



PROPERTY

Reservation Agreements.

Your questions,
answered.

shaunmellor.com

Reservation FAQ's

Here are our most frequently asked questions on Reservation Agreements, providing all the essential information you need:

1

How does it work?

Once the offer has been agreed, the Buyer and Seller both sign the agreement and are then bound by the terms within. If either party withdraw for any reason, other than what is agreed, then the other side is entitled to a compensation payment.

2

How much does it cost?

Both the buyer and the seller pay a **Reservation Fee**, typically £250 + VAT. This secures a £2,000 commitment to you both from each other. The reservation fee and commitment can vary. This amount represents the minimum fee and level of commitment.

3

How much is the compensation payment?

Whatever level of commitment that was agreed, a minimum amount of £2,000.

4

Who arranges this payment?

Gazeal, our reservation agreement provider, will be responsible to make the payment to the innocent party and then recover it from the defaulting party.

5

How much deposit does the Buyer/Seller put down?

Neither the Buyer nor the Seller puts down a deposit. Instead, we ask for a Reservation Fee (minimum £250 + VAT).

6

For such a small amount, why would the Buyer be committed?

Although the amount of £250 + VAT seems low, both parties are committed to a minimum of £2,000. If either breaks the agreement, these amounts can vary.

7

What happens if the Buyer withdraws due to a bad survey? This wouldn't be their fault, would it?

The agreement makes provisions for various scenarios that would mean there would be no penalty for withdrawal, such as:

1. Down valuation due to a survey not re-negotiable.
2. Defective title.
3. Chain breakdown above the Seller or below the Buyer.
4. General reasons agreed by 'Mutual Consent' with Seller.
5. Inability to obtain a mortgage.

8

How can the Seller withdraw without penalty?

There are numerous reasons for the Seller to withdraw without the potential liability, such as:

1. Incorrect information given by the Buyer as to their position.
2. Agreed time-scales not met by the Buyer.
3. Chain breakdown below the Buyer.
4. General reasons agreed by 'Mutual Consent' with the Buyer.

9

How does the Agreement work in a chain?

The agreement can still be signed if the chain is not complete.

A special condition can be added that if the Seller does not find a buyer within a specified period, the buyer may be released from their commitments. If at any point the chain collapses then the agreement simply 'pauses'. The agreement is not dependent on all of the chain having a Reservation Agreement.

10

What happens when the agreement pauses?

Either party can extend the agreement by 'Mutual Consent'. In the event that there is no 'Mutual Consent', then either party can walk away with no penalty.

11

What happens if the time-scales are not met?

All pre-set time-scales can be extended by 'Mutual Consent'. In the absence of 'Mutual Consent' either party can walk away without penalty, if there is no extension agreed, unless there was clear evidence of delaying tactics.



PROPERTY

If you have any additional questions,
please contact us & we'll be happy to help.

0113 292 0801

sales@shaunmellor.com

The Studio, Seven Hills Annexe, South Street, Morley, LS27 8AT

shaunmellor.com