

## Things to know before you buy a flat

**Estate agents are obliged to tell you anything material that may affect your buying decision.**

- There are two main ways of owning property in England and Wales **freehold** and **leasehold**. This one page document briefly explains some of the things you need to know when buying a leasehold property.
- **Freehold** means that you own the land and the building that sits on it. This is usual for most houses but some houses may be leasehold
- **Leasehold** means that you own the flat or house, but not the land that it sits on, for a given number of years (eg 99, 125 or 999 years) under an agreement or contract called a **lease** which gives you the right to occupy and use the flat and share the use of other areas of the building or estate.
- **The lease**  
This is the written agreement that gives you the right to live in and use the property. The same lease is passed on every time the flat is sold, so the length of the lease keeps reducing. You should be aware that if the length of lease left is under 80 years you will generally have to pay a premium to extend it, the amount of which will increase as the lease reduces in number of years left. Most mortgage companies will only lend on a lease that has more than 80 years remaining. Professional advice should be sought.
- **Service charge**  
Your payment, which is usually in advance, of your share of all the costs of maintaining and insuring the building; but the amounts will vary depending on the services provided. Extra service charge called reserve or sinking fund may be collected from you for large, but infrequent works (e.g. external decoration and replacement of the lift, boiler or roof). This enables the cost of major works to be spread over a number of years.
- **Service charge and sinking fund amounts**  
It is important to know what the annual amount you have to pay will be as this will be an ongoing commitment every year. The amount can vary year to year based on what is spent on the building by the managing agent.
- **Managing agent**  
They are appointed to arrange services, repairs, maintenance, improvement, or insurance or to deal with any other aspect of the management, and usually for a building divided into flats. This is usually on behalf of the landlord of the building or may be by a resident management company which gives the leaseholder some control.

### **Disclaimer**

*This information is general in nature and should not be relied on in relation to any particular property purchase. It only applies to properties in England and Wales.*

*You should always take advice from a solicitor or conveyancer before you make a deposit or commit to buying any type of property.*

*It is recommended you search the Internet for terms like "buying a leasehold property" to understand more about the issues.*

More information can be found at: [www.lease-advice.org/documents/Thinking-of-buying-a-flat.pdf](http://www.lease-advice.org/documents/Thinking-of-buying-a-flat.pdf)