not replace the need for a formal deposit that is required from the Buyer at the time of exchange of contracts. In cases where the Seller agrees to offer to refund this fee on completion of the sale the Buyer will be repaid any fee for this agreement.

# Reservation Price List

## Compensation amount breakdown

If either party wishes for an amount not shown or higher than £50,000 contact your Estate Agent or Gazeal for confirmation of prices.

The Compensation amount is NOT paid unless either party breaks the agreement.

Compensation Guarantee	Reservation Fee including VAT
£2,000	£600
£5,000	£1,080
£10,000	£1,800
£20,000	£3,000
£30,000	£4,200
£40,000	£4,800
£50,000	£7,200

Neither party is required to pay the amount of the Compensation upfront. Instead, Gazeal guarantees to each party that if the Compensation is due, and the defaulting party does not pay, Gazeal will pay the innocent party under the guarantee, and will pursue the defaulting party for repayment of the Compensation.



## Sale Ready

In line with advice given by the UK Government, outlined in the "How to Sell Guide", from now, Sellers are recommended to complete key legal information about their property before marketing begins, so they are 'Sale Ready'.

This ensures some key legal paperwork is completed, in a considerably shortened time frame, therefore saving valuable time during the sale process later.

Once completed, it is shared with potential Buyers so they are fully informed before they make an offer, then transferred to chosen conveyancers for them to use in the contract.

We recommend instructing a conveyancer before the sale is agreed to save time once a Buyer is found.

## How does it work?

Key paperwork is prepared as soon as we are instructed on a property and ready for when marketing commences.

Land Registry Title Documentation, Fixtures, Contents, and Property Information forms (called TA forms, look on the column for specifics) are completed from the start. We host this information called 'The Buyer Information Pack' securely with our partner gazeal.co.uk.

Other documents can go in the pack, boiler servicing, damp warranties, planning permissions, etc, the more information the better. We can help you complete the information if you require and can scan and upload any documents to the pack.

Your Buyer (with a private web link from us) can review all of your property information free of charge so that they can make an informed, realistic offer. This gives you the peace of mind that the only offers you receive are serious and well thought-through.

Once an offer is agreed, you simply instruct a conveyancer of your choice and the contract pack is digitally sent to all parties on the same day, saving weeks on your property sale.

**Our aim is to smooth the buying and selling process without delays and hold your hand throughout the whole transaction.**

## Forms Needed

- Title Plan & Register
- Fixtures & Fittings (TA10)
- Property Information (TA6)
- Leasehold Information (TA7)

## Features:

- All the information a Buyer will want to make an informed offer
- Speeds up sales
- A copy of the pack is given to your conveyancer
- All part of our service (no extra cost)

*A Law Society Licensed Provider*

