

## Frequently asked questions

### 1. What is a lease?

A lease is a binding contract between the leaseholder and the landlord giving conditional ownership of a property for a fixed term. The lease sets out the conditions attached to ownership and these conditions are known as covenants. There will be covenants applying to both the leaseholder and the landlord.

### 2. How long is the standard lease?

Leases can be issued for any length of time. However, the properties we sell under the New Build HomeBuy Lease are usually for a term of 99 years.

### 3. Can I extend the term of the lease?

Yes, the period the lease has been issued for can be extended by a qualifying leaseholder. One of the qualifying points is that the share owned is not less than 100%. This can therefore only be done once the remaining shares have been purchased. There is a premium involved.

### 4. What is a covenant?

Covenant is the name used for the agreements or promises contained in the lease.

### 5. What type of covenants will the lease contain?

Your lease explains a number of things, including your responsibility to pay your rent and service charges. It also sets out your repair responsibilities and how you can or cannot behave (not behaving in a manner that causes nuisance), or what you can or cannot do (not running a business from your home, sub-letting the property or making alterations without our consent). The lease will also set out how to buy extra shares or sell your share. For full details of the covenants, speak to your solicitor or contact Newlon Housing Trust.

### 6. What charges do I pay and when?

You will pay rent based on the share of the property that you do not own. This is charged on a monthly basis on the first or fifteenth day of each month. In addition to the rent, you will also pay for buildings insurance and a management fee for managing your rent account. If you live in a flat you will also be required to pay service charges and in some instances ground rent. These charges would continue after you own a 100% share. All charges are reviewed annually, and we will write to you to notify you of any changes to these. If you can't pay for any reason, you should contact us immediately.

### 7. What is a service charge?

If you buy a flat, or a property with communal areas, you will be obliged to pay a service charge. This charge is to cover the cost of communal services such as cleaning of communal hallways, gardening etc. In addition you will pay a management fee to cover the cost of management and administration of the services. If you have communal areas you will also usually contribute towards a 'sinking fund', where we will build up funds for future maintenance requirements such as regular external painting and replacement of shared elements of the building like the roof. We will provide you with an estimated budget of how much we think the services will cost each year and this is what your monthly service charge payments will be based upon. Then, at the end of the financial year when the actual costs are known, we will prepare an annual statement of account and send this to you with a covering letter telling you if the amount paid is enough to cover the actual costs or not. If there is a shortfall greater than £30.00 you will be asked to pay the extra. If you have paid more than you need to and have a credit greater than £30.00 we will refund this to you. Under or over payments of less than £30.00 are carried over to the next accounting period.

## 8. What do we do about insurance?

Newlon Housing Trust is bound by the lease to insure the building and therefore you will not need buildings insurance from your lender or other insurance company. The insurance premium is charged to you monthly and is included in the monthly charge. We do not insure your contents, this is your responsibility.

## 9. Who is responsible for repairs?

The New Build Home Buy Lease is a full repairing lease. This means the leaseholder is responsible for all repairs within their property. Repairs are only carried out by Newlon Housing Trust to communal areas, for example to door entry systems. Costs for any communal repairs will be recovered by the service charge.

## 10. Do I need permission to carry out improvements?

You do need our consent to carry out alterations and improvements to your home. We will ask you to ensure that

you have all the relevant planning and building regulation permissions and will need to see copies.

We will not unreasonably withhold permission but some leases may have restrictions. We charge an administration fee to cover the cost of work involved in considering your application for alterations or improvements to the property.

## 11. Do I need permission for anything else?

Your lease will outline what things we need to consent to. This does vary depending on whether you live in a flat or a house, and may include things like keeping a pet or changing your mortgage.

## 12. Can I buy further shares or sell the shares I own if I want to?

Your lease lets you do a number of things, including buying more shares in your home or selling your share to somebody else if you want to move, and tells you how to do it.

For either selling your share or buying extra shares, you would need to obtain an open market valuation from an RICS qualified valuer. This is to determine the price you would pay for the extra shares or the maximum sale price for your share.

When you wish to sell your share (known as assigning), we have nomination rights under the lease. This means that once the share price has been established we will try and find a buyer for your share from the list of people looking for New Build Homebuy properties in your area. You should not appoint an estate agent to sell your share unless we have been unable to find a buyer for you, within the nomination period (usually eight weeks).

## 13. How can I contact you?

We will be happy to answer any other questions that you might have. You can contact us on **0800 058 2544** or 020 7613 7480. You can also contact us via email on either [sales@newlon.org.uk](mailto:sales@newlon.org.uk) or [homeownership@newlon.org.uk](mailto:homeownership@newlon.org.uk).