



Your guide to **Buying a flat**

Leasehold flats

Buying a flat is not the same as buying a house.

If you are buying a home, whether a house or a flat, you should read our guide to **Buying a home**.

If you are thinking about buying a flat there are some additional things you need to consider including finding out the length of the lease, the amount of the service

charges and other information which we cover in this guide.

It is better to find out about these matters as early as possible because they may affect the value of the flat and you may need to think again about your budget. Some of the things we cover will affect whether you will be able to get a mortgage easily or not.

Some differences between a house and a flat

House	Flat
<ul style="list-style-type: none">• You own the land that the house sits on and you own the house until you sell it• You organise and pay for your own maintenance work and can choose when you do this• You are responsible for insuring the property – the building and the contents• You can make alterations to the property, providing you have planning permission and comply with building control.	<ul style="list-style-type: none">• You have an agreement with the person or company who owns the land and the rest of the building. That person or company is the landlord. The agreement is the lease and this sets out what you can and can't do• Because in a flat you live above, below and next door to other people, there tend to be more restrictions, for example you may not be allowed to make a noise after certain times or to have wooden floors• The landlord is usually responsible for maintaining and insuring the whole building but you will insure your contents• You will be obliged to contribute your share of the costs of maintaining the building and buildings insurance (the service charge)• The lease is time limited. It is given for a number of years to the first person who buys it. The same lease is passed on every time the flat is sold, so the length of time the lease has left keeps reducing.



Finding a solicitor

You should contact a solicitor as soon as you think about buying a home.

You might want to look for a solicitor who is a member of the Law Society's Conveyancing Quality Scheme (CQS) who will meet the high standards set by the Law Society. You can find out about the scheme here:

www.lawsociety.org.uk/conveyancingquality

If you don't already have a solicitor, ask your family or friends for a recommendation or visit our website:

www.lawsociety.org.uk/findasolicitor

Certain types of leasehold property transactions – such as enfranchisement or collective enfranchisement – may need a solicitor who specialises in leasehold properties. You should ask your solicitor about this before you appoint them.

Services and costs

Services and charges vary between solicitors. Before you decide who to use, check with a few solicitors to compare the services they are able to provide and their fees.

The cheapest estimate may not always be your best option. Consider what might be helpful to you.

For example:

- is the solicitor local so you can call in to sign and pick up documents to save postal delays?
- what are their opening hours?
- do they open on Saturdays?
- are they able to update you about your move online or by text?

Remember you will also need to pay a variety of other expenses such as stamp duty land tax, Land Registry fees, VAT and search fees.



The lease

The lease allows you to occupy and use the flat for many years, and allows you to sell the flat during this time.

The lease will tell you how many years it was initially granted for. How long there is left to run will depend on when the lease was granted. For example, if the lease was granted for 99 years 20 years ago it will only have 79 years remaining now. As the lease gets shorter, its value decreases and it becomes more expensive to extend.

You may be able to ask the seller to extend the length of the lease or you may be able to buy the flat and extend the lease at a later date.

You need to know about this before you agree the final price because the length of the lease can have an important effect on the value of the flat. The length of the lease can affect the amount a lender is prepared to lend or whether they are prepared to lend at all.

The structure and communal parts of the building and the land it stands on are owned by the freeholder, who may also be known as the landlord.

The lease contains conditions to protect the rights of everyone with an interest in the building and so you may not be entirely free to do whatever you want in, or with, the flat. For example, if you want to install a satellite dish or fibre optic cables you may need the consent of the landlord or managing agent.



What does 'share of freehold' mean?

This usually means that the freehold of the building is owned by a company and the shares of the company are owned by everyone who has a flat in the building. This gives control over the length of the lease and over the maintenance works that are carried out to everyone in the building. It usually means there is no separate freeholder or landlord.



Your solicitor will need to check the terms of the lease to make sure they meet your lender's requirements and make arrangements to have them changed if they don't. Your solicitor will also ask the seller's solicitor and the managing agents detailed questions about service charge and management costs.

Tell your solicitor as soon as possible if there is anything you want to be able to do in or with the flat, for example:

- run a business
- let a room to someone else
- let the whole flat out to someone else
- keep a pet
- make structural alterations.

It may be that the lease does not allow you to use the flat in certain ways, or you may need consent from the landlord and or your lender. Your solicitor will be able to help you to apply for this permission.



Top tips for buying a flat



Find out the length of the lease and if less than 85 years tell your lender and make sure the price agreed reflects this.



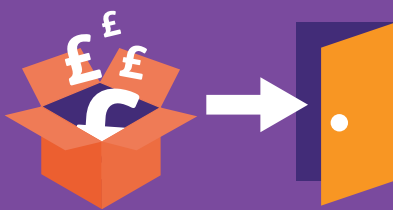
Find out if you will have the right to extend the lease or buy the freehold with others in the building. You will need legal advice on this.

Check how well the outside of the building and the staircases, hallways, lift and any communal grounds are maintained.



Ask for details of the service charges and find out if any major works are needed to the outside or common inside areas within the next few years.

If you are buying a retirement flat, ask if fees are payable when you sell the flat or sublet it.



Ask if you will be buying a share of the freehold.



If possible, ask other residents about the quality of the management of the building and the costs involved.



Find out if there is a reserve fund and if so, the amount in it. The freeholder or landlord may collect additional monies to ensure there is sufficient money available for future scheduled major works such as a new roof, lift repairs or replacement or external decoration.



Ask if there is a residents company and, if there is, find out whether this company owns the freehold or the building and deals with the management of the building or whether it is an organisation who deals with the landlord or the landlords managing agents in relation to maintenance.



Lease outgoings

You will need to pay ground rent and service charges to the freeholder for maintaining the building containing your flat. The lease allows the freeholder or landlord to recover reasonable money from you to cover the costs of maintenance, insurance and decoration. These charges may also include providing central heating, lifts, lighting and cleaning of the communal areas.

Significant fees (often based on the current value of the flat) may be payable to the owner of the block in a number of situations including: selling the flat, renting the flat to someone else and other events. Please ask your solicitor to explain these to you.

Blocks of flats often have extra services such as concierge, gym, lifts, gardens etc. But the more services there are the higher your service charge is likely to be.

Managing agent

The landlord or the residents' management company will carry out necessary maintenance works on the building. Sometimes a managing agent may be appointed to manage and maintain the building on behalf of the landlord.

Survey advice

You should instruct a surveyor to carry out a survey at the flat, including the building containing the flat. Information about the condition of the flat and overall building may give you an idea of the scope and costs of any maintenance works that are needed.





Some questions to ask your solicitor...

Can I alter my flat?



If you want to alter your flat you should make sure the lease allows you to make alterations. You may need consent from your landlord before starting any work. You may also need planning permission, building regulation approval and consent from your lender.



Am I allowed pets?

If you want to keep a pet in your flat you need to check the lease allows you to do this. You may need to obtain consent from your landlord before bringing pets into your home.



Can I let out a room in the flat or can I let out the whole flat?

If you are thinking about letting out a room or the whole flat in the future, you will need to check the lease allows you to sublet your flat or parts of it before you buy. You may need to obtain consent from your landlord and lender before letting your flat.

Can I run a business from my flat?



If you want to run a business from your home you need to check the lease and planning requirements allow this. You may need to obtain consent from your landlord, local authority and lender before running a business from home. They do not have to give this so you will need to investigate thoroughly before you commit to buy your flat.

Some questions to ask your solicitor...

How many years are left on the lease?

The lease will tell you how many years it was initially granted for. As the lease gets shorter, its value decreases and it becomes more expensive to extend. You may have problems when you sell a flat with a short lease because lenders will not provide mortgages on properties with less than a certain number of years remaining. You may wish to consider extending the term of the lease.



Can I buy the freehold?

You may have a legal right to act with the rest of the leaseholders in your building to buy the freehold provided you meet the qualifying criteria. This is known as 'collective enfranchisement'. You will need to obtain further legal advice about this.



Can I extend the term of the lease?



There are certain criteria which must be met before you are eligible to extend your lease. You will need to obtain further legal advice about this.

I am buying a retirement flat – is there anything I should look out for?

Retirement flats are built specifically to meet the needs of the elderly who wish to live independently within a sheltered community. Retirement leases usually have clauses limiting the age of persons, and restricting who can buy or sublet the flat. A warden system may be provided under the lease and you may have to pay for this. Additional fees may also be payable when you sell or sublet. You should obtain further legal advice about this.





The Law Society



The Law Society

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While we have made every effort to provide accurate information, the law is always changing and affects each person differently.

This leaflet is no substitute for specific advice about you personally and we will not be liable to you if you rely on this leaflet.