Buying a leasehold property will have some differences to the purchase of a freehold property. This guide is aimed at helping you understand those differences and where they arise in the conveyancing process.

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<th>Additional Steps in Leasehold Purchase</th>
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<td>Find a property and make an offer</td>
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<td>Apply for a mortgage</td>
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<td>Instruct a solicitor/licenced conveyancer</td>
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<td>Solicitor receives memorandum of sale from estate agents</td>
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<td>Solicitor writes to seller’s solicitor requesting</td>
<td>Seller’s solicitors will send</td>
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<td>- confirmation of instructions</td>
<td>- Copy of the lease</td>
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<td>- draft contract and proof of title</td>
<td>- Leasehold seller’s property information form completed by the seller</td>
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<td></td>
<td>- Other relevant leasehold title documents such as copy deeds of variation, licences for alterations</td>
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<td>Enquiries made of the landlord or their managing agent on matters relating to the leasehold property, including planned major works, the state of the service charge account and monies being held in a sinking fund. A fee for replying to these enquiries may be requested by the landlord or their managing agent. There is no fixed fee laid down for replying to these enquiries.</td>
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Freehold Purchase (Cont.)

- Buyer’s solicitor will examine documents supplied and raise any additional enquiries.
- Buyer’s solicitor orders
  - local authority search to obtain such information as the planning history of the property.
  - environmental search and water search to see if the property is served by a fresh water supply drainage and sewage.

Leasehold Purchase (Cont.)

Buyer’s solicitor addresses any specific terms of the lease relating to the purchase such as:

- Meeting the requirements of the Council of Mortgage Lenders’ Lenders’ Handbook
- The number of years remaining on the lease (lender’s may not agree to lend where the lease has less than, say, 70 years remaining)
- Ensuring compliance with any requirement for the landlord to consent to the sale
- Any notice to the landlord registering change of ownership and any mortgage and the amount of any fee for such registration ...The amount of the fee per document may be specified in the lease.
- Any special conditions relating to a shared ownership lease where the housing association seek to repossess the property.

Solicitor reports to the buyer on matters arising from the documents obtained
- Contract and any mortgage deed sent to buyer with request to sign and return undated.

Solicitor reports on the lease and highlights any matters of importance
- If the service charge accounts indicate a possibility that there will be a shortfall in the service charge collected for the current year a request will be made of the seller’s solicitor to retain a suitable sum from the net sale proceeds for an appropriate period to meet any shortfall once the final service charge accounts have been prepared

On return of the signed contract and mortgage deed, solicitor acting for the other side is contacted for possible dates for an exchange of contracts and completion of the purchase. If there is a chain it will need to be coordinated.

Contracts exchanged and completion date agreed. A deposit will be paid by the buyer on account of the purchase price.

Buyer’s solicitor requests mortgage advance funds

Buyer’s undertakes pre-completion searches
Buyer’s solicitor sends the seller’s solicitor a request for a completion statement and confirmation that any existing mortgages secured against the property will be paid off from the sale proceeds.

The buyer’s and seller’s solicitors will prepare and submit to their respective clients a completion statement, which will set out all monies received and spent on the client’s behalf and for the buyer the sum required to complete the purchase and for the seller the sum due to the client out of the sale proceeds.

The seller forwards the executed transfer deed and any original title documents.

Seller discharges mortgage if any having requested and received a “redemption figure” from any mortgage lenders (i.e. the specific amount required to pay off the mortgage).

Buyer’s solicitor pays Stamp Duty Land Tax and obtains payment certificate.

Buyer’s solicitor sends confirmation of discharge of the seller’s previous mortgage to buyer’s solicitor.

Buyer’s solicitor makes application to HM Land Registry to record buyer as the new owner.

On confirmation of registration title documents are given to purchaser or the purchasers mortgage lender or are kept safely by purchaser’s solicitor.

An apportionment of any ground rent or service charges paid by the seller in advance will feature in the completion statement. There may be a sum retained by the seller’s solicitor to pay any shortfall in the service charge relating to the current year.

Buyer’s solicitor sends “notice of assignment” (i.e. notice of the least transfer) to landlord and where applicable notice of mortgage with payment of any registration fee.