

Commercial Property and Land Purchase Application Form Guidance

Quick actions:

Document reference H302G

This document provides guidance on how you should complete H302 Commercial Property and Land Purchase Application Form using our tailored process.

Our tailored process is defined as follows:

1. Any use of non-panel parties
2. Part ownership of the property outwith the scheme
3. All properties that are not office/retail/industrial.

1. Your details

This section should be completed for all parties intending to purchase the property through Hornbuckle. Please note Hornbuckle allows ownership of a property across one or more Hornbuckle pension schemes. In case of multiple ownership, a syndicate agreement will need to be signed between the member schemes and additional administration fees will apply. This form provides space for 4 purchasers. Please add the details for further purchasers on a separate sheet if applicable.

Forename(s)	Your first name and any middle names.
Surname	Your last name.
Plan number	Your plan number is an 8-character alpha-numeric reference that we quote on our correspondence. The plan number will either start "DW" followed by six numbers (e.g. DW123456), or with six letters followed by two numbers (e.g. ABCDEF01).
Contact telephone number	Your preferred contact telephone number.
Email	Your preferred contact email address. We will use your email address to send you information relating to the administration of your plan, and as such you should avoid using a work email address or another address likely to be accessed by someone else.

2. Property details

In this section, we gather the basic facts of the property.

Address including postcode	We require the property's full address including postcode. Note that we do not accept non-UK properties for purchase into a pension scheme.
Former use of property	Please indicate here the historic use of the property.
Current use of property	What is the current use of the property.
Proposed use of the property	The intended use when you take ownership of the property.
Are any refurbishments/renovations to the property proposed within six months of the purchase date?	Please let us know if you intend to make any alterations to the building or land once purchased.
If yes then please provide us with details	We require details of full costing with supporting quotes, a schedule of works, planning permission, contractor details and any proposed change of use. NB all expenditure needs to be approved by the Hornbuckle in advance of any works.

2. Property details cont.

Is the building listed?	Please let us know if the building falls under any listed regulations.
Is this land only?	Please note purchasing land is not available via our signature process but can be purchased via our Bespoke service.
Is the property standard construction?	Standard construction is classed as follows: Brick, stone or concrete built and roofed with slates, tiles, metal, concrete or sheets or slabs composed entirely of incombustible mineral ingredients and plastic roof lights.
Have there been any claims or losses in the last 5 years?	Please provide us with any details of claims or losses in relation to the property.

3. Transaction details

Pension and HMRC regulations impose strict conditions on how properties can be purchased with a pension scheme. We are responsible for safeguarding your pension plan and thus verifying your proposed transaction complies with these regulations.

Does the vendor have a connection to any of the purchasers?	HMRC requires connected party transactions to be handled as a fully commercial third party transaction. All transactions involving connected parties must be at the market value as determined by a RICS (Royal Institution of Chartered Surveyors) accredited surveyor. Broadly speaking HMRC sees a connected party as relatives and companies where the member has a controlling interest. HMRC defines a relative as 'a brother, sister, ancestor or lineal descendant, for example cousins are not relatives for the purposes of this definition. For more information please see the links to the relevant HMRC guides in the 'Useful Links' section of this guide.
What title will be acquired?	Will this be either the freehold or the leasehold? Your pension scheme can hold both types of ownership. Please note that we require minimum leasehold of 50 years to uphold the commercial valuation of your property.
If leasehold, what is the outstanding lease term in years?	The Vendor or the Vendors solicitor will be able to supply this information to you.
If leasehold what is the ground rent (if known)?	Please provide any details of the ground rent.
If the title registered?	The title register has a record of the property details including who are the legal owner, the registered name, and any restrictions on the property and if there is a legal charge (loan) already on the property. It can be obtained from the land registry.
If yes, what is the title number	Please provide the title number of the property.
When is the proposed exchange/ completion date	It is very difficult to give a timescale for a property transaction, as each case is different. However, as a guideline, provided that sufficient funds are available for the purchase, completion should take place within 6 to 12 weeks. At Hornbuckle we have a wealth of experience in property and we will work with you to transact all property purchases as smoothly as possible.
If land is being purchased, is it connected or adjacent to any residential property owned by the purchaser	We do not allow holding of land next to a member residence.
Is any part of the property residential?	We do not allow direct holding of residential property within a Hornbuckle pension scheme.
Will the property be purchased/ transferred with any additional rights or restrictions e.g. parking spaces, access rights over adjoining land etc.	It is important that this information is included in our instruction to the solicitor so that the pension fund purchase includes all titles relevant to the transaction.
If yes please provide details and explicit statement of member benefits that may arise	Please confirm any member benefit.
What percentage of the property is the scheme going to own?	Please provide details around the proposed ownership split of the property.
If not 100% who will own the remainder?	Detail here who else will own the property. Please note we only permit the property to be owned outwith the scheme by the member personally or the member's company.

4. Finance details

We evaluate the financial viability of the proposed purchase through the information provided in this section. Please note however that funding remains your full responsibility and that if the purchase cannot complete for lack of funds, you will remain responsible for all fees and costs.

Purchase price	The purchase price may change from the application for a number of reasons; this will purely be a guide at this point. If you have made an offer on a property then this would be the purchase price for the application. Please note that in a connected party transaction we require a market valuation determined by a RICS (Royal Institution of Chartered Surveyors) accredited surveyor.
VAT (if applicable)	If there is an option to tax on the property then please add the current VAT rate of the purchase price. It may be in some circumstances that VAT may not be payable on the purchase price; this will not be clear at the point of application so it would be preferable for the VAT amount to be added on the application.
Stamp Duty Land Tax/Land and Buildings Transaction Tax	You can find details of the current Stamp Duty Land Tax (SDLT) rates for non-residential located in England, Wales or Northern Ireland on the HMRC website. From 1 April 2015 Land and Buildings Transaction Tax (LBTT) will be charged on transactions where the land and property is located in Scotland, you can find details of the current rates for non-residential property in Scotland on the Revenue Scotland website.
Legal fees and disbursements	We will pre-agree the fees and likely disbursements with you if you purchase a property through the standard process.
Total purchase costs	This is the total price including all of the above.
Existing SIPP funds	This refers to funds available within your existing Hornbuckle plan.
Transfers	The 'Transfers' section is used for any funds transferred from outside this plan. Until we have received the funds from the transferring scheme, we will base our calculations on the indicative values quoted. If these values change, this may affect the funding for the purchase.
Contribution	The contribution section is used for any contributions being made into the plan to fund the purchase.
Total funding	Let us know the total funding available. We require 10% of the net asset value of the scheme to be held in liquid assets at all times. Please take this into consideration when accounting your funding.
In case of transfers and/or contribution of funds, please complete the appropriate contribution (H102, H103, H104) and/or transfer forms (H105); one for each contribution and/or transfer	If transfers and/or contributions are to be made to fund the purchase, please complete and return the relevant forms. Please note that we are unable to complete any legal documents until we have received full funding for the purchase.

5. Lender details (borrowing)

If you are intending on funding the purchase with a loan facility, then it will be your responsibility to arrange the details of the loan and supply Hornbuckle with all the documentation. We will communicate with the lender to ensure all requirements are met which will in turn expedite completion. We will need to know how the loan will be repaid.

If you are borrowing, note that we require minimum liquidity of 10% in your scheme at all times to meet any costs and/or interest payments. Please note the maximum borrowing limit within a pension scheme is 50% of net asset value and that the lender may levy charges at drawdown which will affect the available funds for completion.

Please provide us with documentation from the lender that confirms interest rate, term of loan, arrangement fee and loan repayment amounts. If you have any facilitation letters at this stage please also provide copies.

Lenders name	Details of the lender you intend to use.
Contact name	Contact name at the lenders.
Address including postcode	Address of lender you intend to use.
Telephone number	Telephone number of lender.
Fax number	Fax number of lender.
Email address	Email address of contact at the lender.

6. Vendor details

This section covers who the vendor is and who will legally represent them in the purchase. Please note we cannot accept the same solicitor firm to act for both purchaser and vendor.

Vendor's name	Name of the person you are purchasing the property from.
Address including postcode	Address of the person you are purchasing the property from.
Telephone number	Telephone number of the person you are purchasing the property from.
Fax number	Fax number of the person you are purchasing the property from.
Email address	Email address of the person you are purchasing the property from.
Vendor's solicitor name	Details of the solicitor acting on behalf of the vendor.
Address including postcode	Address of the solicitor acting on behalf of the vendor.
Telephone number	Telephone of the solicitor acting on behalf of the vendor.
Fax number	Fax number of the solicitor acting on behalf of the vendor.
Email address	Email address of the solicitor acting on behalf of the vendor.

7. Proposed tenant and lease tenant details

Hornbuckle only accepts FRI leases as standard. Details of this standard lease can be obtained upon request. Our solicitors will prepare the lease on behalf of the scheme. Please use a separate application form and complete this section only if there is more than one tenant.

Proposed tenant	Please confirm details of the proposed tenant.
Current tenant	Please confirm details of the current tenant.
Lead tenant's name	This is the name of the main person to correspond with.
Trading address	The trading address the tenant currently trades from.
Telephone number	Telephone number that we can contact the tenant on.
Fax number	Fax number that we can contact the tenant on.
Email	Email address that we can contact the tenant on.
Company registration number	The tenants registration number this can be obtained from companies house.
Company registered address (if different from trading address above)	The tenants registered address can be obtained from companies house.
Lead tenant's solicitor's Name	The main contact at the solicitors firm who are representing the tenant.
Address	Address at the solicitor firm representing the tenant.
Telephone number	Telephone number at the solicitor firm representing the tenant.
Fax number	Fax number at the solicitor firm representing the tenant.

7. Proposed tenant and lease details cont.

Email address	Email address at the solicitor firm representing the tenant.
Are any of the tenants connected to the member(s) of the purchasing pension plan(s)	We are also obliged to identify any connected party tenants and HMRC requires that rent for a connected tenant is dictated by the market rental value as determined by a RICS (Royal Institution of Chartered Surveyors) accredited surveyor.
If yes describe how parties are connected	HMRC requires connected party transactions to be handled as a fully commercial third party transaction. All transactions involving connected parties must be at the market value as determined by a RICS (Royal Institution of Chartered Surveyors) accredited surveyor. Broadly speaking HMRC sees a connected party as relatives and companies where the member has a controlling interest. HMRC defines a relative as 'a brother, sister, ancestor or lineal descendant, for example cousins are not relatives for the purposes of this definition. For more information please see the links to the relevant HMRC guides in the 'Useful Links' section of this guide.
Is there a current lease	Please provide a copy of the current lease should one be in place.
What tenancy term is outstanding/proposed	Please detail if there are any outstanding tenancy terms. Using the standard process we have a standard lease that will be executed through our panel solicitor. All terms are standard and a copy of the standard lease is available on request. Please contact the Hornbuckle property team on 0844 728 9090 to request a copy.
What is the current/proposed annual rental?	Please let us know how much the tenant is looking to pay in rental.

8. VAT election and details

This section is for VAT information.

Will the property be opted to tax	There is no obligation to opt to tax on the property where VAT is payable on the purchase price. However, if the VAT is to be reclaimed, the scheme will need to opt to tax on the property, and as such charge VAT on any rent (and other property related invoices).
Will the transaction be treated as a transfer of going concern	In some circumstances the property may have an option to tax; however there may not be VAT due on the purchase price. An example of this would be when the transaction is considered a Transfer of a Going Concern (TOGC). Hornbuckle are not qualified tax advisers and as such we would need professional opinion in order to proceed. If the property is being purchased with a view to renovation/ refurbishment, it may be beneficial for the pension plan to be VAT registered so that VAT payable on building costs can be reclaimed.

9. Property management

A property manager must be appointed who will be responsible for the day-to-day management of the property. Although a scheme member is permitted to fulfil the property management responsibilities, we reserve the right to appoint a professional property manager at our discretion and in any case where the property becomes vacant or the appointed property manager is judged to be unsatisfactory. Property management charges will be met from the scheme funds. It should be noted that the pension fund administrator is not a property manager and their function with regard to property includes updating records, making loan payments and monitoring that transactions are completed in accordance with tax legislation.

The property manager is responsible for ensuring rent, service charges and insurance payments are made in accordance with the lease agreement; recovering arrears from the tenant; issuing statements to the tenant; providing quarterly statements to the trustees and liaising as necessary; completing regular inspections of the property; liaising with the tenant regarding their queries; dealing with insurance claims; arranging Energy Performance Certificates if required; ensuring fire risk assessment has been completed and the tenants are complying with the terms of the lease; dealing with rent and lease renewals; schedule of dilapidations; arranging marketing of property for sale or rent as applicable – this list is not exhaustive.

Where the member confirms they will act as a property manager, by completing this application they acknowledge the above responsibilities and confirm that, where required, a chartered surveyor will be appointed at certain events e.g. rent and lease renewal.

Please note all works must be approved by your property administrator which will either be Hornbuckle or Lambert Smith Hampton (LSH).

9. Property management cont.

Is there a property manager	Please indicate details of intended property manager
Contact name	Contact name of the property manager
Address including postcode	Address of property manager
Telephone number	Telephone number of property manager
Fax number	Fax number of property manager
Email address	Email address of property manager

10. Insurance details

We will provide you with a quote from our panel provider here. Please note Hornbuckle will need to approve all policy documentation.

Name of insurer	Detail the insurer you wish to use
What is the reinstatement value?	This is the cost to rebuild and your insurer or valuer will have this information
What is your rent cover under the policy?	Your insurer will have this information

11. Solicitor details

We have a panel provider and if you would like more details please contact us. Please use this section to detail the solicitor you would like us to appoint on behalf of the scheme.

Solicitors firm	Please indicate details of the firm you wish to use
Contact name	Contact name at the firm
Address including postcode	Address at the firm
Telephone number	Telephone number at the firm
Fax number	Fax number at the firm
Email address	Email address at the firm

12. Member declarations

Please read the declaration as it states that you sign the application with full understanding of the investment choice and the related fees. If you are comfortable with the application then each member should sign the declaration including their proposed or current percentage ownership.

Useful links

Connected parties

<http://www.hmrc.gov.uk/manuals/camanual/ca11630.htm>

Unauthorised payments

<http://www.hmrc.gov.uk/manuals/rpsmmanual/rpsm07102130.htm>

SDLT thresholds

<http://www.hmrc.gov.uk/sdlit/intro/rates-thresholds.htm#2>

Land registry

<http://www.landregistry.gov.uk/public/faqs/what-is-a-register>

Get in touch

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