

A Guide to your **LEASE**



building
communities

This leaflet is about your New Build HomeBuy Lease (formerly known as a Shared Ownership Lease). You should keep it with the information and paperwork relating to your home.

We have set out below, very briefly, questions customers frequently ask. We are more than happy to discuss these queries with you but, before you purchase, you may wish to ask your solicitor for clarification.

1. What is a lease?

A lease is a binding contract between a 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 a 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 125 years.

3. Can I extend the term of a 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 remaining shares have been purchased. A shared owner does not have the automatic right to extend their lease but can apply under the voluntary process; please contact us for further details.

4. What is a covenant?

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

5. What types of covenant will the lease contain?

Your lease will explain 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 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 how to sell your share. For full details of the covenants, speak to your solicitor or contact Orbit.

6. What happens if I breach a covenant?

If you breach the terms of your lease, for example by not paying your rent or behaving anti-socially, we will make attempts to resolve the situation with you.

If this is unsuccessful, we will inform your mortgage lender that you are breaching the terms of the lease. Depending on the nature of the breach, we will then apply to the County Court or Leasehold Valuation Tribunal for a determination of the case and, if necessary, an enforcement order or injunction.

If all else fails we will apply to the courts or a tribunal for either forfeiture of the lease or repossession of the property.

Failure to comply with the covenants of the lease could result in the loss of your home.

7. What charges do I pay, and when?

You will pay rent based on the share of the property you do not own. This is charged on a monthly basis on the first 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 may also be required to pay ground rent and service charges, and 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.

8. 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 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 estimate 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.

9. What do we do about insurance?

Orbit 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. However, contents insurance is available from our Insurance Department.

10. Who is responsible for repairs?

The New Build HomeBuy Lease is a full repairing lease. This means that it is the leaseholder's responsibility to keep the property in good order. Repairs are only carried out by Orbit to communal areas, for example to door entry systems. Costs for communal repairs will be recovered by the service charge.

11. 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 have certain restrictions. We charge an administration fee to cover the cost of work involved in considering your application for alterations or improvements to the property.

12. 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 such as keeping a pet or changing your mortgage.

13. 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 a suitably 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 to find a buyer for your share from the list of people looking for low-cost homeownership 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.

14. Can I alter the terms and conditions of my lease?

Sometimes, there may be a need to change the terms of your lease by making what is known as a Deed of Variation. This is a very rare occurrence and requires agreement between you and your landlord, or through an order made by the Residential Property Tribunal Service, or sometimes a County Court.

Consent to alter a New Build HomeBuy Lease is also required from the Homes and Communities Agency. The Homes and Communities Agency is our regulator and although not a party to your lease, it is the Government organisation that provides most of the money for low-cost home ownership housing, and it has to make sure that leases are in the proper form to be eligible for public funding. Due to this there will be a clause on the Leasehold Title stating no deed varying the terms of the registered lease may be registered without their consent.

You do not need the permission of the Homes and Communities Agency to carry out anything allowed under the terms of the lease such as buying extra shares or assigning your share.

15. How can I find out more about my rights and my lease?

As a shared owner, your lease gives you a number of rights and responsibilities. You should always seek appropriate advice if you have any queries about your lease. In addition to your solicitor, you may obtain information and advice on your rights and responsibilities from the Leasehold Advisory Service website www.lease-advice.org.uk or by calling **0845 359 1993**

A booklet is also produced by Communities and Local Government, and we can provide you with a copy on request.

16. What should I do if I am unhappy about the service offered by Orbit?

Should you have a dispute with Orbit, we will refer you to our complaints procedure to help resolve the situation. If there are still problems, even when you have exhausted the complaints procedure, you can complain to the Housing Ombudsman Service, known as the Independent Housing Ombudsman. We can tell you how to do this, but if your dispute is over certain matters connected to your lease, for example, the level of service charges or your liability to pay them, then there are other routes of complaint and you should seek appropriate legal advice.

17. How can I contact you?

We will be happy to answer any other questions that you might have. You can contact us on **0800 678 1221** or email your queries to info@orbit.org.uk