



Leaseholder Handbook

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Welcome

This handbook has been created to explain your lease, your rights and responsibilities as a leaseholder, and provide useful information about the services South Lakes Housing (SLH) offer to you as a leaseholder.

By becoming a leaseholder, you have entered into certain obligations and you are trusted to abide by the terms and conditions of your lease agreement.

Disclaimer

The purpose of this handbook is to provide information for the leaseholders of SLH. It does not replace the lease which is a legally binding document. If you have any doubts about this summary you should consult your solicitor with a copy of your lease.

What is a Leaseholder?

A leaseholder, or lessee, is someone who buys the right to reside in a flat or maisonette for a fixed period, usually 125 years. The freeholder (SLH) still owns the block in which you live and the ground it sits on. Legally, a leaseholder is a type of tenant.

What is a Lease?

A lease is a legally binding contract between the leaseholder and the freeholder (SLH) giving conditional ownership for a fixed period of time.

The lease sets out the obligations of the two parties: what the leaseholder has agreed and is bound to do, and what the freeholder has agreed and is bound to do. Before you bought your home, your solicitor should have explained your lease in full so that you understand both your responsibilities and those of SLH.

You may notice that your lease states South Lakeland District Council (SLDC) as the freeholder. This is because the housing stock was owned by SLDC until it was transferred to SLH in March 2012.

Your Lease Explained

Reading your lease can feel overwhelming and confusing, with a lot of legal jargon to decipher. Here we will, look at common lease terms, break the lease down into manageable sections and simplify the information given.

It is important to remember that not all leases are the same and that although they will follow the same format, there can be variations.



Common Lease Terms

Lessee:

You as the owner of the property.

Freeholder / Lessor:

The freeholder is the person or persons who own property outright. When talking about leasehold issues a freeholder is also called a landlord or lessor.

Demise / demised premises:

The area that the leaseholder has the right to occupy under the lease. It is your responsibility to repair and maintain this area which includes:

- Floors including floorboards and all coverings
- Internal ceiling and walls including plastering
- Window glass
- Front door

Retained Premises:

The part of a block or building that continues to be owned by the freeholder when a lease is granted. It is our responsibility to repair and maintain these parts and you will have to contribute towards these costs. These parts include:

- Communal areas including doors, door frames staircases and corridors
- External walls including render
- External window frames
- Roofs

Apportionment:

The proportion of the costs of cleaning, maintenance, repairs and improvements that you can be charged for in line with your lease.

Schedule:

A section or sections at the end of a lease which list specific terms and conditions that apply to the lease.

Clause:

A section of a lease or other legal document.

Covenant:

A promise that certain activities will or will not be carried out. A lease contains both landlord's and leaseholder's covenants.

Easements:

A right over someone else's land. A lease will normally contain rights over both the landlord's and leaseholder's land (for example access to a bin store or roof space).

Ground Rent:

Because leasehold is a type of tenancy some sort of rent must be paid. For SLH leases this is £10 per year – sometimes leases specify a nominal rent of 'a peppercorn'.

Service Charge:

A payment by the leaseholder for the services provided by the landlord. This includes repairs and maintenance, insurance, and sometimes communal services such as electricity or grounds maintenance.

Each section of your lease explained



Lease Opening

The lease begins with a definition of the land, building, and flat/maisonette that the lease relates to. Followed with information about the status of the landlord and the secure tenant who originally purchased the lease (This may not be your name).



The First & Second Schedules

These sections set out legal rights and limitations on use of the common parts.



The Third Schedule

This section contains the leaseholder's covenants (rights and responsibilities).



The Fourth Schedule

This contains the freeholder's covenants (rights and responsibilities). They have been numbered here according to the format usually given in the lease.



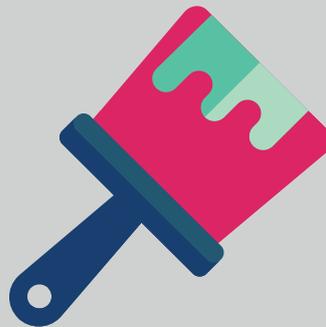
Plan

Finally, your lease should be accompanied by a plan denoting the demised premises, the retained premises and any other areas that the leaseholder has access to. This is usually colour coded.

SLH's Rights and Responsibilities as the Freeholder



Maintaining the structure of the building and any common parts, ensuring services provided are to a reasonable standard, and rebuilding after destruction by fire, flood etc.



Repairing and redecorating the structure of the building.



Not disturbing your right to enjoy your home, provided you keep to the terms of the lease.



Insuring the Building (including the structure of your home, but not its contents) and providing a copy of the policy and proof of premium payment if you request.



Informing the leaseholder in writing within one month of any change of landlord.



Enforcing the terms of the lease if requested by another leaseholder. The requesting leaseholder must pay the landlord's costs.

Your Rights and Responsibilities as a Leaseholder

Your exact rights and responsibilities depend on your lease, but you are generally required to:



Pay a proportion of SLH's reasonable estimated costs of managing and maintaining the block.



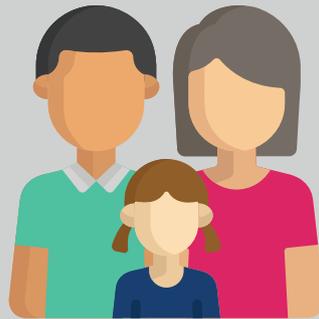
Pay your ground rent.



Keep your home in good repair and condition.



Allowing SLH, to enter and inspect your home up to twice a year at any reasonable time, and getting any repairs identified done within 1 month of a written notice.



Only to use the premises, as a private home for one family.



Comply with any legal notices in respect of your home.



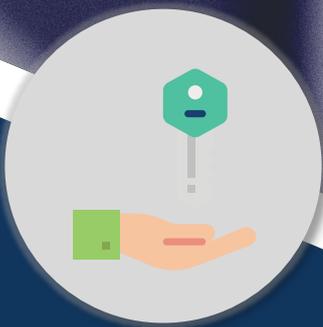
Not to cause or allow any nuisance or inconvenience to the landlord or other residents.



Not making any alterations to your home except with the Landlord's written consent



Not to do or allow anything that may invalidate the building insurance.



Subletting

There are generally no restrictions in the lease preventing the subletting of the whole of your property. However, you must use your home as a single private residence for an individual or an individual and their family as their only or main home for a minimum of 90 days. If you sublet your property, you are responsible for your tenant's conduct. It is therefore important that your tenancy agreement includes the same rules and regulations that apply to you as a leaseholder. If you are going to sublet your property your must:

- If you have a mortgage you should get permission from your lender beforehand
- Notify us of any subletting within 21 days and provide:
 - o Name and contact information of your tenants in case of an emergency
 - o Tenancy Agreement
 - o Copy of the gas safety certificate (if applicable)



Short Term Lets

Short-term letting is when a property is let for any period less than 90 days. Any let shorter than this period would be in breach of your lease. Websites such as Airbnb and Booking.com are becoming more popular in facilitating these types of let, however please note that this type of letting would be considered a breach of the lease covenants which states that you must use your property "as a private home" and to "not to do or permit or suffer to be done any act or thing which shall or may become a nuisance". We do not give approval for short-term let arrangements and will take legal action against you if you let your property on a short-term basis.



Extending Your Lease

A residential lease is granted for a specific term. At the expiration of this term, the property reverts to the landlord. Once a lease has been granted the term immediately begins to get shorter. Qualifying leaseholders can buy, at a fair price, 90 years to add on to what is left on their existing lease. To qualify you must have owned the property for at least 2 years. If you require further information about extending your lease, please contact us or visit: <https://www.lease-advice.org/fact-sheet/lease-extension-flats/>

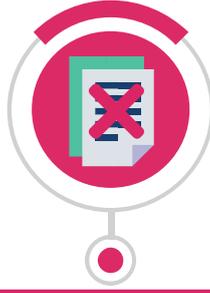
Buildings Insurance

We own the building you live in and are responsible for insuring it. A copy of the insurance policy including all information on what it covers, the excess and how to make a claim can be found here.



What does the insurance policy cover?

The building insurance covers the communal elements of the building such as the structure, the exterior and the services and installations of the block which are our responsibility to maintain. It also includes fixtures and fittings. These are anything you would not be able to remove and take with you were you to move, such as: The plaster on the walls and ceilings, floorboards, windows and doors, bathroom fittings, kitchen fittings and decorations.



What does the insurance policy not cover?

The policy does not cover every situation. These include faults caused by mechanical breakdown, hidden defects or wear and tear which, are all treated as normal repairs. The building insurance does not cover the contents of your property such as furniture and other personal possessions. It is therefore your responsibility to take out your own contents insurance policy.



Making a claim

If we are responsible for the repair (for example in the case of damage caused to the structure), we will make the claim and organise the repair. In these cases, you will pay your share of the excess through your service charges.

If you are responsible for the repair, you should claim directly from the insurance company within 28 days of becoming aware of any damage to your fixtures and fittings. You are solely responsible for the excess in this situation.

FAQS on Buildings Insurance

Q. If I am flooded from the flat above, can I make a claim?



A. Yes – you can make a claim if the damage is to any of the fixtures and fittings that are your responsibility to maintain (including damage to your decorations). However, you cannot claim on the building insurance for any damage to your contents and personal possessions.

Q. Are there any circumstances where I can be reimbursed the excess?



A. No – generally speaking you will always have to pay this first part of the claim, whether individually (if you are making the claim yourself) or collectively through your service charges (if we are making the claim).

Q. If SLH and the leaseholder suffer the same incident (e.g. as a result of a burst water tank or pipe in the roof space) will SLH claim on my behalf?



A. No – each party usually makes their own claim in respect of the damage they have suffered.

Q. Can I claim for the cost of alternative accommodation if I am forced to move out whilst repairs are being done?



A. Yes – but only where the works are the result of an insured peril and where the insurers have given their prior agreement.



Repairs



Under the terms of your lease, you are responsible for maintaining the interior of your property excluding any structural items and communal areas and services. We are responsible for maintaining the rest of the block and estate, for which you are required to pay a proportion of the cost.

If we notify you of a repair that is your responsibility you must carry out the repair within 1 month being notified.

We do not normally carry out any repairs that are your responsibility, however, in very exceptional cases where there is a serious risk to health and safety of yourselves or others, we will do the repair and will invoice you for doing the repair.

Alterations and Improvements



Before carrying out alterations or improvements you should check your lease to see if you require written permission from us before going ahead. Failure to do so could result in legal action being taken against you. Not only would you have to pay our legal costs, but also the costs to restore your property to its original condition.

Below are some examples of what alterations and improvements require permission, before work can be carried out:

- Works affecting the structure of the building
- Works affecting any services to the property, for example electrics, gas, drainage, water
 - Installation of central heating/replacement of boiler
 - Any change to the internal layout of your property
 - Erection of a conservatory
 - Rewiring
 - New kitchens and bathrooms
 - Changing your flat entrance (fire) door(s) or changing or removing any
 - Internal doors
- If you wish to make an alteration or improvement please send your request detailing all proposed work, materials and contractor information to: customerservices@southlakeshousing.co.uk and your request will be reviewed and responded to within 21 working days

Section 20 consultation

By law, we must consult with our leaseholders before carrying out major work or entering into a long-term agreement for providing services such as communal cleaning.



What are major works?

Major works are large projects of work such as repairs or renewal to the exterior and communal elements of the block, such as the roof, external structure and communal areas.

Under the terms of your lease we are responsible for these works to your property to maintain the common parts and fabric of the building and we must consult all leaseholders if the amount any one leaseholder would have to pay towards the major work would be more than £250.



What are Long term agreements?

A qualifying long-term agreement is an agreement the landlord enters into with an independent organisation or contractor for a period of more than 12 months for services such as communal cleaning, grounds maintenance and door entry systems. We must consult all leaseholders if the amount anyone leaseholder would have to pay towards the service would be more than £100 in any one year.

The Section 20 Process Explained

1

Stage One

We will send you a Notice of Intention. This will include detail on what major work we are proposing to carry out or long-term agreement we propose to enter. We will ask you to provide observations and comments on our intentions and give you the opportunity to nominate a persons or contractor. You will have 30 days to do this.

2

Stage Two

We will send you a Notice of Estimates. This will inform you of the estimated contract value, an estimated price for the block and your estimated individual contribution towards the work or long-term agreement. We will also include the observations and responses raised in the Notice of Intention stage: 'stage one'. You also have 30 days to provide further observations on the Notice of Estimates.

3

Stage Three

If we do not award the contract to a nominated contractor or to the cheapest contractor, we will send you a Notice of Award. This notice will be given within 21 days of entering the contract and will inform you of the reasons for the award of the contract. We will also include the observations and response raised in the Notice of Estimates stage: 'Stage two'.

Service Charges



What is a service charge and how is it calculated?

Your lease sets out your obligations to pay service charges to us. Service charges are amounts payable towards the annual cost of managing, maintaining the building, its services, and communal areas. The annual cost is then apportioned by your lease.

Your service charge invoice will be sent to you in April and is calculated based on the actual charges for repairs undertaken the previous financial year as well as estimated charges for the services such as communal electricity for the up and coming financial year.

For those estimated charges we will send you a service charge statement in September which will breakdown if there has been an under spend (deficit) or an over spend (surplus) on the service charges charged to you in April. Any over or under spend will be applied to the service charge for the invoice sent in the coming April.



Paying your service charge

Your service charge should be paid in full within 60 days from the date of the invoice here (please select the 'Service Charge' option).

Or you can pay by Direct Debit over 12 equal instalments which needs to be arranged within 30 days from the date of the invoice. To set up a Direct Debit please call us on 0300 303 8540.



Selling Your Property

If you bought your property from us under the Right to Buy, you are subject to a five-year discount repayment period. This means that if you sell your property within five years of buying it, you must pay back a percentage of the discount. In addition to this, if you sell your property within the first 10 years you must give us, the right of first refusal on the property.

If you did not buy your property through the Right to Buy Scheme you are not subject to the above restrictions.

Information for your sale and solicitor

When you sell your property, we make a charge for supplying information on a Leasehold Property Enquiry form (commonly known as LPE1). The charge for this information is £100 (January 2021) and is not subject to VAT.

We provide the information to your solicitor, not to your buyer or their solicitor and the charge covers the cost of correspondence and supplying the following:

- Copies of service charge accounts for the property for the past three years
 - The most recent estimated service charge account for the property
 - Details of any outstanding major works liability
 - A schedule of future planned works for the block or estate
 - A copy extract of our insurance policy



Outstanding major works bills

There may be charges for major works that are in progress or have been completed and for which you have not received a final account. Your buyer will not want to take responsibility for these bills and you will need to either pay the outstanding charges or agree an amount to be deducted from the purchase price against these future bills. This amount is held by your solicitors and is known as a "retention".



New Leaseholders

Once you have bought your leasehold property your solicitor will need to supply us with a copy of the Notice of Transfer and £5 registration fee. Once we receive the transfer and payment we will send you a 'Welcome New Leaseholder' pack.



Useful Contacts

The Leasehold Advisory Service (LEASE) can help you. If you cannot find the answer to your question on their website www.lease-advice.org you can call one of their trained, specialist lawyers on 020 7374 5380 for FREE legal advice.

The service is government-funded and completely free to you.