



COOKE & CO

A MOVE IN THE RIGHT DIRECTION

A guide to buying a leasehold property

Come Live By The Sea

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Welcome,

Hello, my name is Damien Cooke and I'm the Managing Director of Cooke & Co Estate and Letting Agents.

Since 1992 we've been serving the people of Thanet and we've helped hundreds of clients buy all types of property, including many leasehold homes.

Buying a leasehold property is different from purchasing a freehold one.

You'll need to ask more questions, employ a capable solicitor, and deal with an estate agent you can trust.

We believe in being as open and upfront as possible.

It's why we created this guide to help people thinking of buying a leasehold property make a fully informed decision.

In this guide, we share information about the process of buying a leasehold property, answers to frequently asked questions, why choosing the right professionals matters, and much more.

We always aim to ensure you have the proper guidance and support to help you make the best decisions for yourself and your future.

I hope you find this guide useful, and please get in touch with us if you have any questions whatsoever.

Damien Cooke

**Damien Cooke MNAEA MARLA
Founder and Managing Director
Cooke & Co Estate and Letting Agents**



*Disclaimer: The information in this guide does not constitute legal or financial advice.

Frequently asked questions

Let's start with the most common.

What's the difference between a leasehold and freehold property?

A general rule of thumb is most houses are freehold, and most flats are leasehold.

Buying a freehold property means you own the building and the land it's on. In layman's terms, you own it outright – forever.

Buying a leasehold property means you own only the building or apartment (not the land it sits on) and only for a set period. Essentially, the land is being leased to you for a contractually agreed number of years.

When the lease finishes, the property will belong to the landowner (the freeholder) unless you have extended the lease. But remember, you can nearly always extend leases on leasehold properties.

What questions should I ask the estate agent and/or my solicitor?

There are usually six main ones. They are below in order of popularity:

- What is the length of the lease?
- How much are the service charges?
- Am I expected to pay towards the building insurance?
- How much is the ground rent?
- At what intervals does the ground rent increase, and by how much?
- Have you been advised of any significant work planned on the building/development? We cover these in more detail on the following page.

Should I be concerned about buying a leasehold property?

Don't be. Hundreds of thousands of people buy and sell leasehold homes every year. So, you have little to worry about with the proper professional guidance and expert advice.

There are often plenty more questions potential buyers of leasehold homes ask, so feel free to give us a call to find out more.



Frequently asked questions (continued)

What is a lease?

A lease is a contract between a leaseholder and a landlord. The landlord (freehold owner) has specific responsibilities, as does the person who has bought the leasehold.

What is a typical lease length?

This varies from property to property. It often spans from 999 years on new-build homes but can be as low as 80 years and under. Be very wary of buying a property with less than 80 years remaining, as it can be expensive to extend, and most mortgage providers will not lend money to fund a purchase like this.

What are service charges?

A service charge is a fee the leaseholder pays to the landlord to cover their share of the cost of maintaining the leasehold property. This can include decorating communal areas, building insurance, cleaning windows, landscaping and maintaining or repairing things like lifts or roofs.

It can be a monthly or annual cost. Be very clear about what service charges are on any property you are interested in. A good estate agent will be able to provide you with this information.

What is ground rent?

It is an annual fee charged on leasehold properties as a condition of the lease for the land the home is on. They are usually low, ranging from £50 – £300 a year.

At what intervals does this increase, and by how much?

Again, this is an important question and one the estate agent or your solicitor can seek and provide the answer to.

What else should I ask?

Ask if any major work on the building/development is planned. If so, are leaseholders expected to pay towards it and what are the costs? You'll need to factor this into your buying decision and budget.

Why is it important to choose the right solicitor to represent me when buying a leasehold property?

The purchasing contracts that accompany some leasehold properties can be complex. A good solicitor will protect your interests, ask the right questions, and identify potential issues.



Top Tip:

Read the next page for advice on choosing a super solicitor rather than a lazy lawyer.



Be leasehold savvy

Seven things to be aware of when buying a leasehold home.

1. Short leases

If a property you are interested in has a lease with less than 80 years left, it could be a problem. Less than 70 years and that problem increases dramatically.

2. Budget for everything

When buying a leasehold, consider service charges, ground rent, legal and professional fees, and how much a potential lease extension (if necessary) could be.

3. Cheap but not cheerful

Like anything in life, if something seems too cheap, there is usually a reason behind it. Unfortunately, that reason is typically a looming lease extension. So, do your research and consult property experts like experienced estate agents and solicitors.

4. Know your ground rent

Usually, annual ground rents (as explained on page 5) are very low. But always get your solicitor to confirm what the ground rent is and if there are any planned increases.

5. Check the maintenance fees

Find out how much you will need to contribute to service charges per month/year and when any major repairs have been scheduled.

6. Do read the small print

Buying a leasehold property with your eyes wide open will mean you make the right decision. That's why we always encourage buyers to read the small print of their leases (or, at the very least, make sure your solicitors have done so).

7. Don't be put off

Leasehold properties can and do provide millions of people in the UK with great places to call home. Yes, there are more aspects to them than buying a freehold. But if you do your research, set your budgets sensibly, and work with trusted property professionals, there's nothing to fear and plenty to gain.

Selecting a legal eagle

A good property solicitor is vital to have on your team when buying a home.

But when you buy a leasehold property, the importance of choosing the best solicitor increases. This is due to the maze of legalities that must be navigated.

Below are six tips on choosing a legal eagle.

1. Ask your family and friends for recommendations of solicitors they have used recently – especially when buying a leasehold property.
2. When researching solicitors, explain your situation and request a fixed fee in writing that includes any other costs you may reasonably incur, such as legal searches, etc.
3. Double-check that any solicitor you are considering is a member of the Law Society of England and Wales.
4. Remember that cheap is often not cheerful when it comes to solicitors. Some online property law firms (not all, in fairness) offer attention-grabbing low fees but can often leave clients feeling frustrated and out of pocket.
5. The most critical question to ask any prospective solicitor is this: “How much experience do you have dealing with leasehold property sales?”. They must have plenty of experience in this area of property law.



Your moving checklist

Below is a ten-point checklist to help you prepare for your move.

- Once you are sure you want to move, call your local estate agents and register your wants and needs. You'll find out about properties that suit you this way, maybe even those you thought might be over budget or not quite right in another way.
- Speak to an independent financial adviser about your mortgage and insurance options.
- Instruct a recommended conveyancing solicitor to handle the legalities of your sale. Given that you are buying a leasehold property, choosing the right solicitor is an important decision.
- Get ahead with packing. Even though you may not have a move date yet, it's always worthwhile boxing up those items you don't use much.
- Use this opportunity to only move items you want or need. It will save you money in moving costs, and you could make a bob or two selling certain items. Charity shops, home clearance and auction houses can be useful. There are also online options, like Facebook Marketplace or Freecycle.
- Get three quotes from different removal companies when you've had an offer accepted and have agreed to a completion date. Look for ones that come recommended and which are fully insured.
- Remember to speak to your bank, utility companies and any other important companies to arrange set-up and change of address.
- Start getting quotes for insurance on your new property starting from when you will complete the move.
- The day before the move, create an essentials box with any items you might need quickly when you move in. For example, kettles, cups, tea and coffee always come in handy.
- On the day of the move, take any essential items or documents with you, such as medicines, passports, wallet/purse, keys and glasses.

If you have any questions about this checklist or guide, we're here to help, so give your local branch a call on the numbers provided.