

CURRENT MEDIA INTEREST IN GROUND RENT AND LEASEHOLD

HomeGround is aware that a number of articles and features which have recently appeared on TV and in other media have caused concern for some residents of the properties we manage. The information below is intended to help any residents who have questions about what they have read or heard, and to add to the information and links we already provide in the “Frequently Asked Questions” section of this site.

Am I a Freeholder or a Leaseholder?

You should be able to find this information in the papers you got from your solicitor when you bought your property. If you can't find this you can look up your property online on the Land Registry's website (www.landregistry.gov.uk) and find out. You can also download a copy of your lease from them, or freehold transfer document for a small fee. If you are a leaseholder and your property is managed by HomeGround, you can register for our Tenant Portal and download a copy of your lease from us free of charge, as we hold electronically almost all leases for the leasehold properties we manage.

I'm a Leaseholder but didn't realise/wasn't told that I didn't own my home outright

Leasehold is a long term secure form of home ownership, and applies to millions of homes across the UK. When you bought your property, your conveyancing solicitor should have explained whether you were buying a leasehold or freehold property, as well as the rights and responsibilities you have. If you bought a property direct from a housebuilder they should also have told you whether you were buying a freehold or leasehold property.

I didn't buy my property from HomeGround so how have you become my Landlord?

HomeGround isn't a Landlord – we represent Landlord companies which buy (mainly) freehold properties from housebuilders and other Landlords who want to sell their freeholds. Our Landlord clients ask HomeGround to manage their property responsibilities for them, and deal with matters like collecting ground rent, administering requests from residents to do things like subletting or making changes to a property, arranging building insurance, and often appointing and supervising independent managing agents who maintain and provide day to day services.

When one of our client Landlords bought your freehold, you would have received our Welcome Pack [click Link] telling you more about us and what we do, as well as a Rent Authority Letter from the solicitors acting for our client which informed you that our client was now your Landlord.

Who is the Landlord? Who owns my property? What do they want from it?

If you are a Leaseholder, and your property is managed by HomeGround, one of our Landlord client companies will be your Landlord, and usually owns the freehold of your property. If you pay Ground Rent, the demands you are sent by HomeGround say who your Landlord is. Our Landlord clients are companies ultimately controlled by large institutional UK investors, mainly major pension providers and insurers. Some of our client Landlords are companies registered in England and Wales, with

records available at Companies House, and others are registered in Guernsey with their records held by the Guernsey Companies Registry.

These investors want to own the freeholds since they see them as secure long term investments, and are particularly interested in making sure the properties they own are well maintained and well looked after because of their long term interest in the property.

I pay Ground Rent – I'm worried about stories saying that you can decide to increase my Ground Rent and charge me thousands of pounds

If you are a Leaseholder you will usually pay Ground Rent to your Landlord. HomeGround collects Ground Rent for its Landlord clients, and you will receive demands from us telling you how much you need to pay, and over what period of time.

The amount of Ground Rent you have to pay is fixed detailed in by your Lease. Most Leases will allow the Ground Rent to be increased during the time your Lease runs for (which is usually at least 125 years), but will say exactly how much you pay during each period of time, or have a formula to work out any increase. These formulas are often linked to inflation over a period of time, like the Retail Prices Index ("RPI"). The increases may also be by fixed amounts again written in your Lease.

Your Landlord itself cannot decide simply to charge you more Ground Rent – it can only do what your Lease says it can. If you need help reading your Lease to check this for yourself you may be able to get free advice from the Leasehold Advisory Service ("LEASE"). There is a link to the LEASE website on this site.

I'm worried that my Lease might have a Ground Rent that doubles every few years, and wasn't told anything about this when I bought my home

The amount of Ground Rent you have to pay is fixed by your Lease, which will also state how it can increase. You can check your Lease to find this out, and if you are still not sure, get advice from a solicitor or from a free leasehold advice resource like LEASE (see above). You should have been told by your conveyancing solicitor when you bought your home what your Lease said about paying Ground Rent and how it will increase over the years.

Some housebuilders decided to sell leasehold homes with Leases including doubling Ground Rent, which have had media attention recently. If you think you are affected you should check what you were told by the housebuilder (if you bought your home newly built), and in any event by the conveyancing solicitor you used when you bought your home. If you think you were not properly advised about this you should complain to them. All solicitors' firms are independently regulated by the Solicitors Regulation Authority ("SRA"). You can also take independent legal advice about your rights if this situation applies to you.

Aren't Leases with doubling Ground Rents illegal? Why do your clients have such Leases?

These Leases are legal, despite what you may have read or heard in the media. They were sold on to our Landlord clients, who bought them in good faith, by the housebuilder who created them. The underlying lease terms have not changed.

Why do I only have a Lease if my home is a house? Is this right?

Most homes which are leasehold are more often than not in a block of flats, but there are also many houses which have been sold as long term leasehold properties to homeowners by housebuilders.

Neither HomeGround, nor our clients, are aware of the conversations and promises which may have taken place between the marketing representatives of the housebuilder and the prospective

homeowner when a house was first sold as a leasehold and not a freehold, but your conveyancing solicitor should have explained the difference to you very clearly during the buying process. A number of our Landlord clients have bought their freehold properties as part of their long term investment strategy as part of property portfolios including a mixture of both leasehold flats and houses.

I own a house with a Lease and don't want to have a Landlord any more – how do I achieve that?

If you are a Leaseholder of a house you have the right to buy the freehold, providing you meet some basic criteria. Your right to do this, and how the price will be worked out is all explained in legislation. You can read guidance about what you need to do on the LEASE website (see above). Most people will need help from a surveyor as well as a solicitor to work out the price they will have to pay and to help them go through the formal claim process.

HomeGround can also give you a quote for a price that the Landlord is willing to sell the freehold of your house to you informally, which may save some of the fees you would have to pay for advice from a surveyor and solicitors. The quote we would give you would include an allowance for the Landlord's costs. You can find out more about the procedure we follow under the "*Our Services*" section on this site. Just click on the link "*Freehold Purchase Request*".

If you are the owner of a leasehold flat, you can also find out about how to extend your Lease – see the link for "*Lease Extension Request*"

I've heard about this – aren't you overcharging Leaseholders and forcing us to pay an extortionate price for the freehold?

The quotes we give to leaseholders of properties who want to buy their freehold are based on the value of that freehold to our Landlord client, plus an allowance for its costs of selling to you. Any leaseholder who gets a quote has the right to accept it, say no, or negotiate by offering a different price. There is no obligation on you to accept the price quoted if you don't want to. We strongly urge any leaseholder who is unhappy with a quote to get advice from a surveyor about their rights, and their own valuation of the freehold.

You also don't have to negotiate with us, or get an informal quote if you don't want to. You can simply choose to make a formal claim using your rights in the legislation. If you do that and we cannot agree on the price for your freehold, you can have the price decided by the independent specialist Property Tribunal which is part of the UK court system. The Landlord will then have to sell you the freehold at the price the Tribunal decides, but will also be entitled to recover its reasonable legal and other professional costs from you.

What if the housebuilder offered to sell me the freehold of my house for a fixed amount a short time ago? Don't you have to do the same? Aren't you just profiteering from owning these freehold houses?

If you own a leasehold house your right to buy the freehold is the same no matter who owns it, and you can have the freehold price worked out under the same method in the legislation. If you bought from a housebuilder, they might have offered to sell you the freehold at a discounted price. That offer doesn't bind your current Landlord, and may not reflect what your Landlord had paid the housebuilder for the freehold. However none of that changes your right to buy your freehold, and have the price decided independently, if you want to.

I've heard that companies like you are charging very high fees and that your charges are unfair

This is simply not true. We manage both Leasehold and Freehold properties where the Lease (or Freehold Transfer) includes rules and regulations about how the property should be used and looked after. These rules and regulations are sometimes referred to as "covenants", "obligations" or with other similar terms. As the owner of the property you have agreed to comply with these rules and regulations, and where our Landlord client is the freeholder it has also agreed to do certain things for you.

These can be rules about activities you or the Landlord has to do, such as:

- Pay ground rent, how much and when
- Keep your property well maintained and safe
- Tell the Landlord when you sell or move out of the property
- Make sure the building or estate your property is part of is properly insured

They can also be about things you or the Landlord cannot do, such as:

- Renting your property out without telling the Landlord first
- Making structural changes to your property which affect other parts of your building and inconvenience other residents
- On a Landlord's part, making sure the rights you have to use your property are protected

Most of these rules are to make sure that your home and the residents of other neighbouring homes are properly looked after, and that one resident's actions do not cause harm or inconvenience to others. HomeGround is appointed to do all the things required by these rules on the Landlord's behalf, and the administrative fees we collect for our Landlord clients cover the cost of doing this work. Not all the work done by HomeGround, which is of benefit to residents of the properties we manage, is charged for. For example, our Estates Management team appoints and oversees managing agents for a large number of our properties, in order to make sure these properties are being looked after properly and that residents' interests are protected. They will also attend meetings directly with residents to try and assist where there are problems. HomeGround takes no fees from the managing agents we appoint, or from the services those agents arrange. Neither are any charges for this activity made to residents.

HomeGround regularly benchmarks its administrative fees with the aim of these being amongst the most reasonable in the Landlord services market. All leaseholders have the added protection of Landlord and Tenant legislation which restricts the level of administrative fees companies like HomeGround can charge.

We are confident that both our charging structure and the reasons why and when we do raise charges are proper, fair and reasonable.

Don't you just use managing agents who are in your pocket and let them rack up extortionate service charges?

Neither HomeGround nor any of its Landlord clients have any connection or financial interest in any of the managing agents we use to manage our properties. We get no incentives or money from any managing agent we appoint. These appointments are at arm's length, and usually by competitive tender.

We don't control the appointment of all managing agents in our portfolio, as many properties have a third party Management Company written into their Leases or Freehold Transfers, and that company has the right to appoint the agent, rather than us. However if there are problems over day to day management, we will always help residents if we can.

Where we do have the power to appoint the managing agent, if residents are unhappy with the way their property is being managed, or we find evidence of poor management such as overcharging, HomeGround will work with the residents to find a new and more suitable agent. Often our Estates Management team will invite a range of agents to tender based on the service needs of the property, including the agents' proposed management fee. We will then review the bids before making a recommendation to residents, together with details from each of the bids, to explain our recommendation.

What money do you make out of me as a Leaseholder or Freeholder?

The money collected by HomeGround, and income earned by HomeGround on behalf of its Landlord clients is made up of the following categories. Not all will apply to every property.

- Ground Rent (for leasehold properties), and fixed rent charge (if applicable – for freehold properties)
- Administration charges for Landlord consents (such as subletting, making alterations or permission to keep pets), and for formalities relating to sales and transfers of properties
- Late payment fees if for example the Ground Rent is not paid on time, and in some cases, additional administration fees when somebody has not complied with other rules in their Lease (this is called a "breach of covenant")
- Commission on insurance premiums where building insurance cover is a Landlord responsibility and is arranged by HomeGround – this commission is in return for administration and claims services agreed with independent insurance brokers appointed by our Landlord clients.
- Premiums and administration fees paid by leaseholders for Lease extensions and freehold sales of houses
- Premiums and administration fees paid by residents for some permissions to do substantial alterations or additions to their properties, such as extensions or garage conversions
- Recovering our costs for dealing with work or requests when we are allowed to by legislation or they are awarded by a Court or Tribunal – e.g. right to manage claims, or other disputes

We publish many of our standard administration fees on our website as part of our procedures guidance. We make no other charges to residents. For clarity we do not take any other forms of commission whatsoever, from third parties.