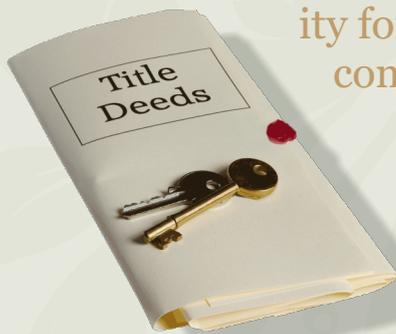


the
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Leasehold and Freehold

Holding property on a leasehold basis can provide security for properties with communal facilities



Some of the most frequent questions arise in relation to the difference between the

property tenure (the conditions under which a property is owned) – Freehold or Leasehold. Freehold is pretty straightforward - outright ownership of the property and land on which it stands.

Leasehold ownership is different. The concept of Leasehold property has existed in Britain for centuries and, especially when acting for overseas buyers, we're asked to explain exactly what it means. Essentially when a property – a house but more usually a flat or apartment, is bought as a leasehold, the buyer is a very long standing tenant (also known as the lessee or the leaseholder) for 100 years plus or however long is left on the lease – which may be a considerably shorter period, with the freehold, (the land and the building), owned by someone else.

The lease is very important as it sets out the conditions, obligations and rights of (1) the purchaser and (2) the land and building owner (the freeholder or landlord – both terms are used).

Although often criticised, holding property on a leasehold basis provides security for properties with communal facilities, such as lifts, gardens, garages which are an integral part of the building. Payment for these facilities is made via the Service Charges levied by the landlord.

The Landlord & Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002) governs all aspects of leasehold ownership and service charges.

When purchasing a leasehold property, and assessing the price, the length of time remaining on the lease is also a key factor. So a leasehold property may on occasions look a bargain but well directed early questions will highlight whether it truly is a good buy.

Leasehold houses are currently under focus by the Government and whilst there are perfectly good reasons for some houses to be leasehold tenure, modern houses sold on this basis are likely to be outlawed in the near future.



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