

THE LEASEHOLD ADVICE CENTRE

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Miscellaneous - FAQ etc

This page is divided into three sections -

1 - Landlords / Agents

2 - Definitions

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1. Landlords / Agents -

We have acted for a considerable number of clients across the country in relation to Lease Extensions, Right To Manage and Collective Enfranchisement. Below, in no particular order; is a small selection of Landlords & agents against whom we have / are acting. Some of these are very well known owning considerable portfolios of Freehold Ground Rents to other far smaller ones.

Assethold Limited	Urbanpoint Property Management Limited
Eagerstates Limited	Solitaire Property Management Limited
Daejan Estates Limited	Northumberland & Durham Property Trust Limited
Orchidbase Limited	Hamilton King Management Limited
Ground Rents (Regisport) Limited	Peverel OM Limited
Southern Land Securities Limited	DGA PLC
Sinclair Gardens Investments (Kensington) Limited	Daejan Properties Limited
Cadogan Estates Limited	D J J Estates Limited
Regis Group (Barclays) Freeholds Limited	Kolup Investments Limited
David Glass & Associates (DGA)	Tyrrel Investments Inc
BLR - Basicland Registrars	Laing Homes Limited
Sarum Trustees Limited	Taylor Woodrow Holdings Limited
Highdorn Co Limited	G & O Estates Limited
Wingdawn Property Company Limited	Finalbrief Limited
Holding And Management (Solitaire) Limited	Newservice Limited
Crown Estate Commissioners	The Hamiltons No 1 Residents Company Limited
The Hampstead Garden Suburb Trust Limited	Sidewalk Properties Limited
Metropolitan Realizations Limited	The Mayor and Burgess of The London Borough of
Westleigh Properties Limited	Camden
Regisport Limited	Contactreal Limited

Regisport PLC	H & D Property Services Limited
Tesco Property Holdings Limited	Priority Estate Management Limited
Estates & Management Limited	Swanlane Estates Limited
Tesco Blue (Nominee 1) Limited	Daws Investments Limited
Tesco Blue (Nominee 2) Limited	Great Dock Properties Limited
Pier Management	Howard De Walden Estates Limited
Waverley Realty Limited	CH Chesterford Limited
Safeland (Ground Rents) Limited	Grosvenor West End Properties
Marshlease Limited	Grosvenor (Mayfair) Estate
Wenghold Limited	Kolup Investments Limited
CH Chesterford Limited	Rosemead Nominees Limited
Metropolitan Properties Co (FGC) Limited	Stefos Estates Limited
Maxiwood Limited	Netpex Services Limited
The Commissioners for the Exhibition of 1851	Zambra Investments Limited
Asda Properties Limited	Staimon Securities Limited
Long Term Reversions Limited	Finalbrief Limited
Grosvenor West End Properties	Ennersdale Investments Limited
Mayfair Leasehold Properties Limited	Liberty Property Management Limited
Grosvenor (Mayfair) Estate	Grangeward Limited
Quadrant Property Management Ltd	G & O Properties (London) Limited
Wenghold Limited	Metropolitan Realizations Limited
Cavernlodge Limited	Simmons Gainsford Services Limited
Abacona Investments Limited	Shenstone Properties Limited
Rosekey Limited	Denetower Limited
City and Country Properties Limited	Bernard Construction Limited
192 Queensgate Limited	Millgate Developments Limited
Elliott Land Company Limited	George Jamieson Limited
Lakeside Developments Limited	SMG Management Co Limited
Leyton Properties Limited	Waterglen Limited
Cambridge Road Investments Limited	Plainworth Limited
Sarum Properties Limited	Leslie Fink Limited
BPT (Bradford Property Trust) Limited	Ault Investments Limited
Freehold Portfolios (GR) Limited	Ozzygate Limited
Liberty Property Management Limited	Quadron Investments Limited
Freehold Securities Limited	Earnsdale Properties Limited
Wynbay Limited	Phyllis Trading Limited
Lambournes Surveyors Limited	Reston Limited
LCP Securities Limited	Headline Developments Limited
Lakeside Developments Limited	Bath and North East Somerset Council
Bracknell Forest Council	Grayshott Investments Limited
Stadium Housing Association Limited	Camaco Properties Limited

V & J Investments Limited	Shortlift Limited
Raleigh Close Investments Limited	Escalus Properties Limited
Vectis Property Co Limited	Ernle Estates Limited
The Halliard Property Co Limited	North Central Developments Limited
Queensville Properties Limited	Haynes (Holding) Company Limited
M & JS Properties Limited	Avenir Property Company Limited
Rayners Property Management	Nelson Property Investments Limited
Brinor Investments Limited	The Baron Homes Corporation Limited
Denetower Limited	Saxony Development Company Corp
Julex Limited	Arklodge Limited
Bull Construction Limited	Queens Lodge Limited
Dexite Company Limited	Tulsesense Limited
Joyful Investments Limited	Cobstar Limited
R.A. Creamer & Son Limited	Freehold Management (Traders) Limited
Vectis Property Company Limited	Vermont Street Flats Management Limited
Gracewell Properties Limited	Tepador Properties Limited
The Mayor & Burgess of the London Borough of Lewisham	Proudale Limited
Rosemead Nominees Limited	Raj Properties Limited
Mint Property Management Limited	Narvo Impex Limited
Adar International Investments Limited	Pemco Investment Trust Limited
Target Performance Limited	Acecrown Property Developers Limited
Dorrington (Knightsbridge) Properties Limited	London & Provincial Consolidated Investments Limited
Knighthouse Limited	Camden Court Management Limited
Distinctfine Limited	Placidi Limited
Bullion Properties Limited	Holmwell Properties Limited
Estate Acquisition & Development Limited	Guaranteed Investments Limited
Wellcastle Limited	Milesahead Properties Limited
Voteglen Limited	Burney Reality Limited
The Common Estate Limited	Hinton Landholdings Ltd
Highcharm Limited	KLJ Limited
Topland Investments Mayfair Limited	Landshea Estates Limited
Abbotswood Limited	Montague Alan Limited
Sanctuary Housing Association	Linkproud Limited
Kittyco Limited	Primeview Developments Limited
Omonville Properties Limited	Fairfield Rents Limited
Baldry Son & Chandler Limited	Capital & District Properties Limited

2. Definitions In Brief

Absent Landlord	A Landlord that cannot be found. Where a Landlord is 'absent' then an application can be made to the Leasehold Valuation Tribunal for an order enabling the RTM company to acquire the right
Acquisition Date	Date when the RTM Company takes over the responsibility for managing the Block of Flats
Block / Block of Flats	Block of flats that is considering forming an RTM Company to make a claim for RTM. The Block must satisfy certain criteria in so far as that: it is self-contained (or if part of another building, be capable of being redeveloped independently); it must contain at least two flats; at least two-thirds of the flats must be let to "qualifying tenants"; and part of it can be used for Commercial purposes but the Non-Residential part must not exceed 25% of the total floor area
Building Insurers	Insurer of the Building
Buildings Insurance	The insurance policy that covers the Building
Claim Dispute Reasons	The only possible reasons that a Landlord can give in the Counter Claim Notice for disputing the Claim are whether (a) the Block does not qualify (b) the RTM Company does not comply with the legislative requirements; and (c) the Members do not represent at least half of the Qualifying Flat Owners in the Block
Claim Notice - Section 79	A document sent to the Landlord by the RTM Company notifying the Landlord that the RTM Company is exercising the right to acquire the Right to Manage the Block
Commercial Element(s)	Part or parts of a Block that are used for non residential purposes
Commonhold and Leasehold Reform Act 2002	Act of Parliament which allows Flat Owners to take over the responsibility for the management of their Block

Company Law	The aspect of law that governs the way that companies can operate
Company Secretary	A person who is elected and responsible for the administration and compliance of the RTM Company with Company Law. The Company Secretary can also be a Director
Counter Notice - Section 84	A notice sent by the Landlord to the RTM Company that either admits that the RTM company is entitled to acquire the RTM or alleges that the RTM Company is not entitled to acquire the Right to Manage
Determination Date	A date that is set at least one month after the Claim Notice (S79) is issued by which time the landlord must serve a Counter-Claim or accept that the RTM will be exercised on the Acquisition Date
Director	A person who is elected and responsible for the running of the RTM Company. A Director is legally required to comply with company and health and safety law
Duty to Provide Information Notice - Section 93	A notice sent by the RTM Company to the Landlord requesting information that will be required for managing the Block. This can be sent at any time after the Claim Notice has been issued
Financial Obligations	Requirements to pay certain amounts on behalf of the Block such as for insurance, repairs, maintenance etc
Flat Owner	The person who owns the lease of the flat
Freehold	Ownership of the Block subject to any Leases granted
Head Lessee	Ownership of the Head Lease from which the sub leases have been granted
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Landlord	The Head Lessor or freeholder of a block
Lease	The contract / agreement between a Lessor and lessee that sets out each parties rights and obligations
Leasehold Property	A property upon which there is a Lease granted

Leasehold Reform, Housing and Urban Development Act 1993	Act of Parliament which provides for certain Lessees (who meet the necessary qualification criteria) to acquire a lease extension
Leasehold Valuation Tribunal	The government body that determines disputes regarding matters concerning Leases, service charge disputes and the management of blocks of flats
Lessee	Someone who owns a lease on a property
Lessor	The person who owns the Freehold of the building
Long Lease	A Lease that was originally granted for more than 21 years at a premium and a low annual rent
Memorandum and Articles of Association	Documents that control and determine the running of the RTM Company
Non-Residential	Premises (or part thereof) that are not used for residential purposes
Notice of Invitation to Participate - Section 78	A notice sent by the RTM Company to all Qualifying Flat Owners in the Block inviting them to participate in the RTM Company. This can be sent at anytime after the RTM Company has been formed but it must be sent prior to the issue of the Claim Notice
Officers	The Directors and Company Secretary of the RTM Company
Qualifying Flat Owner	A Lessee (i.e. someone who owns the Lease on the flat) who has a Long Lease i.e. one that was originally granted for more than 21 years at a premium and a low annual rent
Qualifying Tenant	A Lessee (i.e. someone who owns the Lease on the flat) who has a Long Lease i.e. one that was originally granted for more than 21 years at a premium and a low annual rent
Qualifying Leaseholder	A Lessee (i.e. someone who owns the Lease on the flat) who has a Long Lease i.e. one that was originally granted for more than 21 years at a premium and a low annual rent
Reserve Fund	Money collected from Flat Owners over a period of time to provide for funds needed for future Major Works

<p>Right to Information Notice - Section 82</p>	<p>A notice sent by the RTM Company to the Landlord requesting information. This can be sent anytime after the RTM Company has been formed and before the Claim Notice is issued</p>
<p>Right to Manage</p>	<p>The right for Flat Owners, via an RTM Company, to take over the management functions of the block of flats from the Landlord or the Landlord's appointed Manager</p>
<p>RTM Company</p>	<p>A specific type of company (which is entirely different to a Limited Company) registered with Companies House that is limited by guarantee, to take over the management of the Block</p>
<p>Self-Contained</p>	<p>A Building or Block that is structurally detached (or if part of another building, be capable of being redeveloped independently)</p>
<p>Service Charge</p>	<p>Payments by owners of flats to the Landlord / Managing Agent relative to the services provided to the Block, which would or may include items relative to insurance, maintenance / repairs, lighting and cleaning of the common parts and could also include such matters as communal central heating, portorage, lifts, etc</p>

3. Frequently Asked Questions

We have been offered the Freehold for our block - what should we do?

A lot no doubt might depend upon the present length of the leases, whether the amount proposed is 'reasonable' or not & how many of the flats are interested in the proposal. A Landlord could be intending to dispose of the Freehold by Auction or by Private Treaty & in the case of the latter should serve what is known as Section 5 Notices. Usually, where a Landlord serves a Section 5 Notice it is because the Landlord intends to sell at a figure no less than that stated in the Notice. By law they cannot legally dispose of the Freehold for a sum less than they have stated. Usually, if the Offer is not accepted the Landlord will endeavour to sell elsewhere at any figure equal to or greater than the sum proposed. They have 12 months in which to do this & are not obliged to offer the Freehold again to you assuming they were to sell within the time period for a sum no less than that stated. If they are unable to sell for the figure proposed but find a buyer who is prepared to proceed at a lower figure then they would, as such, be obliged to re-offer the Freehold again to you by means of another Section 5 Notice all over again, stating the lower figure. There is a set procedure under the legislation to accept such a proposal but one should bear in mind it is the majority who need to accept so, for example, if there are 10 flats in a building 6 would need to accept the proposal, unlike the position of compelling the sale of the Freehold under S13 where only 50% of the leaseholders are required to participate subject to the other qualification requirements being met. Furthermore, where leaseholders are accepting a proposal following Section 5 the ones who are participating will have to pay the total purchase price between them so the less that participate the more expensive, 'per flat' it can be.

Why should I extend my lease?

A lease is a right to use the property for a specific duration. As a lease gets shorter the value of the lease decreases, in comparison with other similar properties with long leases. It also becomes more expensive to extend the lease. It is not uncommon for it to be difficult to sell a property with a short lease because mortgage lenders may be reluctant to lend money on such properties and prospective purchasers may be reluctant to buy knowing this can affect the saleability and value of the property. Other issues could relate to high levels of ground rent or possibly 'undesirable' ground rent review clauses. There are a small proportion of leases where they have such review clauses which can significantly affect the value / saleability of the property. One of the benefits in extending a lease under the legislation is that not only does it give you a much longer term it also reduces the ground rent for the entire period to a 'peppercorn' (i.e. basically nil) & this is for the entire term not just the extended period. Furthermore it would do away with any further rent review clauses in the lease although given the short lease and the high level of ground rent / review clauses it is likely to be more expensive to extend than a longer lease with a lower ground rent.

I want to extend my lease. Other than the price paid to the freeholder, are there any other costs?

You will be responsible for the freeholder's "reasonable costs", which includes the professional fees such as the freeholder's valuation, if he requires one and his legal costs of drawing up the new lease and the cost of his solicitor dealing with the Notice of Claim, Counter Notice etc. You do not usually have to pay a Landlord's legal costs of going to a Leasehold Valuation Tribunal but will have to pay your own.

What will it cost to apply to the LVT?

There are currently no fees payable to the Tribunal for an application which relates to the enfranchisement of flats and lease extensions.

Where can I get a copy of my lease?

Usually it can be obtained from your mortgage lender or the Land Registry will usually hold a copy who will provide a copy, where available, subject to a fee.

What should a summary of a service charge contain?

- how the costs relate to the service charge demand, or if they will be included in a later demand;
- any items for which the landlord did not receive a demand for payment during the accounting period;
- any items for which a demand was received and for which no payment was made during the accounting period;
- any items for which a demand was received and for which payment was made during the accounting period; and
- whether any of the costs relate to works for which an improvement grant has been or is to be paid.

I have received a service charge demand for works undertaken 2 years ago. I think this is unfair. What can I do?

A landlord must demand a service charge from a leaseholder within 18 months of a cost being incurred, unless the landlord has written to inform you within 18 months of a cost being incurred that s/he has incurred a cost and s/he will seek to recover such costs through the service charge.

My landlord has completed the work without seeking my views beforehand. Will I have to pay?

If your landlord failed to consult you in a situation where consultation was required your liability to pay towards the costs of the works will be limited regardless of the amount the landlord has sought to charge you. The landlord is not required to consult with you in all circumstances. Where the works required are urgent, the landlord can seek 'dispensation' from the Leasehold Valuation Tribunal (LVT) to avoid using the consultation process.

We have taken over RTM. But the freeholder insists that it continues to insure the building. Is this correct?

No. Your RTM limited company has taken over the management functions of the freeholder (and any management company that might have been in place). Management includes the insurance of the building. But it is specifically provided that it is entitled to arrange its own insurance in addition if it wishes - but if it chooses to do so, it will do so at its own expense.

What should the written summary of the insurance policy contain?

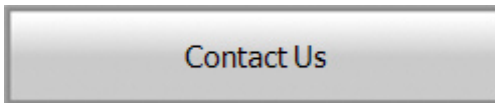
[1] the sum for which the property is insured [2] the name of the insurer [3] the risks covered in the policy

The freehold has been sold without being offered to us.

There may be a Right of First Refusal in which case there may be rights of enforcement against new purchase. It may be possible to serve a notice on the new freeholder to compel sale of the freehold.

We have asked for information from the freeholder but they simply won't reply. What can be done about it?

If the freeholder/management company declines to provide certain information it is required to give in response to a request under S82 or S93, one can serve on the Landlord what is called a Default Notice which gives it a further 14 days within which to comply failing which you could then bring an Application for compliance to your local County Court under S107. The Court might make a Costs Order against the freeholder as well as granting the Order requested.



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