

WHAT IS FREEHOLD OWNERSHIP?

Under English property law there are two forms of property ownership – *freehold* and *leasehold*. At present you own your home on what is known as a leasehold basis. This means that the terms of your ownership are set out in a document known as a *lease*.

Your lease contains a lot of small print, but in particular it will deal with the following important matters:

- The length of the lease – called *the term*
- The rent you have to pay – called *the ground rent* – and when you have to pay it
- The responsibility for insuring the property. You may for instance need to have the freeholder's consent to your insurance arrangements or be under an obligation to produce a copy of the policy to the freeholder

- The regulations you must observe during your ownership of the property – called *the covenants*. These can be very extensive and restrictive, and they do vary considerably from lease to lease, but typically they state that you must keep the property in good repair and condition and restrict the use of the use of the property to residential use. Very commonly, and very irritatingly to most owners, the lease will usually lay down that alterations or extensions to the property may only be made with the freeholder's consent. It can be a costly business to comply with the terms of a lease, often involving payment of costs to freeholders, their lawyers and surveyors.

The person entitled to enforce the lease – and receive the rent – is the *freeholder*, commonly known as the *landlord*. His ownership is without limit of time.

Whilst it was very common for houses to be sold off on a leasehold basis up until about 50 years ago – because the landlord wanted to make some money from the rents and control what people did in their houses – now it is seen as out of place in the modern world, and virtually all new homes are sold freehold.

SHOULD I BUY MY FREEHOLD?

The attractions of buying your freehold can be summarised as follows:

- There is no more ground rent to pay – while in many cases it is small, it is important legally and has to be paid. You save yourself the time and effort of dealing with another bill
- You are free from the restrictions in the lease on such things as extensions, insurance etc
- Your ownership of the property is no longer subject to any time restrictions
- The value of your home will undoubtedly increase by more than the amount you spend on the purchase. How much the increase will be depends on a number of factors, but it can be many thousands of pounds in some cases. Even on a low value property, common sense suggests, where a buyer has a choice of two similar properties at similar prices, he will choose the freehold one first

- Finally, there is the intangible and quite indefinable benefit of being able to say that your house is your own and no one else owns any part of it!

If you are attracted by these advantages, then you should be buying your freehold. It will not surprise you that the Government thought so as well, for since 1967 you have had the right to buy your freehold – the problem is that it can be an expensive process. Our policy is, and always has been, to cut the costs in such a way that freehold purchase is easily affordable and within the reach of everyone.

There is no need to use a solicitor, although, of course, you are free to do so. If you wish, we are quite happy to fill in all necessary forms for you and carry out all the paperwork without charge.

WHAT DO I DO NEXT?

If you would like to purchase your freehold, simply send a cheque for the amount set out in the statement – the notes give instructions for payment. We will acknowledge receipt straightaway and, at the same time, ask you for some more information or, if you are using a solicitor, his name and address. The only additional cost is a Land Registry fee of £45.

This leaflet has been prepared by Jonathan Roberts and Janet Thain for use by them and their associated companies. If you would like to discuss anything, please write or telephone:

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PURCHASING YOUR FREEHOLD

The Way Forward

A guide to freehold ownership