

Purchase Leasehold and Shared Ownership information

Please note that some of these paragraphs apply to leasehold and some simply to Shared Ownership.

Leasehold Expenses New Build

On the purchase of a new leasehold property there are likely to be some additional payments to third parties on the purchase which are beyond our control. Not all these charges will apply in every case. These are listed as follows:-

Notice to Landlord/Developer/Housing Association. It is not possible to give an exact figure but we shall have to pay a fee to the Landlord when we give notice of the mortgage if there is one. Generally the fees for this would be between £50.00 and £100.00.

Legal Costs of Drawing up the Lease. The solicitors acting for the Developer will almost always make a charge for drawing up the Lease which has to be paid by the buyer of the property. This is normally between £58.75 and £117.50 including VAT.

Payment to the Landlord/Developer/Housing Association in respect of Ground Rent and Service Charge. The Developer will normally ask for an on account payment in respect of Ground Rent and Service Charge to be paid upon completion. We shall normally get this figure just before completion and it will normally be a payment of 1 month.

Leasehold Expenses Existing Property

We shall receive from the Vendors Conveyancers information on these expenses. Generally they will provide a management pack or form LPE1 pack. The expenses will be as follows:

- Notice of Transfer and charge

We shall have to give Notice of Transfer and Charge to the landlords/freeholders. Generally there is a fee of between £50-£100

Applications to comply with a restriction. On some leasehold properties there is a restriction whereby the matter cannot be transferred without a restriction at the Land Registry being satisfied and a fee being paid. We shall be informed of this.

Reimbursement to the Vendor for payment made in respect of Rent and Service Charge. Sometimes the vendor will have paid Rent and Service Charge in advance and you would be expected to reimburse him.

Indemnity Policy (Generally not apply to Shared Ownership). A feature of older Leases is that they may be defective in some way. The Guides that are enclosed show what is required in a lease. Generally what is called an Indemnity Policy needs to be taken out. Frequently such Leases will now have Indemnity Policies that can be taken over by the purchaser. Sometimes however there is no policy. Generally we would ask the vendor to pay but sometimes they will refuse. Normally they are a maximum of £ 250.00. However it is highly unlikely that you would require an Indemnity Policy for a modern Lease since 1995.

Alterations and Improvements to the property

If you are buying a Leasehold or Shared Ownership property then you need to be aware that if you improve or alter the property you will need the Landlords permission in writing. In the case of a resale property you should inform us if any improvements or alterations have been made since we will need to check that there has been appropriate permission from the Landlord.

We would further advise you that should you be altering or improving a property of this type then you should check with the Local Authority as to what Planning Permissions, Building Regulations approvals or other consent you may need to apply for and if appropriate apply for them.

Mortgages on Leases

There is a general requirement for the length of leases apart from Shared Ownership leases. The general requirement is mortgage term plus 30 years. However generally you should be looking at a lease term longer than that and certainly some time in excess of 80 years. If it is not that length then you should at an extension.

Mortgages on Shared Ownership Leases

A shared ownership lease must be of sufficient length for a mortgage offer to be made. If not it may have to be extended.

Generally for Shared Ownership lease you should consider a mortgage term of in excess of 86 years.

It is extremely important that your lenders or mortgage brokers know of the mortgage length at the outset.

Although rare in certain areas of the country, some leases do not allow the tenant to Staircase up to 100%. You should be particularly aware of this issue, if it occurs and your mortgage brokers or lenders will have to consider the issue.