

# **BUYING THE FREEHOLD** **HOUSE OWNERS GUIDE**



**M** **MONARCH**  
**S** **SOLICITORS**

## LEASEHOLD ENFRANCHISEMENT

Dear Home Owner,

*Enfranchisement*, in the context of property ownership, refers to the release from control by the freeholder.

Owning a leasehold refers to renting a property for a limited period of time, for a specified rent, and on terms contained in the lease. Like the terms of any contract, if the terms of the lease are breached then there are consequences. However, in contrast, a freehold grants legal ownership and control for an unlimited period of time.

Freeholders, often with minimal investment, have significant potential power over a leaseholder, including ultimately the power of forfeiture (where the entire property is seized).

This guide is for leasehold homeowners who are assessing their options on purchasing their freehold. It primarily covers the statutory enfranchisement process although the voluntary route and extending the lease options are covered in brief also.

We hope you find our guide on purchasing the freehold useful.

If you have any further questions, please contact our specialist Leasehold Team.

Yours sincerely,

*Monarch Solicitors*





## VOLUNTARY ROUTE

Any leaseholder, whether or not they qualify for the statutory right to purchase their freehold, can negotiate an open market voluntary deal with the landlord.

### Advantages

- ✓ The parties can freely negotiate the terms, the purchase price and other associated costs.
- ✓ The process can be quicker as there are no restrictions over timing: it can happen immediately if both parties are willing.
- ✓ The leaseholder has the alternative to 'top -up' the lease to any term desired for a smaller premium rather than buying the freehold, if they simply want to make the property attractive to potential buyers.
- ✓ The leaseholder doesn't have to buy any intermediate landlords' interest.

### Disadvantages

- ✓ The leaseholder is not protected by the statutory safeguards relating to the calculation of the purchase price, terms and an intermediate landlords' interests.
- ✓ Either party can withdraw from the process at any time until the contract is concluded, regardless of whether time and money has already been spent.
- ✓ If an agreement cannot be reached on the terms, there is no recourse to the Tribunal without first triggering the statutory process.
- ✓ Generally, the price payable is higher as it is being bought/sold on the open market.



## STATUTORY ROUTE

Qualifying leaseholders have a legal right under the Leasehold Reform Act 1967 to buy their freehold and any intermediate leases.

### Advantages

- ✓ A statutory timetable must be followed, but it provides the leaseholder time to arrange the funds for the purchase.
- ✓ Statutory safeguards which compel the landlord to sell the freehold, govern the purchase price payable, and limit the costs the landlord is entitled to recover.
- ✓ If an agreement cannot be reached there is recourse to the Tribunal for an independent determination.

### Disadvantages

- ✓ From the service of the Tenant's Notice, the process can take 6-9 months.
- ✓ Both parties are locked into the process: freeholder/leaseholder must sell/ buy.
- ✓ The eventual purchase price is not guaranteed at the outset.
- ✓ Costs: even if he withdraws, the leaseholder is liable for the freeholder's costs, surveyor's fees and legal costs.
- ✓ The landlords deposit is non refundable.



## BASIC PROCESS FLOWCHART

### DO YOU QUALIFY TO PURCHASE THE FREEHOLD?

Was the lease originally granted for more than 21 years?  
Have you held your lease for more than 2 years?

### FREEHOLD VALUATION

A specialist valuation surveyor calculates the Purchase Price you will be expected to pay for the Freehold.

### NOTICE OF CLAIM (S.5 TENANT'S NOTICE)

This notice triggers the statutory process and timetable.  
Once served there is a contractual obligation to buy and sell.

### LANDLORD'S COUNTERNOTICE

The Freeholder has just over 2 months to either accept your proposed terms, propose new terms or deny the claim.

### NEGOTIATIONS

Once the counter-notice is served both parties negotiate the terms of the Freehold Purchase.

### FIRST TIER PROPERTY TRIBUNAL

If agreement cannot be reached, either party can make an application for a Determination on the terms.

### COUNTY COURT VESTING ORDER

If the Landlord fails to serve a counter-notice within 2 months, or to serve one at all, an application can be made to the County Court for a Vesting Order.

### COMPLETION OF FREEHOLD PURCHASE

Once the terms have been agreed, or determined by the Tribunal or County Court, the conveyancing process can begin. The date on which terms are agreed triggers another statutory timetable through to completion.

# THE STATUTORY PROCESS

## Section 5 Notice of Claim

This is a prescribed form and must state: whether the tenant is claiming either the freehold or an extended lease; the details of all persons upon whom a copy is served; a description of the house and any ancillary land/buildings, details of the lease and its acquisition; details of residency (if applicable), details of the rent; the basis of valuation and the premium; and, where the tenant seeks to rely on a site-only valuation, details of the rateable value. The notice must be signed by all the tenants or their authorised agent.

## Service of Notice

The Notice of claim must be served on the freeholder, any intermediate landlords, and any party that has an interest in the property superior to tenant's own. The notice of tenant's claim must be served in accordance with section 23(1) of the LTA 1927 in order to be valid.

## Effect of Serving the Notice

- ☑ Creates a statutory contract between the landlord and the tenant in which the tenant is bound to buy the freehold and the landlord is bound to sell the freehold on reasonable terms.
- ☑ From the service of the notice the tenant is responsible for the specified costs of the landlord whether or not the purchase completes.
- ☑ Section 9(4) Leasehold Reform Act 1967 (the Act) requires the leaseholder to pay the reasonable costs incurred by the freeholder for the following matters:
  - a) Any investigation by the landlord of the tenants right to acquire the freehold
  - b) Any conveyance of the house
  - c) Deducing, evidencing and verifying the title of the house
  - d) Providing any abstract required by the tenant
  - e) Any valuation of the house
- ☑ The freehold purchase premium value is set on the date the Section 5 Notice is served and any fluctuations in the market that may be relevant to value that occur after that date are to be disregarded. Therefore, it is not in the landlord's interest to prolong the process of agreeing or determining the terms of the freehold purchase.
- ☑ The existing lease continues automatically until the expiry of a period of three months after the end of the "currency of the claim".

## QUALIFYING CRITERIA

In order to exercise the statutory right to buy the freehold under the Leasehold Reform Act 1967, there are several qualification criteria that must be satisfied. The three main criteria are:

### **The building must be a 'house'**

"House" in this case is widely defined, to include a building designed or adapted for living in (even if it is not detached). However, there must be no material over- or under-hang with an adjoining building (which would suggest that the property is a flat), and it must not be a building used for commercial purposes.

### **The lease must qualify**

The lease must comprise the whole of the house and it must be a long lease of more than 21 years. A shared ownership lease will qualify where the tenant owns 100%. The lease must not be an "excluded" tenancy (i.e. a house in a designated protected area where the freehold has been owned with adjoining land occupied for commercial purposes and the lease was granted for a term of 35 years or less).

### **The tenant must qualify**

The tenant must be a registered owner at Land Registry for more than 2 years.


### **Residency Test in mixed use buildings**

In addition, in a mixed use building (for example a building comprising a shop with a flat above), a tenant can only buy the freehold if:

- the tenancy was granted for a term of more than 35 years; and
- the house was occupied as his/her only or main residence for two years or periods amounting in aggregate to two years in the preceding ten years.



## PROCESS AFTER NOTICE SERVED

- ✓ Once the notice is served the Landlord has 2 months to respond to the notice either admitting or denying the claim
  - ✓ The Notice of Claim is registered at Land Registry as a notice or Land Charge
  - ✓ Within this time the landlord can serve a notice requiring the tenant to provide the following within 21 days: payment of a non refundable deposit of either £25 or 3x the ground rent (whichever is greater); deduction of title; and a statutory declaration in relation to the residency test.
  - ✓ The landlord may require an undertaking for its costs, valuation fees and solicitor's fees, as the tenant is liable to pay these.
  - ✓ Within 2 months of the Notice of Claim, the landlord must serve a counter notice either admitting or denying the claim.
  - ✓ If the claim is admitted or the landlord fails to reply, the tenant can serve a notice requiring the landlord to deuce title within 4 weeks.
  - ✓ If the claim is accepted either party can then open negotiations on the premium payable for the freehold
  - ✓ Each of the landlord and the tenant can serve a notice on the other stating any rights of way and restrictive covenants they require in the transfer, and the notice must include details of any matters they wish themselves to include. Each party has 4 weeks to respond.
  - ✓ If the claim is denied, the landlord has 2 months to issue a claim in the court and the tenant will have to defend the proceedings.
  - ✓ If the landlord fails to respond at all, the tenant will need to issue a claim for a vesting order.
  - ✓ There are no strict time limits to negotiate the price and terms of the conveyance.
  - ✓ Once the terms of the conveyance and the purchase price have been agreed (or determined by the Tribunal or County Court), the freehold is transferred through a conveyancing and proceeds to completion.
- 



## ANCILLARY LAND & BUILDINGS

The right to buy or extend the lease applies to any appurtenances (within the curtilage of the house), garage, outhouse, garden or yard which are let to the tenant and which satisfy the “*qualifying condition*”.

The “*qualifying condition*” is that, at the date on which the tenant serves the notice of claim, the ancillary premises must be let to the tenant with the house by the same landlord and the ancillary premises lease must also be a long lease of more than 21 years.

The case of *Gaidowski v Gonville & Caius College, Cambridge [1975]* confirmed that the premises must have been let as part of the same transaction as the original lease or by way of subsequent addition to the original lease (such as the grant of a supplemental lease for the residue of the original term).

*Burr v Eyre [1998]* stated if the ancillary premises are let to the tenant under a separate lease to the house, the lease of the ancillary premises must also be a long lease within section 3 of the LRA.



## PRICE & VALUATION

A purchase price is paid by the tenant to the landlord (and any intermediate landlords) to acquire the freehold. The purchase price is based on the value of the freehold as at the date of service of the notice of the tenant's claim. There are two main approaches to establishing the purchase price: (1) the original valuation basis; and (2) the special valuation basis.

Under both bases it is assumed that the sale is taking place in an open market between a willing seller and a willing buyer. Section 9 of the LRA 1967 sets out the specific assumptions which apply in assessing the open market value in differing circumstances.

### Section 9(1)

If the house qualified pre- 1993 (i.e. because it was not necessary to rely on amendments to the financial limits and/or low rent conditions made by any of the 1993, 1996, or 2002 Acts) and had a rateable value of less than £1,000 (or £500 outside the Greater London area) on 31 March 1990.

This excludes "marriage" value (see below). The valuation is a proportion of the value of the land.

### Section 9(1A)

If the house qualified pre-1993 but did not have a rateable value of less than £1,000 (or £500 outside the Greater London area) on 31 March 1990. The valuation elements here are:

- ☑ the capitalised value of the landlord's ground rent and the value of his reversion (i.e. the current value of vacant possession of the freehold deferred for the unexpired lease term); and
- ☑ 50% of the "marriage" value (the additional value obtained by the tenant's ability to merge the freehold and leasehold interests) must be paid to the landlord, although the marriage value will be deemed to be nil if the lease has an unexpired term of more than 80 years as at the date of the claim.

### Section 9(1C)

If the house qualifies post-1993 (i.e. the claimant must rely on amendments made to the financial limits and/or low rent conditions made by any of the 1993, 1996 or 2002 Acts).

This is broadly the same as a Section 9(1A) valuation except that the freeholder can be compensated for loss in value of other property owned by him (including development value) as a consequence of the severance of the house. from the other property.

## PRICE & VALUATION

We recommend that you obtain specialist valuation advice to calculate the price before serving the Section 5 Notice of Claim (and we can assist you with this). Be aware of online calculators claiming to advise you of the purchase price as they can be misleading. The freeholder will usually instruct his/her own valuer as well, and usually you will be liable to pay the cost of both valuers.

The valuation will provide:

- ☑ An indication of the premium before committing to the freehold purchase process. This allows for the leaseholders to consider their options before additional costs are incurred.
- ☑ The report can be used as a tool of negotiation and used as leverage for negotiations with the landlord
- ☑ Information required to complete the Section 5 Notice of Claim
- ☑ Expert evidence of the reasonable premium payable in any Tribunal proceedings



# DISPUTES AND ABSENT FREEHOLDERS

## Absent Freeholders

If the freeholder fails to serve a counter notice, or to respond at all, or is absent, an application can be made to the County Court for a 'Declaration' or 'Vesting Order'.

The County Court must be satisfied that the freeholder cannot be found and the leaseholder making the application has taken reasonable steps to find them and the tenant is eligible to buy the freehold. The County Court will then have jurisdiction over the freehold.

Evidence in locating an absent freeholder may include:

1. Investigations on the freehold title, if registered
2. Sending a formal notice to his last known address asking him to provide up to date contact details. If the freeholder does not respond to the notice a copy of the notice must be provided
3. Checking with other leaseholders and solicitors who have previously dealt the with transactions on the estate as they may have further information
4. Hiring a specialist tracing agent to locate the absent freeholder
5. Adverts in London Gazette and local newspaper

If the County Court is satisfied and grant a Vesting Order the Court will assume responsibility for the absentee freeholder and act on their behalf. The leaseholder pays their final sum, as determined, into court who will keep hold of it on behalf of the absentee landlord until such date as they can be found. Leaseholders may also have to pay any sums outstanding to the freeholder or any other fees the Tribunal requires to be paid in connection with the grant of the new lease or the purchase of the freehold.





## FIRST TIER TRIBUNAL

The First-Tier Property Tribunal has jurisdiction to determine the purchase price, rent payable, costs and terms of the conveyance, with a right of appeal to the Upper Tribunal (Lands Chamber). There is no deadline for applying to the Tribunal but it is not possible to apply before the earlier of the following:

- ✓ The landlord advising the tenant of the purchase price it proposes; and
- ✓ Two months after service of the notice of the tenant's claim in circumstances where the landlord has not advised the tenant of the purchase price.
- ✓ Tribunal proceedings should be considered as a last resort, you should consider the costs of entering into litigation compared to the value of the dispute. In most cases, it is usually more cost efficient to settle disputes around the premium outside of the Courts, unless the proposed premium is particularly unreasonable.
- ✓ In relation to the costs of bringing proceeding in the Tribunal, each party is usually responsible for their own costs unless one party has behaved unreasonably in which case the Tribunal may choose to exercise its discretion and award costs against the unreasonable party.



# THIRD PARTIES

## Land Registry Notice

The Notice of Claim is registrable as a notice or land charge at the Land Registry. This will protect your claim and rights in the case of a transfer of the freehold. A Unilateral Notice will be lodged at Land Registry to protect the leaseholders interest.

The unilateral notice serves two purposes :

1) To prioritise the interest

A unilateral notice can be lodged without the approval of the freeholder and allows the applicant of a unilateral notice over another notice which may be entered onto the register even one day later.

2) To notify the proprietor

A unilateral notice is also used to notify the proprietor and other relevant parties of the interest held by the benefactor and the intention to purchase the freehold.

## Personal Representatives

The Personal Representatives of a deceased tenant can make a claim provided that the right is exercised within a period of two years from the date of the grant of probate.

If, two years after the tenant's death, the personal representatives are still holding the lease, they should then be able to make a claim in their own right, as long as the remainder of the qualifying criteria are satisfied.

## Management Companies

If there is a management company that are a party to the lease they will also have to be a party to the freehold transfer.

The management company's covenants will remain in force and will not be excluded from the freehold transfer.



## WITHDRAWING THE CLAIM

The tenant has the right to withdraw his/her notice of claim to buy at any time up to one month following the ascertainment of the purchase price by giving written notice. Thereafter the tenant is bound to complete in accordance with the statutory contract. Service of notice not to proceed has the following consequences:

- ☑ The notice of tenant's claim is no longer of any effect.
- ☑ The tenant must compensate the landlord if the notice of tenant's claim interfered with the landlord's ability to deal with the house and premises or any adjoining property and caused the landlord any loss.
- ☑ The tenant may not serve a further notice of tenant's claim to buy the freehold for 12 months, although the tenant may serve a notice to acquire an extended lease within this period.
- ☑ The tenant remains responsible for paying the landlord's costs.



# COVENANTS & ESTATE CHARGES

## Covenant Free Freehold Title?

It is a common misconception that a freehold title is covenant free. Even where property is conveyed with a freehold title from inception, a freeholder is entitled to insert terms/ covenants in the transfer and many historical freehold properties are subject to restrictive covenants.

Whether you chose the voluntary or statutory route to purchase your freehold, any covenants in the freehold transfer deed will depend on the covenants contained in the freehold title and the lease.

Under Section 10 of the LRA 1967, the freeholder is entitled to include the continuation of covenants that materially enhance the surrounding property. Examples of such may include nuisance covenants and covenants regarding the aesthetics of the surrounding estate

Under the statutory procedure any dispute around covenants can be adjudicated by the Property Tribunal. Under the voluntary route, there is no statutory right to have the Tribunal adjudicate the reasonableness of any covenants the freeholder wishes to impose.

## Estate Charges

If you live on an estate that is subject to an estate charge for common areas, amenities or services, then it is likely that the freehold transfer deed will contain a covenant to pay an Estate Charge for the continued benefit of those amenities and services. This will be explicitly outlined in the Property.





## ASSIGNING THE CLAIM

A leaseholder must have 2 years registered proprietorship of the leasehold property before exercising their right to a claim for to a statutory enfranchisement.

To get around this qualification issue, the current leaseholder can issue a section 5 notice of claim and then transfer the benefit of the claim to the new purchaser of the property by way of an assignment. The key component is that the existing leaseholder serves the notice before exchange of contracts with express assignment terms in the sale contract of the property confirming the buyer will take on the benefit of the claim when purchasing the property.

This process can become unnecessarily complicated due to the intricacies of the technicalities.


If you are trying to co-ordinate the sale or purchase of your property together with a freehold purchase claim, we would advise to use the same firm of solicitors that specialise in leasehold enfranchisement to handle both the sale/purchase and the freehold purchase.

This will avoid unnecessary delays, especially as some regular conveyancing solicitors are not familiar with the freehold purchase process.



## EXTENDING THE LEASE OPTION

This right has been little exercised in recent years because the right to buy the freehold has been expanded to include most houses and is usually the preferred option for the tenant.

- ✓ A qualifying tenant of a long lease of a house also has the right to the grant of a new lease for the remainder of the existing term plus a further 50 years.
  - ✓ No premium is payable, but the lease can contain a modern ground rent, reviewable after 25 years.
  - ✓ The determination of the modern ground rent cannot be made until 12 months before that rent is to become payable (12 months before the date that would have been the expiry date of the original lease). The modern ground rent is calculated as the letting value of the site, without the house.
  - ✓ The new lease will be a substitute for the remainder of the original lease, which will be surrendered by operation of law (as determined in *Lewis (Jenkins R) & Son v Kerman* [1971]).
  - ✓ The terms of the new lease other than the rent and the term are generally the same as the terms of the existing lease, although these can be changed either by agreement or if something has happened since the date of the existing lease which affects the suitability of a provision of the original lease.
  - ✓ The provisions of the Landlord and Tenant Act 1927 (LTA 1927) that allow the landlord and tenant to agree conditions for consent to an assignment and the circumstances in which consent may be withheld, do not apply to residential leases.
  - ✓ A tenant who has been granted a lease extension is entitled to exercise its right to buy the freehold both before and after the end of the term of the original lease.
  - ✓ Where the notice of tenant's claim is served after the end of term date of the original lease, the valuation basis is the special valuation basis and section 9(1C) but with modified assumptions, even if the lease qualifies for the original valuation basis.
  - ✓ If the tenant takes a lease extension but does not choose to enfranchise, the tenant cannot simply extend the lease again when it ends. The tenant does, however, have the right to an assured tenancy .
- 

# COLLECTIVE ENFRANCHISEMENT

Collective Enfranchisement is the right to buy the freehold of a block of flats where the leaseholders who own the flats of a building jointly acquire the freehold of a building, or even part of it, when they already hold a residential leasehold interest.

The premises must satisfy the following criteria to qualify for collective enfranchisement:

- ☑ The premises must consist of a self-contained building or part of a building (section 3(1) and (2), LRHUDA 1993)
- ☑ The premises must contain at least two flats held by qualifying tenants (section 3(1)(b), LRHUDA 1993)
- ☑ At least two-thirds of the flats in the premises must be held by qualifying tenants (section 3(1)(c), LRHUDA 1993).
- ☑ The premises must not be excluded premises

## The Process

- ☑ A Section 13 Notice served on the Freeholder by the Nominee Purchaser
- ☑ The Landlord has 2 months to respond to the notice and produce a Counter Notice to either accept or reject the notice and the leaseholders right to buy the freehold.
- ☑ If two months passes without a Counter-Notice being served, the Nominee Purchaser must apply to the County Court within six months
- ☑ If a Counter-Notice is received, the Freeholder and Nominee Purchaser have six months to negotiate a premium and terms of the transfer
- ☑ If negotiations fail, either the Nominee Purchaser or the Freeholder can apply to the First Tier Tribunal within six months of the Counter-Notice being received
- ☑ Premium agreed and freehold is purchased

## RIGHT OF FIRST REFUSAL

Right of First Refusal is the contractual right of leaseholders to be offered the opportunity to purchase the freehold when a landlord wants to sell the building or part of a building and is obliged to serve notice on the lessees giving them the opportunity to join together and to purchase it.

The premises must satisfy the following criteria to qualify for Right of First Refusal :

- The premises must consist of the whole or part of a building
- The premises contain 2 or more flats held by qualifying tenants
- More than 50% of the flats in the premises are held by qualifying tenant

### **What happens if we were not offered RFR?**

If the freeholder has sold the freehold without offering the right of first refusal , then the leaseholders, if they qualify, may have a right of remedy i.e., to put right this wrong. The original landlord can also face both criminal and civil sanctions.

### **Criminal Offence**

Under section 10A of the LTA 1987, a landlord will be guilty of a criminal offence if, without reasonable excuse, it makes a relevant disposal affecting premises. A person guilty of an offence under section 10A will be liable on summary conviction to a fine not exceeding level 5 on the standard scale (section 10A(2), LTA 1987).

### **Civil liability**

Section 19 of the LTA 1987 allows "any person interested" to enforce the obligations contained in the LTA 1987 against a defaulting party by following a two-stage process:

- A notice should be served on the defaulting party requiring the default to be made good.
- If the default has not been made good within 14 days of the date of service of the default notice, an application may be made to court for an order requiring the default to be remedied.



## **BASIC PROCESS - RFR**

### **NOTICE SERVED**

Landlord serves s.5 notice to tenants of intention to sell the freehold.

### **ACCEPT OFFER**

More than 50% of tenants accept landlord's offer.

### **NOMINEE PURCHASER**

Tenants appoint Nominee Purchaser and form a company to purchase the freehold or enter into participation Agreement

### **CONTRACT DISPATCHED**

Contract dispatched by Landlord to Nominee Purchaser.

### **CONTRACT RETURNED**

Nominee Purchaser returns executed contracts in readiness for completion. A completion date will be agreed and set with the landlord.

### **COMPLETION OF FREEHOLD PURCHASE**

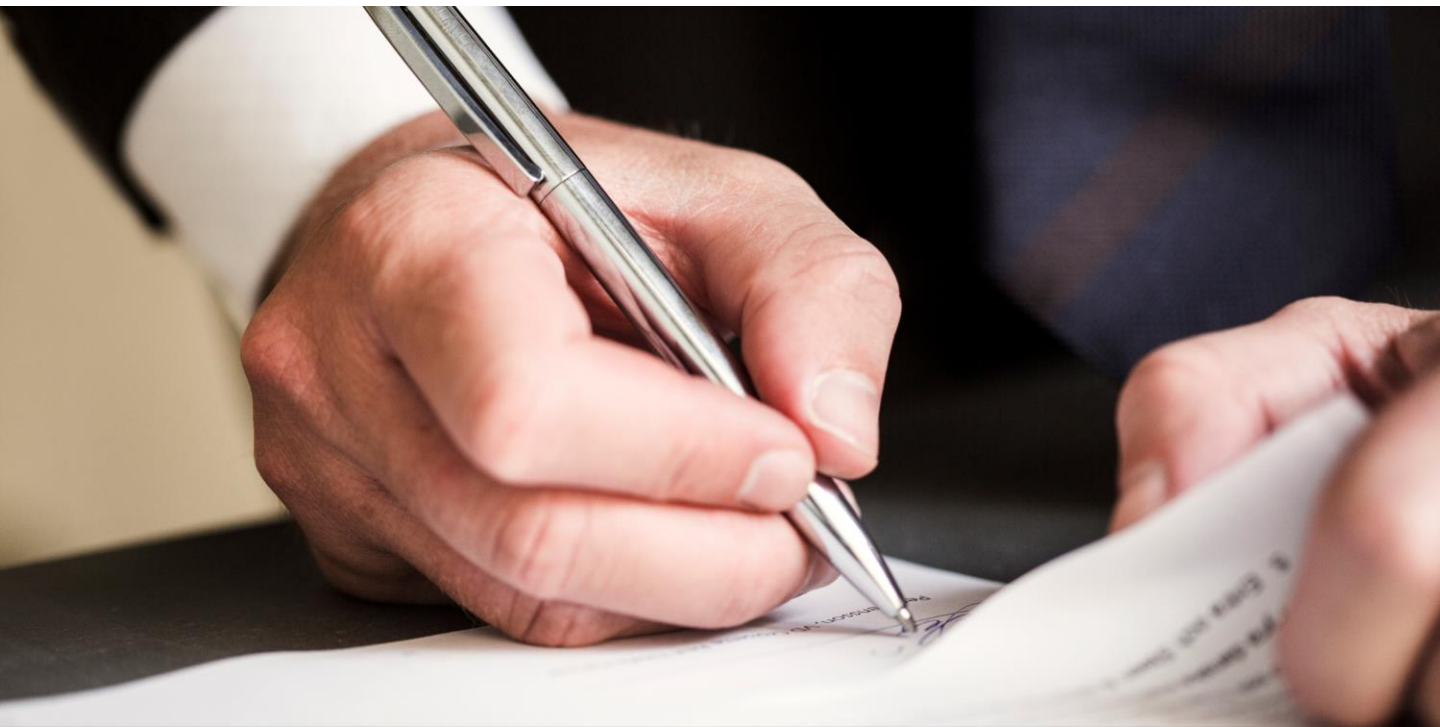
Once both parties hold their signed counterparts and the agreed premium has been paid to the landlord on the completion date the freehold purchase will be complete.

### **POST-COMPLETION**

Once the freehold purchase has completed and the contracts have been dated we will lodge an application to Land Registry to register the change in ownership

## THE MERGING OF TITLES

The merging of titles in a Freehold Purchase refers to the legal process by which two distinct titles, typically held by separate parties, are combined into a single unified ownership. This often occurs when an individual or entity acquires both the land and the building(s) on it, effectively consolidating the interests into one cohesive property. This process is significant as it simplifies the ownership structure and streamlines the legal rights and responsibilities associated with the property. It ensures that the owner has complete control over both the land and any structures on it, granting them full authority to make decisions regarding use, development, and management without the need for separate agreements or permissions. Additionally, merging titles in a Freehold Purchase can lead to a more efficient and straightforward conveyancing process, reducing potential complications that might arise from having multiple, distinct titles associated with a single piece of real estate.



## WHY YOU SHOULD BUY YOUR FREEHOLD



Obtain freedom from your Freeholder. The lease usually contains restrictive covenants prohibiting various actions on the property. If you breach a covenant you could face a legal action from the freeholder and your lease could potentially be terminated. Alternatively you could seek the freeholder's consent at a cost.



Increase your property's marketability. Most lenders will not lend against a short lease because of the risk they face in recovering their security. This limits the number of potential buyers and most potential buyers will be reluctant to have to spend additional monies on the property either to extend the lease or to purchase the freehold.



Save money. Once the remaining lease term reaches 80 years or less, the freehold value will increase substantially and the purchase price will be much higher. It is recommended to purchase the freehold before this point.



Avoid a takeover by professional freeholder owners. Developers usually sell the freehold to a private company on the open market after they have completed a site. The new owner will aim to make a profit from their investment in any way possible.



Add value to your property. If your property has a short lease or onerous ground rent payments it is likely to be valued less than freeholds on the same estate.

## OUR PROCESS & FEES

### Our Process

Our experienced team will take detailed instruction from you to ensure your freehold purchase is carefully navigated to ensure your purchase is completely as smoothly and efficiently as possible.

It is important to instruct a specialist in leasehold enfranchisement to handle both the freehold purchase to ensure the process is followed correctly.

### Our Fees

Our firm handles statutory freehold purchases in three stages – our fee estimates for which are below:

SERVICE	FEE ESTIMATE*	DISBURSEMENTS
Stage 1 - Valuation & Initial Title & Eligibility Checks	£800 + VAT (Subject to Surveyor Fees)	Postage & Copying Bankruptcy Searches Company Search File Storage Fee SDLT Form Fee Lawyer Checker Bank Transfer Fees Land Registry Fees
Stage 2 – Preparing and serving the s.5 notice & negotiations on premium	£750 + VAT	
Stage 3– Negotiations on covenants and all completion matters	£750 + VAT	





## **FREQUENTLY ASKED QUESTIONS**

### **Why does the leaseholder have to pay the freeholders legal costs?**

This is a requirement of the LRA 1967. As the leaseholder is technically a tenant occupying the land which the freeholder owns, they are subject to fees and costs for doing so. Furthermore, as the leaseholder is the one making the application and has the greater interest and benefit of purchasing their freehold, they are the ones required to pay the freeholders legal fees.

### **Why are two valuation reports done?**

This is due to there not being a standardised methodology in the calculation of premium payable for the purchase of a freehold. The valuation process has a variety of contributing factors, including ground rent, term remaining on the existing lease and market value of the property, which determine the price. The valuers that represent each party will reach different figures as they are working in the best interest of their respective clients. The leaseholder's valuer will advise that their client in paying the lower end of the price range and the freeholder's valuer will attempt to assist their client the highest possible value. This will lead to negotiations between both parties.

### **Can I purchase my freehold if I have just bought my property?**

Leaseholders who have just bought can purchase their freehold but only down the voluntary procedure. This will be subject to the landlord's agreement to sell their freehold and agreement to the terms which they set. If the leaseholder wishes to proceed down the statutory route, then they must own the property for two or more years.

### **Can I purchase my freehold if I am selling the property?**

Yes, many leaseholders take this approach. This will help advertise your property and will make the property more attractive to prospective or agreed buyers. Somebody who is selling their property may be able to serve the statutory Section 5 Notice of Claim and assign the benefit over to a buyer before the freehold purchase process is complete. This helps prevent any delays in the completion of the sale of the property and allows for a desirable outcome for all.

### **Will my property be worth more after a freehold purchase?**

Yes, a freehold property does not have the burden of paying ground rent and in effect having a landlord which represents greater value. A property with a short lease, especially under 80 years will not be desirable to purchase and will become more difficult to sell and buyers will almost certainly enquire about the costs to extend the lease. Leases with under 80 years may also restrict the property to cash buyers only as mortgage providers will be hesitant to grant mortgages on short leases. This will lead to the property being less marketable and hence worth less.

## ABOUT US

Monarch Solicitors are a highly accredited commercial law firm boasting offices in Manchester, London, Hong Kong, Turkey and Dubai to serve a diverse client base across both domestic and international clients, with proven success in several international markets.

As a multi-disciplined firm we offer expertise across all areas of law for your personal or business needs and provide a world class service and deliver the best possible results. We have established expertise in the legal disciplines of real estate, corporate, contract, mergers & acquisitions, investment & finance, regulatory and disciplinary, tax, commercial litigation, employment, private client, family law and immigration.

As recognised leaders in our field we hold numerous sector relevant accreditations and received praise for our enviable success record and excellent client services. We pride ourselves on fighting your corner with passion and drive whilst delivering pragmatic, strategic and timely advice, protecting your interests and investments.

With a wealth of experience our highly qualified multi-lingual team (Mandarin, Cantonese, Arabic, Turkish, Hindi, Punjabi and Urdu speaking) provide our clients with the best possible service and expert management of cross jurisdictional issues.

Our trusted team of legal advisors are aware of the commercial realities and provide bespoke advice to high net worth individuals (HNWI's), board level directors, multi-national corporations, local companies through to private clients.

We pride ourselves on ease of communication and apart from the traditional contact methods of telephone and email we also use instant messaging services such as WhatsApp, WeChat, Telegram and IMO so that our clients can contact us with ease.

Contact us to discuss your requirements today.

**Award  
Winning**

**Excellent  
Service**

**Regulated  
Solicitors**



## OUR TEAM



**Serena Amani\***  
C.E.O. & Solicitor



**Alan Lewis**  
Director & Solicitor



**Ian Bowen**  
Director



**Zayn Ahmed**  
Director



**Mohammed Khizar**  
Solicitor



**Joseph Diver**  
Trainee Solicitor



**Saher Qarini**  
Trainee Solicitor



**Janice Cheung**  
Trainee Solicitor



**Charles Hancock**  
Paralegal



**Leah Whitehead**  
Paralegal



**Ellis Haworth-Bowyer**  
Paralegal



**Joanne Lau**  
Licensed Conveyancer



**Bethany Hawkins**  
Paralegal



**Andrew Truong**  
Accounts Manager



**Josh Omri**  
Technical Support

\*Shazda Ahmed is known as Serena Amani.

# ADDITIONAL SERVICES

## PERSONAL SERVICES



### Employment

Bullying & Harassment, Constructive Dismissals, Discrimination, Employee Grievance



### Property

Residential Conveyancing, Right to Manage, Equity Release, Compulsory Purchase Orders



### Lease Extensions

Houses, Flats, Right to Manage, Missing Freeholders, Tribunal, Disputes



### Wills, Trusts & Probates

Will Writing Service, Court of Protection, Inheritance Disputes, Power of Attorney



### Litigation

Debt Recovery, Bankruptcy & Insolvency, Education Disputes, Injunctions, Landlord & Tenant Disputes



### Immigration

Appeal & Judicial Review, British Citizenship & Naturalisation, BNO Passport Holders



### Family Law

Divorce, Pre / Post Nuptial Agreements, Cohabitation Agreements

## BUSINESS SERVICES



### Employment Law

Defending Tribunal Claims, Employment Contracts, Redundancy Procedures



### Commercial Property

Commercial Conveyancing, Commercial Lease, Freeholder Duties, Construction, Compulsory Purchase Orders



### Corporate

Mergers & Acquisitions, Business Sales & Purchases, Corporate Governance, Commercial Contracts



### Commercial Litigation

Contract Disputes, Commercial Debt Recovery, Director & Shareholder Disputes, Defamation



### Business Immigration

Business Visas, Long / Short Term Work Visas, Global Business Mobility Visas, Sponsor Licence



### Finance

Corporate Finance, Bridging Finance, FCA Licensing, Insolvency

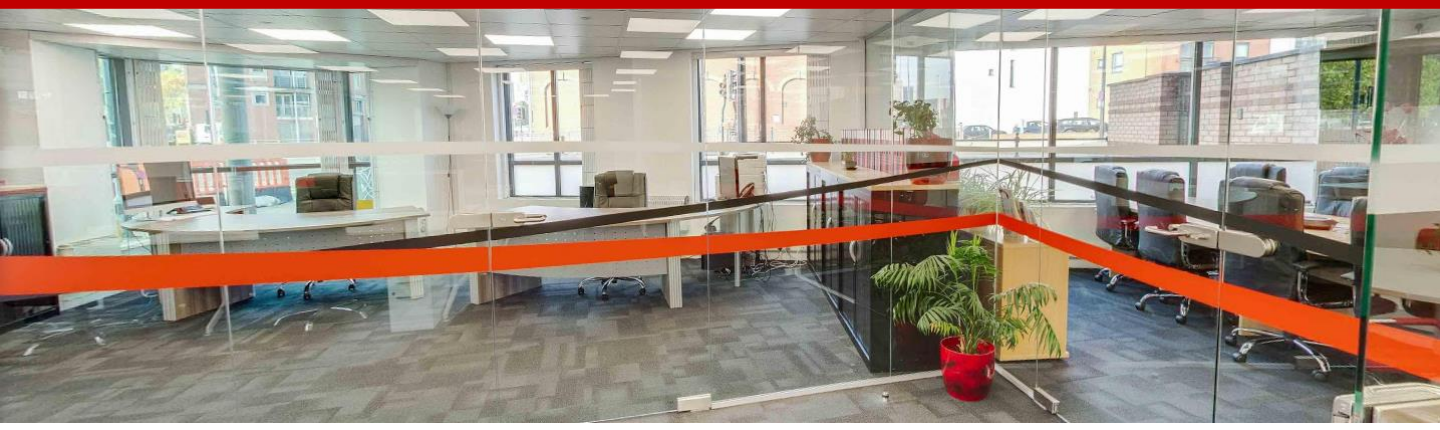


### Regulatory & Disciplinary

Director Disqualification, Trading Standards Investigations, GDPR



# **M** **MONARCH** **S** **SOLICITORS**



## **Manchester Office**

City Point  
156 Chapel Street  
Manchester  
M3 6BF  
**+44 (0) 161 820 8888**

## **London Office**

5 Chancery Lane  
Holborn  
London  
WC2A 1LG  
**+44 (0) 208 889 8888**

## **Hong Kong Office**


Crawford House  
70 Queens Road  
Central  
Hong Kong


## **Dubai Office**


Level 2  
Innovation One  
DIFC  
Dubai, UAE

## **Turkey Office**

World Trade Centre Istanbul  
Yeşilköy Mah., Atatürk Cad. İDTM İş Blokları  
A3 Blok 10/2 D:307-314, 34149 Bakırköy  
İstanbul, Turkey

 **+44 (0) 330 127 8888**

 **+44 (0) 7938 204049**

 **enquiries@monarchsolicitors.com**

 **www.monarchsolicitors.com**

 **WhatsApp**

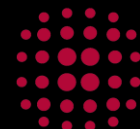


 **WeChat**



**UK Registered Company**

**5 Star Reviews**



**Solicitors  
Regulation  
Authority**