

Your guide to: Leases

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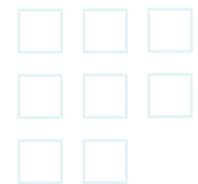
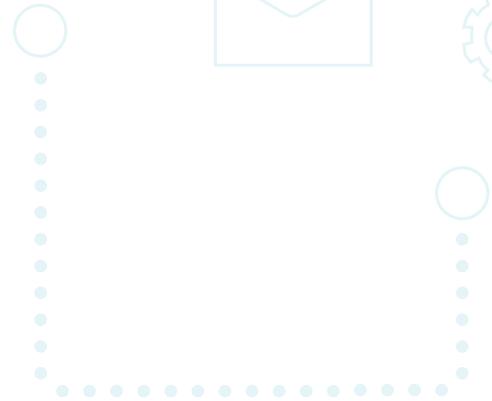


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Introduction

When you purchase your property, legally you will be purchasing a lease. This is a legally binding contract which states both your rights and responsibilities as the leaseholder, and the rights and responsibilities of your landlord.

Leases are written in legal language and can be difficult to understand, so we have produced this guide to help explain some of the main clauses and terms of a typical lease. Leases

vary from development to development, and this guide does not cover everything - therefore you should read through your lease thoroughly, and speak to your solicitor if it contains any wording which you do not understand.

We recommend you keep a copy of the lease in a safe place throughout your time as a leaseholder, as you may need to refer to it in the future.



“Leases are written in legal language and can be difficult to understand, so we have produced this guide to help explain some of the main clauses and terms of a typical lease”

What is a lease?

A lease is a contract giving the right to occupy and use your property for a set period of time, (this set period of time is referred to as the 'term' of the lease).

Everything you and your landlord (us) do in relation to your property and the wider development is governed by the conditions of your lease.

Your landlord

Your landlord is responsible for maintaining your development. Below is a list of some of the most common tasks carried out by us:

- Cleaning communal areas and gardening
- Repairs to communal areas
- Maintaining mechanical equipment and services (for example lifts, fire alarms and communal television system)
- Repair, maintain and improve the development including the structure, exterior and roof
- Managing the development's service charge income and expenditure
- Ensuring leaseholders abide by the terms of the lease

The landlord is usually Origin Housing. However at some developments Origin Housing may not own the building, as we were invited by the developer to provide the affordable homes as part of a wider development. In these circumstances there will be a lease between the developer of the building and Origin Housing. This is known as a 'head lease'.

At these developments it is common that the developer will employ a private managing agent to manage the development and enforce the terms of the lease on their behalf.

For more information on private managing agents please refer to our service charges guide.

Please speak to your legal advisor to ascertain whether the development you are buying into is directly owned and managed by Origin Housing, or whether it is owned by a private developer and managed by a private managing agent. It is important you know and understand who owns your development, who your landlord is and who manages the development.



The sections of your lease

Land registry prescribed clauses

The Land Registry is a government department that registers the ownership of land and your property.

Upon completion of your purchase, your solicitor will register your ownership of your home with the Land Registry and, if it is a new development, register a copy of your signed lease.

Within this section of the lease, you will find a list of information which will be held on your property's Land Registry entry. This entry will include the Land Registry title number, your name, the date the property was first registered (date of lease), the the landlord's name and the price paid for the property.

Particulars

The Particulars state information regarding the purchase of your individual property such as the purchase price, the percentage of equity you have purchased and your initial specified rent which you have to pay on the equity share you do not own.

This section also states whether you have purchased the right to the use of a parking space, as well as states the commencement date of the lease. The commencement date is the starting date of your lease term. For example, if your lease is for 125 years, then it will expire in exactly 125 years from this start date.

“Upon completion of your purchase, your solicitor will register your ownership of your home with the Land Registry and, if it is a new development, register a copy of your signed lease”

The lease plan

Your lease will contain a plan highlighting the 'demise' of your property. The demise is the area of the development you are purchasing (i.e. your apartment or house. This is normally marked in red).

If your property has a balcony or patio area, then this may be highlighted in a different colour on the plan. This is because you have been given the right of sole use for this area, but not legal ownership of it. This gives the landlord the responsibility to carry out repairs in this area – however it is your responsibility to keep this area clean and clear of clutter.

If you have purchased a specific parking space, then this will be highlighted and outlined in a relevant colour on your lease plan. Most parking spaces are held by you on a 'right to use' basis, rather than your being given full legal ownership of the space. You may wish to clarify this with your legal advisor, as well as ascertain who is responsible for maintaining this space.



Definition and interpretations

This section clarifies some of the wording and expressions used in your lease.

Date

The date the lease is actually granted on will be inserted (usually hand written) here. This will be the date of the first purchase of your property.

“you as the leaseholder, are given the guarantee of being the leasehold title holder of your property on Land Registry records”

Parties

This states who your landlord is as well as confirms the initial leaseholder(s) of your property.

When a property is sold, the wording of the lease will not be amended, but the Land Registry’s records will be updated to reflect who the current owners are.

The 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 purchasing your share, paying your rent and abiding by the terms of the lease.



Leaseholder's covenants

This large section of your lease comprises your obligations under the lease, which are the rules that govern both your home, and the development as a whole. By signing the lease you are legally bound to abide by these rules and allow your landlord to take legal action against you should you breach these rules.

Pay rent

You must pay your specified rent on time and in full. Specified rent is the monthly rent you pay to Origin Housing for the share of the property you do not own. We strongly prefer our customers to pay by direct debit.

You may also need to pay the landlord ground rent, which is an annual charge. Please speak to your solicitor to ascertain whether or not ground rent is payable at your development, and if so, how much it will be and when it is paid, as this is paid on demand and not with the service charge.

At most Origin Housing owned developments ground rent is only charged to leaseholders who have purchased 100% of their property. However this is not always the case, so it is important you look into this with your solicitor.

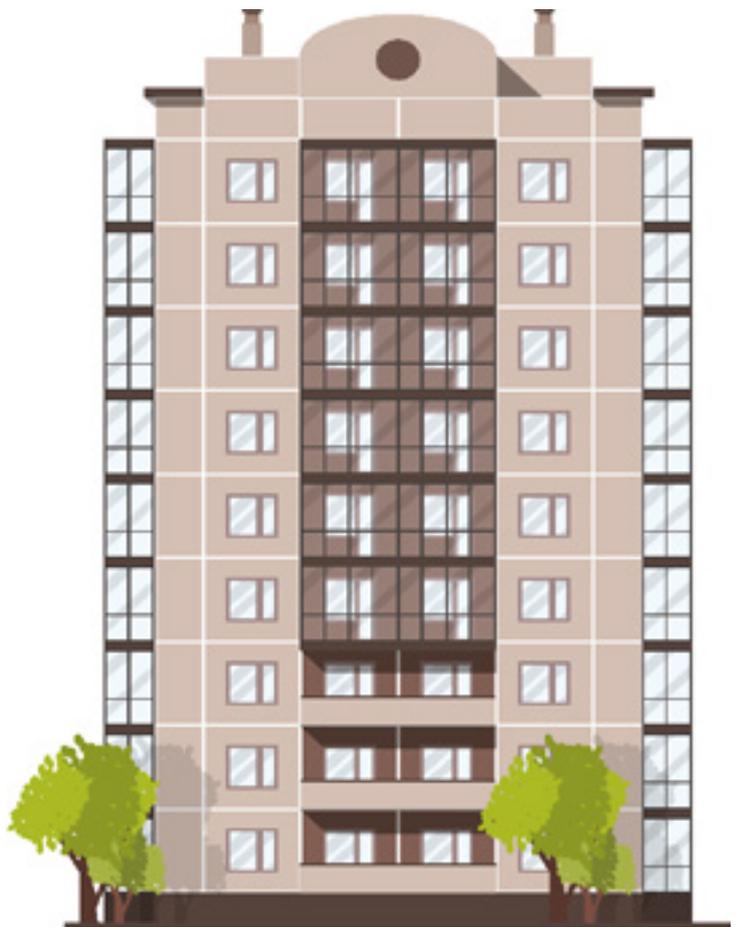
Specified rent

Where you are a shared owner, you must pay your specified rent on time and in full. Specified rent is the monthly rent you pay to Origin Housing for the share of the property you do not own. We prefer our customers to pay by direct debit.

You may also need to pay the landlord ground rent, which is an annual charge. Please speak to your solicitor to ascertain whether or not ground rent is payable at your development, and if so, how much it will be and when it is paid, as this is paid on demand and not with the service charge.

At most Origin Housing owned developments, ground rent is only charged to leaseholders who have purchased 100% of their property. However this is not always the case, so it is important you look into this with your solicitor.

“By signing the lease you are legally bound to abide by these rules and allow your landlord to take legal action against you should you breach these rules.”



Interest

Origin Housing can charge you interest on any overdue rent payments.

Outgoings

As a leaseholder, you are obliged to pay your share of the costs of managing and maintaining the development. For more information please refer to the 'our 'service charges' guide.

Repair

The lease requires you to keep the interior of your property clean and in a good state of repair.

Decoration

It is your responsibility to keep the interior of your property in a good state of decoration and to ensure that any redecoration you carry out is done to an appropriate standard. The landlord must be informed of any major works to the property, i.e. loft conversions.

Provide floor coverings

You must ensure that the floors in your property are covered in such a way that you do not cause a disturbance to your neighbours. If you install a wood or laminate floor, then suitable noise reduction materials must be installed.

Repair damage to communal parts

If you, or a guest of yours, damage the communal areas of your development, then we can charge you directly for the cost of repair, as well as an extra charge to cover our administration costs.

“You must ensure that the floors in your property are covered in such a way that you do not cause a disturbance to your neighbours.”



Definition and interpretations

You must not make any alterations to the exterior of your property or the communal areas of the development. This would include, for example, installing a gazebo or conservatory.

If you wish to carry out a structural alteration to your property, then you must seek our written permission in advance. There will be a cost for granting permission, and we may need to project manage any alterations to ensure the works comply with all relevant legislation and have no negative effect on the structure of the building. You will be responsible for all costs we incur in relation to this. We reserve the right to refuse any requests for structural alterations, and do not need to provide you with a reason for the refusal.

You are allowed to carry out minor non-structural alterations inside your home, for example installing shelves or a fitted wardrobe. However, our permission must be obtained for any larger non-structural alterations, for example installing a new kitchen or bathroom. This is to ensure that the proposed alteration meets all necessary building regulations, and have no negative effect on the building's plumbing, drainage and electrical systems (e.g. communal heating). We will also need to ensure the proposed alterations do not negatively affect neighbouring properties in terms of damage or noise.

We also needs to ensure that the proposed alteration will not invalidate the terms of the building insurance and any building warranties that cover the development and your property.

Comply with requirements of public authorities

You must comply with all local and national public authority requirements.

Provide copies of notices

You must supply us with a copy of any formal notice, order or proposal you receive in relation to your property.

Expenses of the landlord

You are required to pay any costs and expenses incurred by us on any legal transaction or the costs incurred if we need to take action against you for breaching the terms of the lease.

Obtain consents

If any licenses, permits, inspection or external approval are required for any works or actions you carry out inside your property, then you must ensure these are obtained. For example some works require a safety inspection from the local authority.

Landlord's right of inspection and right of repair

We have the right to enter your property at a reasonable time upon giving reasonable notice to inspect your property's condition and its fixtures and fittings.

We can instruct you to carry out any necessary repairs and alterations, and to remove any alterations for which you have not received written permission. We can charge you for costs incurred in managing this process.

Permitting entry

We are permitted to allow work persons into your property for the purpose of carrying out any works which fall under our remit, as per the terms of the lease. You must ensure you allow access quickly and without obstruction. For example if a communal soil pipe is blocked, we may need to send a plumber into your home to access the soil pipe from inside your property.



End of the lease

When your lease expires or is terminated, by yourself or your landlord, you must ensure the property is returned in a well-maintained and clean condition.

Use

You must only use your home as a private residence, and not to run any commercial business from. If you are a shared owner then your property must be your main place of residence.

Restrictions on use

The lease states the activities you must not do, for example:

- Sublet your property without our written permission in advance
- Do anything which will void the terms of the building insurance
- Cause a noise or disturbance (commonly defined as anti-social behaviour) to other residents or people living in the surrounding area, as well as our staff, contractors and agents
- Use your home for any illegal or immoral purpose

“You must only use your home as a private residence, and not to run any commercial business from. If you are a shared owner then your property must be your main place of residence.”

Alienation

In property law, alienation refers to the capacity of a piece 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 selling, assigning or subletting. Our leases will often state that you cannot sublet your property unless you have purchased 100% ownership of it.

Pre-emption provisions

This section of the lease states the rules covering the legal requirements of certain property transactions, such as:

- Staircasing
- Selling your property
- Adding or removing names on the lease
- Re-mortgaging
- Subletting
- Restrictions registered against the property at the Land Registry
- Probate (what to do when a leaseholder dies)



Register disposals

On buying or selling a property, your solicitor needs to serve a legal document known as a 'notice' to us advising of the details of the new owner and mortgage lender. Without this notice being served, your property conveyancing is not complete. This means that if you are selling your home, you are responsible for any rent and service charge due until the notice is received.

There is a fee for this service.

This also applies if adding or removing names to the Land Registry (for example if you wish to add your spouse) or are changing the lender.

Prevent right of access

You must not do anything that may affect the right to light of neighbouring properties (e.g. reduce the amount of sunlight received by a neighbouring apartment). You must not obstruct any access to landings, stairwells and other communal parts of the development. Doing so, could result in losing possession of your property.

Landlord's covenants

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

Quiet enjoyment

We are obliged to ensure you can enjoy quiet and unobstructed use of your home.

Insure

The landlord must ensure your development is covered by building insurance. However, it is down to you to arrange your own contents insurance.

“We are obliged to ensure you can enjoy quiet and unobstructed use of your home”



Repair, redecorate and renew

We are required to ensure the development is well maintained. We will repair or replace items in the communal areas which are defective (eg rotten window frames). We will generally redecorate the communal areas of the development (e.g. hallways, stairwells, balconies, patios) every five to seven years.

Lighting and cleaning of the common areas

We are responsible for ensuring communal areas are kept clean and tidy and ensuring communal areas are well lit.

Landlord's protection provisions

We are not liable for failures of the utility services (gas, electric, water, telephone) which occur outside the development. An example of such an occurrence is a water mains pipe bursting in the street.

We may at our discretion alter the choice of utility services offered to you in relation to your service charges, subject to our undertaking a consultation with residents where required. For example upgrading the communal television system to receive Sky TV.

Pre-emption obligations

If you are a shared owner, your Lease may contain a pre-emption clause. This means that before you sell your property, you must first give us the opportunity to purchase it from you at its fair market value. We very seldom exercise this opportunity, but you should be aware of it. If you have any concerns in this regard, you should discuss it with your legal advisor.

Your neighbours

All the other properties in your development will be leased on similar terms to you. As such, the other residents are required to follow the same rules you do.

Agreements in other leases

We will take necessary action against anyone who breaches the terms of their Lease to ensure all residents can enjoy their own property.

“We are responsible for ensuring communal areas are kept clean and tidy and ensuring communal areas are well lit”



Provisos

This section details the responsibilities of the landlord and leaseholder in certain scenarios that may arise throughout the term of your lease.

Limitation of landlord's liability

We do not accept liability for damage to your property or possessions that may occur in the development. For example if your bike is stolen, this would have to be claimed through your contents insurance.

Landlord's power to deal with other property

We may build or erect any structure we wish on neighbouring land, as long as relevant permits and permissions are received (such as planning permission).

Power to alter common parts

We have the right to change the communal areas, as long as leaseholders are not substantially negatively affected by these alterations.

Party walls

All internal walls dividing individual properties are treated as party walls, and are bound by the terms of the Party Wall Act 1996. You can [read more here](#).

Suspension of rent in case of insured damage

If your property is destroyed or heavily damaged (e.g. by fire) and is no longer habitable and you have to live elsewhere, then either no rent or a fair proportion of rent will be charged by us until the property has been made habitable. This does not apply to service charges.

Frustration clause

If your property is damaged beyond repair or destroyed, then we will pay you the acquired percentage share of any insurance monies we receive from our insurers.

Expert determination

This section summarises qualifications required by professionals to determine certain transactions throughout the term of the lease. For example if a valuer is required, they must be a member of the Royal Institute of Chartered Surveyors (RICS).

Service charge provisions

This section of the lease gives details about your service charge. For more detailed information, please refer to our 'Service Charge' guide.

Covenant to pay

You must pay your service charge at the same time as paying your rent (if applicable).

When calculated

The level of service charge you pay is calculated prior to the commencement of the financial year that it covers. In most cases, the financial year starts from 1 April.

Calculations

We will estimate the costs of managing your development throughout the next financial year.



Service provision

This section of the lease details which services we will provide.

Adjustment to expenses

At the end of the financial year, we will arrange for an external firm of auditors to examine the service charge accounts, and ascertain whether there is an excess or a deficit on the account. Following this process, if we underestimated the likely charges, then we will require that you make up the shortfall. If we overestimated the likely charges, then we shall refund you the difference.

Unlet properties

At many of our developments, there are properties which we own and rent out for social housing purposes. With respect to each socially rented property, we shall pay into the reserve fund an amount equal to that which you as a leaseholder or shared owner will pay.

Landlord and tenant act 1985

The landlord and leaseholders are governed by the relevant government legislation in regard of service charges; that is to say that we shall for example properly consult with you in relation to any proposed major works, and other regulations with which we, as Landlords must comply.

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 before we receive any money which may be owed to us.

This section of the lease states the clauses which the landlord is required to abide by in relation to your mortgage in the case of repossession.

Charity clause

This is to confirm that Origin Housing has a charitable status.

Stamp duty certificate as shared ownership

This is a clause in relation to the tax which may be payable on the purchase of your property. Please refer to your legal advisor as this is subject to change.

Notices

Notices which are to be served upon us should be served at:

St Richards House, 110 Eversholt Street, London NW1 1BS.

We shall consider a notice or other correspondence to be served on you if we send it to the property address. However, should you request that we serve a notice at a different address, we shall at our discretion agree to do so. Regardless of whether we agree to serve a notice at a different address, we shall still consider a notice to be properly served if served at the property address.

Value Added tax (VAT)

All fees payable within the lease do not include VAT. Where applicable, these will be payable at the then prevailing rate of VAT.



The schedules

When reading through the Covenants section of your lease you may have noticed several references to the schedules. This section of the guide will briefly explain the contents of each schedule.

Description of the demised premises

This section of your lease states exactly which parts of your home belong to you, and which parts belong to the landlord.

Rights appurtenant to the demised premises

This is a list of covenants (rules and regulations) which you must abide by.

Service media

You must not interfere with the communal television, telephone and broadband systems.

To reserve covenants on landlord's title

Sometimes, the development will have restrictions registered at the Land Registry, which the landlord must comply with. Generally, these will affect us only, and you will not be affected.

Parking and restrictions on parking

You must only use a parking space allocated to you. You may only park a roadworthy car or motorcycle on this space. The vehicle must be taxed or have a SORN notice. You must not park in areas where parking is not authorised or which may obstruct access.

Noise

You must ensure that noise from your property does not cause a disturbance to other residents.

Signs

You must not erect or install signs or notices in your windows, or the exterior of the premises. However, you may put up notices on the residents' noticeboard where there is one.

Washing

You must not hang washing outside of your property (e.g hanging bedding over the sides of balconies).

Pets

You must ask us for permission to keep a pet inside your apartment.

Decoration

You must not decorate any area of the development outside your own property.



Aerials

You must not erect your own satellite dish or television aerial. Our developments nearly always provide access to either Sky or Virgin Media via a communal system. However, if you wish to access satellite TV from another satellite (e.g. Hotbird or Turksat) please speak to us to ascertain whether these satellites are already included. If the development does not have this facility, then you will be unable to watch the channels found on these satellite systems, unless you can access them via the internet.

Use of common areas

- You must always ensure any entrance doors to your development are fully shut behind you
- You must not leave or store any items in the communal areas of the development (apart from designated storage areas such as bike-stores) – this includes leaving shoes, boxes, bikes and buggies in hallways
- You and your children and visitors must not play any games or sport that may cause a disturbance to neighbours
- Children must not play in the hallways and other internal communal areas of the development
- You must clean up any mess created by you, your family or guests

“If you have a balcony, garden or patio, then you must keep it in a clean and tidy condition”

Flammable items

You must not store any flammable liquid or explosive gas or materials – for example petrol or heating gas.

Windows

You must ensure the inside of the windows to your property are kept clean.

Outside space

If you have a balcony, garden or patio, then you must keep it in a clean and tidy condition. You should not store items in these areas, e.g. boxes and furniture, apart from suitable garden furniture.

Repairs

You must advise the Landlord of any repairs in the communal areas, for example a broken lift.

Refuse

You must use the bin store properly and in a responsible manner, for example all rubbish must be placed directly into bins, and not on the floor. Large items such as bed frames and mattresses will not be collected and should be removed from the premises yourself. Alternatively you can use the council's dedicated bulk waste collection service.



Loss or theft

We are not liable for any theft of your property that occurs at the development, or any damage caused by an intruder.

Gas inspections

If you have gas inside your flat, then you must ensure your boiler and gas appliances are regularly serviced and kept to a high level of maintenance. We reserve the right to demand that you provide proof of this, such as gas safety certificates.

Use

Neither you, your family or your visitors must:

- Do anything that may cause offence to other residents, a visitor to the development (including our staff and contractors) or in the wider neighbourhood. Racist, homophobic, sexist, xenophobic and ageist behaviour is strictly forbidden and will be treated very seriously
- Use threatening or violent language or behaviour to other residents, visitors to the development (including our staff and contractors) or in the wider neighbourhood
- Do anything which causes or is capable of causing a nuisance or offence to other residents, visitors to the development (including our staff and contractors) or in the wider neighbourhood.



Management company

As previously noted, we may use a management company to act on our behalf in certain developments. If this is the case, similar rules will apply but you will need to refer to their management pack for further details.

Deed of easement

An easement deed is a legal term that means a person is granted a right of passage for a specific purpose to a small portion of land owned by someone else. Easements can be granted for a number of reasons, such as the need to run a sewer or telephone line across someone else's property, or the need to have a driveway across property owned by another party. An easement deed is the written legal document that asserts the legal right to the easement. You are duty bound to agree to any easement deed required by a public or statutory authority, for example the council or electrical grid operator.

Rights to which the demised premises are subject

These sections state who can access which areas of your development, and for what reasons. For example, a lease would typically state the Landlord can enter your property at a reasonable time after giving prior notice, for the purpose of carrying out its obligations under the terms of the lease.

Leaseholder's covenants with the landlord

This details your responsibility as leaseholder to us.

Leaseholder covenants with the landlord and other leaseholders of the building

This details your responsibility as leaseholder to us as your landlord together with other residents for the enjoyment of the development.

Mutual covenants

Is to ensure that the development is used for its main purpose and quiet enjoyment for all.

Landlord's covenants with the leaseholders

This details our responsibilities to you as our leaseholder.

Service Charges

Defines how the service charge is calculated together with the provision of services and provision-audited accounts

Rent review

This section confirms the formula by which your rent is increased each year.

Surrender by leaseholders (pre-emption)

This section of your lease denotes the rules and covenants, which must be observed when you come to sell your property, if you do not own 100%.

Staircasing provisions

Here you will find the covenants governing the process of buying a further share in your property.

Execution page

This is the section of your lease which is signed by you as the leaseholder and us as the landlord.



“This is a list of covenants (rules and regulations) which you must abide by.”

Frequently asked questions

Who provides me with my lease following completion?

Your solicitor will provide you with your copy of the lease.

What happens if I lose my copy of my lease?

We will be able to provide you with a copy, but there is a fee charged for this service. You can obtain a copy of your lease from the Land Registry at a charge. We recommend that you obtain a copy of your lease from your solicitor at completion.

Can I negotiate the legal terms of my lease?

No, the lease is non-negotiable.

Can Origin Housing change the terms of my lease?

We would need to gain your permission in order to change the terms of your lease.

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

The lease can be extended. This is not normally needed until the lease becomes “short” (has less than 80 years left). You should speak to your solicitor about extending your lease and how to do this when the time arises.

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 of the individual lease and if any other parking spaces are available. Spaces will usually be allocated at point of sale, if another space is available, it is likely that a deed of variation would need to be carried out, which would require you to pay legal fees for both yourself and Origin Housing, as well as any associated Land Registry and mortgage lender fees. Agreeing to change a space (if available) is at our discretion.

For more information, please refer to your legal advisor in the first instance.





For more information call 0300 3230325
or email sales@originhousing.org.uk

www.originsales.co.uk