



SHARED OWNERSHIP YOUR LEASE EXPLAINED



Your landlord - Alliance Homes Group

The landlord of your development is responsible for maintaining your development. Below is a list of the most common tasks carried out by the landlord;

- Cleaning and gardening
- Repairs to communal areas
- Maintaining mechanical equipment and services such as lifts, fire alarms and communal television systems
- General repair and maintenance to the development including structure, exterior and roof foundations
- Managing the service charge income and expenditure
- Ensuring the leaseholders abide by the terms of the lease

The landlord is usually Alliance Homes, but on some schemes, Alliance Homes may not own the building, we may have been invited by the Developer to provide affordable homes, and in these circumstances there will be an additional lease between the developer and Alliance Homes. This is referred to as the 'Head lease'. Your lease in this scenario will refer to the head lease to clarify certain conditions.

In a head lease scenario the developer will employ a private managing agent to physically manage the development and enforce the terms of the lease on their behalf.

Please speak to your legal advisor to ascertain whether the development you are buying into is directly owned and managed by Alliance Homes. It is important to understand who owns your development and who manages it.

Your lease broken down into bite size sections

Land Registry stipulated clauses

The Land Registry is a government department that registers ownership of land and property. Once you have completed your purchase, your solicitor will register ownership of your property and a registered copy of your lease.

At first glance it will have a table detailing Land Registry Title number, your name, the date the property was first registered, (date of lease), the Landlords name and the price paid for the property.



Lease particulars

The first section of the lease will detail in a list format and will go through information regarding the purchase of your property, for example the purchase price, the percentage of equity you have purchased, the initial specified rent you have to pay on the equity share you do not own.

This section also states whether you have purchased right of use of a parking space, and the commencement date of the lease. The commencement date is the point in time from which your lease term commences. So if your lease is for 125 years, then it will expire exactly 125 years from this date.

Your lease plan

Your lease will contain a plan highlighting the 'demise' of your property, using red it will mark up the area of the development you are purchasing (i.e your flat or house).

If you are purchasing a car parking space as well, this will be highlighted on your plan. It's important you check what terms your space is being sold to you, as most spaces are sold on a 'right to use' basis rather than on a full legal ownership. This will determine who has the responsibility on maintaining the space. If your property comes with a balcony or patio area, it's important that you understand the terms on which the balcony is detailed in the lease. On the plan it will be highlighted in a different colour, this is because you have been given right of sole use for this but not the legal owner of it. This gives the landlord the responsibility to carry out repairs in this area- however, it is your responsibility to keep the area clean and free of clutter.



Definitions and Interpretations

This section clarifies some of the terminology used in a lease.

Parties

This section states who your landlord is and confirms the leaseholder of your property.

When a property is re-sold the wording of the lease will not be amended, but the Land Registry's records will be updated to reflect the new leaseholders of the property.

Letting Terms

This section states that you, as the leaseholder, are given the guarantee of being the leasehold title holder of your property on Land Registry records- in accordance with you paying your rent and abiding by the terms of your lease.

Leaseholder's Covenants

A large part of the lease will detail covenants, a list of what can and can't be done at the development. Its set up to allow a peaceful and happy neighbourhood and prevent any unlawful behaviour such as noise or disturbance (commonly referred to as anti-social behaviour), sub-letting your property without written permission, do anything to void the terms of the building insurance, use the residence for business use or use your home for illegal or immoral use.

This section will also detail that you must pay your rent on time and in full. Please check with your solicitor if a ground rent is to be paid on your specific development, it usually applies to leaseholders who have staircased to 100 % of their property.

Your lease also requires you to keep the interior of your property clean and in a good state of repair, this means that you are also responsible to keep the interior of your property in a good state of decoration.

Yield Up-If your lease expires or is terminated you must ensure that the property is returned to the landlord in a well maintained and clean condition.

Alienation- Alienation refers to the capacity of a place of property to be sold, assigned to someone else or sublet. This section of your lease will detail the restrictions on your property in terms of subletting or underletting. Alliance Homes leases will always state that you cannot sublet your property, unless you have purchased 100% ownership, but you will still need to get permission from us.

Most of the covenants are self-explanatory but it is important that you have read and understood what you have to abide by as you have to sign and agree to adhere to these.

Landlord's covenants

This section of the lease states the landlords responsibilities in managing the development.

It is the landlords obligation to ensure you can enjoy a quiet and unimpeded use of your home.

The landlord must ensure that your development is covered by building insurance, you must arrange contents insurance.

The landlord must ensure the development is in a good state of repair, replace any items that can no longer be repaired, such as window frames. The landlord generally redecorates the communal areas, every 5 to 7 years.

The landlord is responsible for ensuring the communal areas of the development are kept clean and tidy, and have sufficient lighting.

Landlord protection provisions- The landlord does not take liability for failures of the utility services, such as gas, electric, water and telephone connections, as a result of network problems outside of the development.

An example of this is a water mains pipe bursting in the street. Its important that you ensure you understand who to call in an emergency.

Cesser of liability in respect of covenants- If the landlord sells its interest in the development to a new party (who will automatically become your landlord) they must immediately cease all responsibilities and actions at your development.

Provisos

This section looks at certain scenarios that may arise and detail the responsibilities of the landlord and leaseholder for each case. Its important that you read and understand what role you as the leaseholder take and what actions you will need to make to abide by the parts.

Parts worth noting

Adjustment to Actual Expenditure- at the end of the financial year the landlord will audit the service charge accounts and ascertain whether there is an excess or deficit on the account.

Mortgage protection- the lease contains the mortgagee protection clause which ensures that if your property is repossessed the lender receives its share of the sale proceeds first, before your landlord receives any money which is owed. This section of the lease states the clauses which the landlord must abide by in relation to your mortgage in case of repossession.

Stamp Duty Certificate as Shared Ownership- This is a clause for the tax which may be payable on the purchase of this property. Please refer to your legal advisor as the level or nature of taxes can change.

Value Added Tax (VAT)- All fees payable within the lease do not include VAT where applicable. These will be payable at the current rate of VAT.

The Schedules

Schedule 1 - The premises

The section of your lease states exactly which parts of your home belong to you and which parts belong to the landlord. Please note the landlord is not responsible for any theft or damage of your property that may occur at the development or from an intruder. You are also required to make sure your gas boiler is serviced regularly and the landlord reserves the right to request proof of this, such as a gas safety certificate.

Schedule 2 - Mutual Covenants

This schedule lists a number of covenants (rules and regulations) that you must abide by, for example you must not interfere with communal television, telephone and broadband systems, you must only use the parking space allocated to you, with a roadworthy car or motorcycle, you must ensure that the noise from your property does not disturb any other residents, you must not erect or install signs or notices in your windows, you must not hang washing outside of your flat and you must ask for permission to keep a pet inside your flat. It's important you read and understand these covenants to ensure everyone has a quiet and happy experience living at the development.

Points worth noting

Section 106 agreement- your development may have been given planning permission as a part of what is known as 'Section 106 Agreement'. This clause of the lease states that you must abide by any covenants in the agreement which relate to your property.

Deed of Easement - This is legal term that means a person is granted a right of passage for a specific purpose to a small portion of the land owned by someone else. For example a Deed of Easement will be granted to allow a sewer or telephone line to run across someone's land, or to have a driveway across the property owned by another party. You are duty bound to agreed to any easement deed required by a public or statutory authority.

A brief synopsis on schedules 3 to 9

Schedule 3 & 4 - Easement rights and Privileges & Exception and reservations

These sections detail who can access which areas of the development and for what reasons.

Schedule 5 - This section details the formula for which your rent is increased each year.

Schedule 6 - Staircasing provisions- This will detail the covenants related to the provision of buying further shares in your property.

Schedule 7 - Assignment of Whole to Nominated Purchasers- This section stipulates the rules and covenants which must be adhered to when you sell your share of the property, should you not own 100%.

Schedule 8 - Surrender by Leaseholders (Pre-emption)- If you have not staircased and wish to sell your share of the property, this section gives Alliance Homes the right to buy back from you.

Schedule 9 - Defined terms- This section gives definitions and meanings to some of the jargon in the lease.

Execution page - This part of the lease is where all parties sign.

Frequently Asked Questions

1. Who provides me with my lease following completion?

Your solicitor will provide you with a copy of your lease

2. What happens if I lose my copy of the lease?

Alliance Homes will be able to provide you with a copy of the lease but there is a fee charged for this service. You can also obtain a copy of your lease from the Land Registry, again there is a charge for this.

3. Can I negotiate the terms of my lease?

The lease is non-negotiable

4. Can Alliance Homes change the terms of my lease?

Alliance Homes would need to get permission from you in order to change the terms of your lease.

5. The lease is for 125 years, what happens after this period?

The lease can be extended. This is usually needed when the lease becomes 'short', when it has less than 80 years left.

6. I have purchased the right of use of an allocated parking space, can I change this for a different space?

It depends on the wording in your lease, and whether there are any spaces available. Spaces are usually allocated at point of sale, if a space is available it is likely that a deed of variation will be required, and this will incur legal fees for both yourself and Alliance Homes. This will also incur costs from the Land Registry and mortgage lender fees. This is at the discretion of Alliance Homes.

Please contact us if you have any further questions:

customersupport@alliancehomes.org.uk
03000 120 120



Join our Community

Alliance Homes is a community based social enterprise providing a range of property and services in the West of England.

We are continuing to develop new homes in the areas that we operate in. To find what properties we have currently available or to find out where we are developing visit our web page.

www.alliancehomesgroup.org.uk/find-a-home/buy-a-home/

customersupport@alliancehomes.org.uk

03000 120 120



Areas we cover

- South Gloucestershire
- Bristol
- Bath & North East Somerset
- North Somerset