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# Myerson **Residential Property**

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**Our guide to buying and  
selling a leasehold property**

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# Welcome

## Why Myerson?

At Myerson, we are experts in dealing with residential property. Putting our clients and their families at the heart of everything we do means we establish long term relationships across generations and act as trusted advisers.

As a Top 200 UK Law Firm, we are also proud to be ranked in many legal disciplines as '**Top Tier**' in the prestigious international directory **The Legal 500**, providing a truly bespoke and personal service.

Unlike others, our Residential Property Team don't deal in bulk conveyancing and we don't use automated systems or teams of conveyancers, to manage your file. This means that we can provide you with a personal bespoke service, tailored to your specific requirements.

Our service to you is prestige. We have a small, close-knit, team of qualified solicitors who have the knowledge and experience to advise and assist on a wide variety of residential property matters.



# Buying and selling leasehold property

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## Introduction

Buying a leasehold property, particularly a leasehold flat, comes with additional obligations and restrictions that would not always apply to the purchase of a freehold house.

It is important to understand the difference between leasehold and freehold properties and this guide sets out some of the key steps and things for you to consider.

## What is a leasehold property?

A leasehold property is one where a lease is granted for a fixed term – usually a term of 125, 250 or 999 years – subject to certain rules and provisions contained within the lease.

The lease gives the owner exclusive use and occupation of the property, subject to paying ground rent to the freeholder and sometimes a service charge to the freeholder or management company as well.

The freeholder is the person or company who owns the land on which the property stands outright.

Leasehold properties are usually flats or apartments but can sometimes be houses.



# What is usually contained in the lease?

The lease will grant you certain rights relating to your property but will also contain restrictions. For example, in a block of flats, the lease will grant you rights over any communal areas to allow you to access your property. It may also grant you a right to park in a particular space.

Rights are granted in a lease to enable you to use or access any fundamental parts of the building which you do not own.

A Lease will also contain restrictions, which are called covenants. They can either be restrictive or positive covenants. Common examples of covenants are:

- not to use the property for any business use;
- not to make any alterations to the property without getting consent first; and;
- not to cause any nuisance or disturbance to any neighbouring property.

There may also be restrictions on being able to rent the property out or take in a lodger.

Breaching the covenants in your lease may result in your lease being terminated so it is essential that they are adhered to. A lease will require you to pay an annual ground rent to the freeholder. In some leases the rent is a 'peppercorn' which is a nominal amount (effectively zero).

Your lease may also require you to pay a contribution towards a service charge – this is a cost which each leaseholder pays towards the general upkeep and maintenance of the building and grounds.

When buying a leasehold property, we will provide you with a comprehensive report which sets out the key rights and covenants in your Lease. We will review the Lease to ensure that it is free from any defects which might affect your use and enjoyment of the property or your ability to sell or mortgage it in the future.



# What is a management company?

A management company can be appointed to handle the day-to-day management of the building.

They will collect service charge from each leaseholder and use it towards the general upkeep and maintenance of the building and any communal areas.

The management company will issue a budget to the leaseholders every year setting out how the service charge is going to be used. They may also set up a reserve fund which can be used to top up the service charge for any unexpected minor works that need carrying out throughout the course of the year.

On completion, you may be asked to become a member of the management company or take shares. You may be asked to become a director. If you are required to do this, it will be set out to you in the report that we provide you with before contracts exchange.

In some cases, management companies are not appointed, and the freeholder will be responsible for the management of the building as well as collecting in the ground rent. The freeholder or management company may appoint a Managing Agent to assist them.



# What happens in the conveyancing process when buying a leasehold property?

We will review the Land Registry title documents and information provided by the seller, as we would do in any usual transaction.

However, in addition to that, we ask the seller's solicitor to provide a full management pack which will usually contain (but is not limited to) the following information:

- Service Charge and Ground Rent accounts.
- A full questionnaire completed by the freeholder or management company (or their agent).
- Information about the building's insurance.
- Any relevant assessment reports, such as a fire risk assessment.
- Any notices served in respect of future works.

We will check all the information provided and raise any questions (called 'title enquiries') with the seller's solicitor that we feel are necessary.

Once we are happy with the information provided by the seller's solicitor, we will prepare a full report on the property for you with all the documents you need to sign, ready to exchange contracts.

Please refer to our guide on purchasing a property for more information on the different stages of the conveyancing process.



# Are there any additional payments I need to make when buying a leasehold property?

The lease will require that notices be served on the freeholder and/or management company or their respective managing agents upon completion.

These notices give them the details of the new buyer so that they can update their records and ensure future demands and notices are sent to the right person.

There is often a fee for these notices to be receipted. In addition, the lease may ask that you enter into a Deed of Covenant (a document in which you confirm that you will observe the terms of the Lease throughout your ownership) or require the freeholder and/or management company to provide a certificate for the Land Registry to confirm that conditions of the lease have been complied with. Again, there may be a fee payable to have these documents receipted.

Each freeholder, management company, and managing agent has its own fees and requirements, so we will not be able to advise you of these specific costs at the outset.



# You're in safe hands!

If you would like further information about how we can help you with your Leasehold, or if you have any questions, please don't hesitate to contact a member of our **Residential Property** today.

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