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**dated**  **20[]**

**[ ] as Landlord**

and

**[ ] as Leaseholder**

NOTE FUNDAMENTAL CLAUSES HIGHLIGHTED BLUE

**Shared Ownership Lease of a House**

|  |  |
| --- | --- |
| Trowers & Hamlins LLP  55 Princess Street  Manchester  M2 4EW  **t** +44 (0)161 838 2000  **f** +44 (0)161 838 2001  www.trowers.com | 1 |
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in relation to [ ]

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**HM Land Registry**

**Prescribed clauses**

|  |  |  |  |
| --- | --- | --- | --- |
| **LR1** | **Date of Lease** | | |
| **LR2** | **Title number(s)** | | |
| **LR2.1** | **Landlord's title number(s)**  Title number(s) out of which this lease is granted. Leave blank if not registered.  [insert as applicable] | | |
| **LR2.2** | **Other title numbers**  Existing title number(s) against which entries of matters referred to in LR9, LR10, LR11 and LR13 are to be made.  [insert as applicable] | | |
| **LR3** | **Parties to this** **lease**  Give full names and addresses of each of the parties. For UK incorporated companies and limited liability partnerships, also give the registered number including any prefix. For overseas companies, also give the territory of incorporation and, if appropriate, the registered number in the United Kingdom, including any prefix. | | |
|  | **Landlord:** | [insert as applicable] | |
|  | **Tenant:** | [insert as applicable]and in this lease referred to as the "the Leaseholder" | |
|  | **Other parties:**  Specify capacity of each party, for example "management company", "guarantor", etc. |  | |
| **LR4** | **Property**  Insert a full description of the land being leased or refer to the clause, schedule or paragraph of a schedule in this lease in which the land being leased is more fully described. Where there is a letting of part of a registered title, a plan must be attached to this lease and any floor levels must be specified. **In the case of a conflict between this clause and the remainder of this** **lease then, for the purposes of registration, this clause shall prevail.**  [insert as applicable]and in this lease referred to as "the Premises" | | |
| **LR5** | **Prescribed statements etc.**  If this lease includes a statement falling within LR5.1, insert under that sub-clause the relevant statement or refer to the clause, schedule or paragraph of a schedule in this lease which contains the statement. In LR5.2, omit or delete those Acts which do not apply to this lease. | | |
| **LR5.1** | **Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (****leases under the** **Leasehold Reform, Housing and Urban Development Act 1993) of the** **Land Registration Rules 2003.**  [insert as applicable] | | |
| **LR5.2** | **This** **lease is made under, or by reference to, provisions of:** **Leasehold Reform Act 1967,** **Housing Act 1985,** **Housing Act 1988 or** **Housing Act 1996**  Not applicable | | |
| **LR6** | **Term for which the** **Property is leased**  Include only the appropriate statement (duly completed) from the three options.  NOTE: The information you provide, or refer to, here will be used as part of the particulars to identify the lease under rule 6 of the Land Registration Rules 2003.  [Insert as applicable] | | |
|  | Option A  From and including: | |  |
|  | To and including: | |  |
|  | Option B  The term as specified in this lease at clause/schedule/ | | |
|  | Option C  The term is as follows: | | |
| **LR7** | **Premium**  Specify the total premium, inclusive of any VAT where payable.  [insert as applicable] | | |
| **LR8** | **Prohibitions or restrictions on disposing of this** **lease**  Include whichever of the two statements is appropriate. Do not set out here the wording of the provision.  This lease contains a provision that prohibits or restricts dispositions. | | |
| **LR9** | **Rights of acquisition etc.**  Insert the relevant provisions in the sub-clauses or refer to the clause, schedule or paragraph of a schedule in this lease which contains the provisions.  [insert as applicable] | | |
| **LR9.1** | **Tenant's contractual rights to renew this** **lease, to acquire the reversion or another** **lease of the** **Property, or to acquire an interest in other land**  [insert as applicable] | | |
| **LR9.2** | **Tenant's covenant to (or offer to) surrender this** **lease**  [As specified in clause ‎5.8] | | |
| **LR9.3** | **Landlord's contractual rights to acquire this** **lease**  [insert as applicable] | | |
| **LR10** | **Restrictive covenants given in this** **lease by the** **Landlord in respect of land other than the** **Property**  Insert the relevant provisions or refer to the clause, schedule or paragraph of a schedule in this lease which contains the provisions.  [None/insert as applicable] | | |
| **LR11** | **Easements**  *Refer here only to the clause, schedule or paragraph of a schedule in this* *lease which sets out the easements.* | | |
| **LR11.1** | **Easements granted by this** **lease for the benefit of the** **Property**  [As specified in Schedule 2/insert as applicable] | | |
| **LR11.2** | **Easements granted or reserved by this** **lease over the** **Property for the benefit of other property**  [As specified in Schedule 3/insert as applicable] | | |
| **LR12** | **Estate rentcharge burdening the** **Property**  Refer here only to the clause, schedule or paragraph of a schedule in this lease which sets out the rentcharge.  Not applicable | | |
| **LR13** | **Application for standard form of restriction**  Set out the full text of the standard form of restriction and the title against which it is to be entered. If you wish to apply for more than one standard form of restriction use this clause to apply for each of them, tell us who is applying against which title and set out the full text of the restriction you are applying for. Standard forms of restriction are set out in Schedule 4 to the Land Registration Rules 2003.  The Parties to this lease apply to enter the following standard form of restriction against the title of the Property  "No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a certificate signed by the proprietor for the time being of the estate registered under title number [specify title number] [or [their conveyancer or specify appropriate details]] that the provisions of clause ‎3.19 of the registered lease have been complied with [or that they do not apply to the disposition]."  /  [insert as applicable] | | |
| **LR14** | **Declaration of trust where there is more than one person comprising the** **Tenant**  If the Tenant is one person, omit or delete all the alternative statements.  If the Tenant is more than one person, complete this clause by omitting or deleting all inapplicable alternative statements.  Option A  The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants  Option B  The Tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares.  Option C  The Tenant is more than one person. They are to hold the Property on trust Complete as necessary. | | |

**Particulars**

|  |  |
| --- | --- |
| **Account Year** | a year ending on [31 March] or such other date as designated by the Landlord from time to time and notified to the Leaseholder in writing |
| **Commencement Date** | [ ][[1]](#footnote-1) |
| **Gross Rent** | £[                   ] per annum, subject to review in accordance with ‎Schedule 4 |
| **Initial Additional Percentage Value (for 1% Staircasing at the date of this lease)** | the sum of £[                            ] |
| **Initial Market Value** | the sum of £[                            ] |
| **Initial Percentage** | [ ]% |
| **Initial Repair Period** | a period of ten Years from the date of this Lease and ending on the Initial Repair Period End Date[[2]](#footnote-2) |
| **Initial Repair Period End Date** | [ ] or, if earlier, the date of Final Staircasing |
| **Premium** | the sum of £[                           ] |
| **Review Date** | [                           ] and each successive [                       ] during the Term and the term the **Relevant Review Date** shall be construed accordingly |
| **[****Specified Proportion][[3]](#footnote-3)** | [         %]/[a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably)] |
| **Specified Rent** | a sum equal to the Unacquired Percentage of the Gross Rent (the Specified Rent on the date of this lease being £[ ] [or (if greater) the Minimum Rent]) |
| **Term** | [990] years from and including the Commencement Date |

Shared Ownership Lease of a House

Dated

Parties

1. **[                             ]** [(company no [                      ])] whose registered office is at [                                                            ] [registered with the Regulator of Social Housing under number [                             ]] [and which is a registered society as defined in section 1 Co-operative and Community Benefit Societies Act 2014 under number [            ]] (the **Landlord**)
2. **[                              ]** of [                                        ] (the **Leaseholder**)

Agreed terms

1. Definitions and Interpretations
   1. In this Lease:

**Account Year** has the meaning set out in the Particulars;

**Acquired Percentage** means the percentage figure equal to the aggregate of the Initial Percentage and any Portioned Percentage or Portioned Percentages paid for pursuant to Schedule 5 and any Additional Percentage or Additional Percentages paid for pursuant to Schedule 7;

**[Authorised Person** means the individual nominated by the Landlord to estimate expenditure in relation to the Service Provision in accordance with clause ‎7.3;]

**Bank Rate of the Bank of England** means the interest base rate set by the Bank of England or any statutory successor or replacement body from time to time**;**

**Commencement Date** has the meaning set out in the Particulars;

**Communal Facilities** means party walls, fences, gutters, drains, roadways, pavements, entrance ways, staircases, lavatories, accessways, passages, lifts, escalators, turntables, courtyards, external paviours, car parks and service or loading areas, service roads and other such amenities within the [Landlord's Estate] which are or may be used or enjoyed by an occupier of the Premises in common with any other person or persons;

**Default** means:

* + - 1. the existence of arrears of at least three months' payments in respect of the Loan; or
      2. any other breach by the Leaseholder of the terms applicable to the Loan;

**Enforcement Date** means the date on which the Mortgagee commences its enforcement of any of the security for the Loan by reason of a Default;

**Final Staircasing** means the purchase by the Leaseholder from the Landlord of such Portioned Percentage (or Additional Percentage pursuant to Schedule 7) that reduces the Unacquired Percentage to nil;

**Gross Rent** has the meaning set out in the Particulars;

**Homes England** means the executive non-departmental public body, sponsored by the Ministry of Housing, Communities & Local Government and shall include any statutory successor or replacement body**;**

**Initial Market Value** has the meaning set out in the Particulars;

**Initial Percentage** has the meaning set out in the Particulars;

**Initial Repair Period** has the meaning set out in the Particulars**;**

**Initial Repair Period End Date** has the meaning set out in the Particulars;

**Landlord** includes the Landlord's successors in title and assigns from time to time entitled to the immediate reversion to this Lease;

**[Landlord's Estate** means [ ]];

**Law Society Standard Conditions of Sale** means the most up to date edition of the Standard Conditions of Sale as published by the Law Society from time to time, being at the date of this Lease the [Standard Conditions of Sale (Fifth Edition – 2018 Revision)] or such alternative conditions agreed to be used by both parties;

**Lease** includes any documents supplemental to this lease;

**Leaseholder** includes the Leaseholder's successors in title and assigns in whom this Lease may for the time being be vested;

**Loan** means the loans made by the Mortgagee to the Leaseholder (after first obtaining the Landlord's written consent to each and all such loans) and which loans are secured by a valid and binding first ranking mortgage over the Premises. For the purposes of this definition repayments of capital shall not reduce the Loan;

**Loss** means

the amount by which the aggregate of (a) to (g) below:

* + - 1. a sum representing the Loan advanced for the purchase of the Initial Percentage share in the Premises;
      2. the Loan made (if any) to accomplish Final Staircasing in the Premises as part of the enforcement process or as a result of further Loan being made;
      3. Loans for other sums in relation to the Premises or any other purpose;
      4. interest accruing at the rate applicable to the Loan;
      5. costs incurred in relation to the enforcement of the Loan or any security for it (including advances to cover arrears of rent and service charges) provided that costs of actual disposal shall not exceed 3% of Market Value at the time;
      6. costs incurred in relation to the protection or preservation of the Loan or any security for it; and
      7. any other sums due to the Mortgagee in respect of the Loan made to the Leaseholder;

less any repayments which have been made in relation to (a) to (g)

exceeds the aggregate of A and B below:

the gross sale proceeds to be received from a disposal (including a surrender) of the Leaseholders interest in the Premises; and

all amounts (if any) received by the Mortgagee as a result of the enforcement by the Mortgagee of all (if any) security which the Mortgagee may have including, without limitation, all security, guarantees and insurance policies given to the Mortgagee;

**Market Value** shall at the date of this lease mean the Initial Market Value and shall at any subsequent date mean the price which the interest of the Leaseholder would then fetch if sold on the open market by a willing seller upon the terms and conditions contained in this Lease and on the assumption that the Unacquired Percentage is nil and disregarding the following matters:

* + - 1. any mortgage of the Leaseholder's interest;
      2. any interest in or right over the Premises created by the Leaseholder;
      3. any improvement made by the Leaseholder or any predecessor in title of the Leaseholder; and
      4. any failure by the Leaseholder or any predecessor in title to carry out the obligations contained in clause ‎3.5 (Repair) and clause ‎3.6 (Decoration );

**Minimum Rent** means one peppercorn per month (if demanded);

**Mortgagee** means a lender who shall have made available to the Leaseholder a Loan (which expression includes its successors and assigns and also any persons for whom the Mortgagee is acting as agent or trustee);

**Mortgagee Protection Claim** means the Loss capped at a maximum of the aggregate of:

* + - 1. an amount equivalent to interest on the Loan for a period of 18 months from the Enforcement Date at the interest rate applicable to the Loan immediately before the Enforcement Date;
      2. the Loan;
      3. any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or other sums payable under this Lease; and
      4. any costs and fees incurred in enforcing the Mortgagee's security for the Loan (capped at 3% of Market Value at the time of such enforcement);

**Outgoings** means (in relation to the Premises) all existing and future rates, taxes, charges, assessments, impositions and outgoings whatsoever (whether parliamentary or local) which are now or may at any time be payable, charged or assessed on property, or the owner or occupier of property;

**Particulars** means the Particulars set out in this Lease directly after the Prescribed Clauses;

**Permitted Use** means a single private residence in the occupation of a single household provided that this restriction shall not prevent occupiers of the Premises working from a home office where such use is not inconsistent with residential occupation;

**Portioned Percentage** means at any relevant time (including for the avoidance of doubt on Final Staircasing) the percentage interest in the Premises which the Leaseholder proposes to acquire under the provisions of ‎‎Schedule 5 (Staircasing) being a portion of the then Market Value of the Premises up to a maximum of 100%, each Portioned Percentage being at least 5% (other than where the purchase of an Additional Percentage pursuant to Schedule 7 has resulted in an Unacquired Percentage of less than 5%);

**Premises** means the premises described in Schedule 1;

**Premium** has the meaning set out in the Particulars;

**Review Date** has the meaning set out in the Particulars;

**[Service Charge** means the Specified Proportion of the Service Provision;]

**Service Media** means drains, sewers, conduits, flues, gutters, gullies, channels, ducts, shafts, watercourses, pipes, cables, wires, mains, electrical risers, aerials and any other conducting media;

**[Service Provision** means the sum calculated in accordance with clause ‎7.3, clause ‎7.4 and clause ‎7.5;]

[**Shared Accessway** means];

[**Specified Proportion** has the meaning set out in the Particulars];

**Specified Rent** has the meaning set out in the Particulars;

**Term** has the meaning set out in the Particulars;

[**Transfer** means [details of Transfer Deed to Landlord]]**;**

**Unacquired Percentage** shall mean the percentage figure equal to 100% less the Acquired Percentage;

**Valuer** means an independent expert who is an associate or fellow of the Royal Institution of Chartered Surveyors agreed between the Landlord and the Leaseholder or in default of agreement appointed on the application of either Landlord or Leaseholder by or on behalf of the president of the Royal Institution of Chartered Surveyors; and

**Valuer's Certificate** means a written certificate from an associate or fellow of the Royal Institution of Chartered Surveyors confirming the Market Value.

* 1. In this Lease the terms defined shall have the meanings specified.
  2. Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done.
  3. Where the Leaseholder is placed under a restriction in this Lease, the restriction includes the obligation on the Leaseholder not to permit or allow the infringement of the restriction by any person.
  4. References to liability include, where the context allows, claims, demands, proceedings, damages, losses, costs and expenses.
  5. The clause and paragraph headings in this Lease are for ease of reference only and are not to be taken into account in the interpretation of any provision to which they refer.
  6. Unless the contrary intention appears, references:
     1. to defined terms are references to the relevant defined terms;
     2. to numbered clauses and Schedules are references to the relevant clause in, or Schedule to, this Lease; and
     3. to a numbered paragraph in any Schedule are references to the relevant paragraph in that Schedule.
  7. Words in this Lease denoting the singular include the plural meaning and vice versa.
  8. References in this Lease to any statutes or statutory instruments include any statute or statutory instrument amending, consolidating or replacing them respectively from time to time in force, and references to a statute include statutory instruments and regulations made pursuant to it.
  9. Words in this Lease importing one gender include both genders, and may be used interchangeably, and words denoting natural persons, where the context allows, include corporations and vice versa.
  10. Words and expressions which appear in the first column of the Particulars, shall in this Lease have the meaning shown opposite them in the second column of the Particulars.

1. The letting terms
   1. In consideration of the Premium (receipt of which the Landlord acknowledges), the Specified Rent and the Leaseholder's covenants in this Lease the Landlord lets the Premises to the Leaseholder:
      1. together with the rights set out in Schedule 2; but
      2. subject to and with the benefit of the provisions set out in Schedule 5, Schedule 6 and Schedule 7; and
      3. except and reserved to the Landlord the rights set out in Schedule 3;
      4. for the Term;

the Leaseholder paying during the Term the Specified Rent (subject to revision under Schedule 4) by equal monthly payments in advance on the first day of each month, the first payment to be made on the date of this Lease.

1. Leaseholder's Obligations

The Leaseholder covenants with the Landlord as follows.

* 1. Pay rent

To pay the Specified Rent at the times and in the manner mentioned in clause ‎2 and all other monies due under this Lease without deduction.

* 1. Interest

To pay interest calculated on a day to day basis at an annual rate of 3% above the Bank Rate of the Bank of England for the time being in force on so much of the Specified Rent or any other monies due to the Landlord under this Lease that remain unpaid for a period of 14 days after becoming due for payment.

* 1. Insurance premiums

To refund to the Landlord on demand [a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably) of] the insurance premiums incurred by the Landlord in connection with the Premises.

* 1. Outgoings
     1. To pay Outgoings.
     2. To refund to the Landlord on demand (where Outgoings relate to the whole or part of property which includes the Premises) a fair and proper proportion of Outgoings attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably).
     3. To pay to the Landlord on demand a fair and proper proportion (to be conclusively determined by the Landlord (who shall act reasonably)) of:
        1. the expense of cleaning, lighting, repairing, renewing, decorating, maintaining and rebuilding any Communal Facilities; and
        2. the reasonable costs, charges and expenses incurred by the Landlord in connection with the provision, maintenance and management of the Communal Facilities.
     4. [To pay a proportionate part of the cost of repairing, maintaining and renewing the Shared Accessway according to user.]
     5. [To pay to the Landlord (or to any other party whom the Landlord may from time to time direct) upon demand such fair and reasonable proportion of all sums due pursuant to the Transfer and payable by the Landlord such proportion to be conclusively determined by the Landlord (acting reasonably) and to fully and effectually indemnify the Landlord against any breach non-performance or non-observance of this obligation (insofar as the same relate to or affect the Premises).]
     6. For the purposes of clause ‎3.4.3 [‎3.4.4 and ‎3.4.5], the provisions of sections 18 to 30B (inclusive) of the Landlord and Tenant Act 1985 and of Part V of the Landlord and Tenant Act 1987 shall apply.
  2. Repair

Subject to Schedule 6, to repair and keep the Premises in good and substantial repair and condition (except in respect of damage by risks insured under clause ‎4.2 unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) provided that the Leaseholder shall not be liable by virtue of this clause ‎3.5 to execute or do any works which fall within the scope of paragraph 2 of Schedule 6.

* 1. Decoration

As often as is reasonably necessary and in the last month of the Term in a proper and workmanlike manner (and in the last month of the Term in colours approved by the Landlord) to paint, paper, treat and generally decorate in a style appropriate to property of a like character all [the inside and outside] of the Premises previously or usually so painted, papered, treated and decorated.

* 1. Provide floor coverings

To provide suitable carpets or such other suitable floor coverings to the floors of the Premises.

* 1. Repair damage to Communal Facilities

In respect of any damage or disrepair to the Communal Facilities caused or contributed to by any act, neglect or default of the Leaseholder or the Leaseholder's household, servants or licensees or by any other person under the control of the Leaseholder, at the option of the Landlord, the Leaseholder will on demand indemnify the Landlord in respect of all costs, charges and expenses incurred by the Landlord in repairing, making good, renewing and/or reinstating such damage or disrepair.

* 1. Not to alter
     1. Not to:
        1. make any alterations or additions to the exterior of the Premises;
        2. make any structural alterations or structural additions to the Premises;
        3. erect any new buildings on the Premises; or
        4. remove any of the Landlord's fixtures from the Premises.
     2. Not to make any alteration or addition of a non-structural nature to the interior of the Premises without the previous written consent of the Landlord (such consent not to be unreasonably withheld).
  2. Comply with requirements of public authorities

To execute and do at the expense of the Leaseholder all works and things as may at any time during the Term be directed or required by any national or local or other public authority to be executed or done upon or in respect of the Premises or any part of the Premises provided that the Leaseholder shall not be liable by virtue of this clause ‎3.10 to execute or do any works which fall within the scope of paragraph 2 of Schedule 6.

* 1. Provide copies of notices

Promptly to serve on the Landlord a copy of any notice, order or proposal relating to the Premises and served on the Leaseholder by any national, local or other public authority.

* 1. Expenses of the Landlord
     1. To pay all costs, charges and expenses (including solicitors' costs and surveyors' fees) reasonably incurred by the Landlord:
        1. for the purpose of or incidental to the preparation and service of a notice under section 146 or section 147 of the Law of Property Act 1925 even if forfeiture is avoided otherwise than by relief by the court; or
        2. otherwise incurred by the Landlord in respect of any breach of covenant by the Leaseholder under this Lease.
  2. Obtain consents

To obtain all licences, permissions and consents and do all works and things and pay all expenses required or imposed by any existing or future legislation in respect of any works carried out by the Leaseholder on the Premises or any part of the Premises or in respect of any use of the Premises during the Term.

* 1. Landlord's right of inspection and right of repair
     1. To permit the Landlord and its employees or agents at reasonable times to enter the Premises and examine their condition and also to take a schedule of fixtures and fittings in the Premises.
     2. If any breach of covenant, defects, disrepair, removal of fixtures and fittings or unauthorised alterations or additions are found on inspection for which the Leaseholder is liable, then, on notice from the Landlord, to execute to the reasonable satisfaction of the Landlord or the Landlord's surveyor all repairs, works, replacements or removals required within three months (or sooner if necessary) after receipt of notice.
     3. If the Leaseholder fails to comply with a notice under clause ‎3.14.2, the Landlord may itself or by its workpeople or agents enter the Premises and execute the repairs, works, replacements or removals.
     4. To pay to the Landlord on demand all expenses incurred under clause ‎3.14.3.
  2. Permit entry

At all reasonable times during the Term on notice to permit the Landlord and the lessees of other adjoining or neighbouring premises with workpeople and others to enter the Premises:

* + 1. for the purpose of repairing any adjoining or neighbouring premises and for the purpose of repairing, maintaining and replacing all Service Media or other conveniences belonging to or serving the same, the party so entering making good any damage caused to the Premises;
    2. to enable the Landlord to comply with their obligations under Schedule 6 and Schedule 7.
  1. Yield up

At the expiry or earlier termination of this Lease to quietly yield up the Premises repaired, maintained, cleaned, decorated and kept in accordance with the covenants in this Lease (except in respect of damage by risks insured under clause ‎4.2 unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder).

* 1. Use

Not to use the Premises for anything other than for the Permitted Use.

* 1. Restrictions on use

Not to do any act or thing which may:

* + 1. render void or voidable any policy of insurance on the Premises or may cause an increased premium to be payable in respect of the Premises;
    2. cause or permit to be caused nuisance, annoyance or disturbance to the owners lessees or occupiers of premises in the neighbourhood or visitors to such premises;
    3. result in any form of harassment or intimidation of any other person, including the Landlord's staff, contractors and agents; or
    4. result in the use of the Premises for any unlawful or immoral purpose.
  1. Assignment and Underletting
     1. Not to assign, underlet, charge, mortgage or part with possession of part only of the Premises.
     2. Not to underlet or part with possession of the whole of the Premises without the prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed and for the avoidance of doubt it shall be reasonable for the Landlord to withhold consent where underletting does not comply with guidance or the grant funding conditions provided by Homes England from time to time).
     3. Not without the prior written consent of the Landlord (such consent not to be unreasonably withheld and which for the avoidance of doubt it shall be reasonable to be and deemed to be withheld in circumstances where the Leaseholder's obligations under clause ‎3.20 have not been complied with) to assign the whole of the Premises.
  2. Disposals of the Premises when the Acquired Percentage is less than 100%
     1. Subject to clause ‎3.20.3 and clause ‎3.20.4, the Leaseholder shall pay to the Landlord on demand a sum equal to the Unacquired Percentage of the Market Value if:
        1. this Lease is assigned when the Acquired Percentage is less than 100%; and
        2. within two months after receipt of notice of the assignment pursuant to clause ‎3.21 the Landlord serves notice on the Leaseholder requiring such payment.
     2. Within 14 days of the date of the Landlord's notice pursuant to clause ‎3.20.1(b) the Landlord shall apply to the Valuer to determine the Market Value as at the date of service of the Leaseholder's notice of assignment served pursuant to clause ‎3.21 and shall notify the Leaseholder of the amount of the Valuer's determination in writing within seven days of receipt of such determination.
     3. Where this Lease is assigned by way of either:
        1. a disposal under a will or intestacy;
        2. under Section 24 or 24A of the Matrimonial Causes Act 1973 or Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;
        3. under section 17 of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders or orders for the sale of property after overseas divorce, etc.);
        4. under paragraph 1 of Schedule 1 of the Children Act 1989 (orders for financial relief against parents); or
        5. under Part 2 or 3 of Schedule 5 or paragraph 9 of Schedule 7 of the Civil Partnership Act 2004 (property adjustment orders, or orders for the sale of property, in connection with civil partnership proceedings or after overseas dissolution of civil partnership);

the provisions of clause ‎3.20.1 will not apply.

* + 1. The circumstances in which the Landlord may not require payment under the provisions of clause ‎3.20.1 are either:
       1. when the Lease is assigned both:
          1. to a person nominated by the Landlord within a period of 4 (four) weeks from the receipt by the Landlord of notice from the Leaseholder to the effect that the Leaseholder wishes to assign their interest in the Premises (the **Nomination Period**); and
          2. at a price no greater than the Acquired Percentage of the Market Value of the Premises (calculated excluding paragraph (c) and paragraph (d) of the definition of Market Value) as at a date no more than twelve weeks prior to the date of exchange of contracts for the assignment which shall be confirmed by a Valuer's Certificate which the Leaseholder shall serve on the Landlord together with the notice of assignment served pursuant to clause ‎3.21; or
       2. if the Landlord fails within the Nomination Period to make any nomination or the Landlord's nominee (without any fault or obstruction on the part of the Leaseholder) fails to enter into a binding contract for purchase from the Leaseholder within twelve weeks from the receipt of a draft contract by the solicitors or other persons acting for the Landlord's nominee (which draft contract shall be supplied by the solicitor or other persons acting for the Leaseholder and shall contain reasonable terms based on the Law Society Standard Conditions of Sale).
    2. For the avoidance of doubt, on completion of the payment under clause ‎3.20.1, the Leaseholder's Acquired Percentage will become 100%.
  1. Notifying the Landlord of Changes

Within one month of any assignment, underletting, mortgage, charge or other dealing with the Leaseholder's interest in the Premises to give notice of it together with a certified copy of the document effecting the assignment, mortgage, charge, or devolution to the Landlord and to pay a reasonable fee to the Landlord for the registration of the notice.

* 1. Protection of rights

To do such acts and things as may reasonably be required by the Landlord to prevent any easement or right belonging to or used with the Premises from being obstructed or lost and not knowingly to allow any encroachment to be made on or easement acquired over the Premises and in particular not to allow any right of access or light from or over the Premises to any neighbouring property to be acquired.

* 1. Entry of Restriction

The Landlord and the Leaseholder shall apply to the Chief Land Registrar to enter a restriction in the form set out in Prescribed Clause LR13 in the proprietorship register of the Leaseholder’s title to the Premises.

1. Landlord's Obligations

The Landlord covenants with the Leaseholder as follows.

* 1. Quiet enjoyment

That the Leaseholder paying the rents reserved by this Lease and performing and observing the covenants contained in this Lease may peaceably enjoy the Premises during the Term without any lawful interruption by the Landlord or any person rightfully claiming under or in trust for it.

* 1. Insure

At all times during the Term (unless such insurance shall be cancelled, invalidated or revoked by any act or default of the Leaseholder) to keep the Premises insured against loss or damage by fire and such other risks as the Landlord may from time to time reasonably determine having due regard to the UK Finance Mortgage Lenders' Handbook (or such replacement publication) requirements from time to time or that the Leaseholder or the Leaseholder's mortgagee may reasonably require in some insurance office of repute to its full reinstatement value (including all professional fees in connection with any reinstatement and two years' loss of rent) and whenever required will produce to the Leaseholder copies of the insurance policy and the receipt for the last premium and will in the event of the Premises being damaged or destroyed by fire or other risks covered by such insurance as soon as reasonably practicable make a claim against the insurers and lay out the insurance monies in the repair, rebuilding or reinstatement of the Premises.

* 1. HM Land Registry certificate of compliance

That the Landlord will promptly in response to a request from the Leaseholder provide a certificate confirming where applicable for the purposes of the restriction contained in clause ‎3.23 that the provisions of clause ‎3.19 have either been complied with or do not apply to the disposition.

* 1. External and Structural Repairs

During the Initial Repair Period to comply with paragraph ‎2 of Schedule 6.

1. Provisos

The parties agree the following provisos.

* 1. Landlord's Protection Provisions
     1. The Landlord shall not be liable to the Leaseholder for any failure in or interruption of the services referred to in clause ‎4.4 not attributable to its neglect or default.
  2. Proviso for Forfeiting the Lease
     1. This clause ‎5.2 shall apply where:
        1. the Specified Rent shall be unpaid for 21 days after becoming payable (whether formally demanded or not); or
        2. if any covenant on the part of the Leaseholder shall not be performed or observed.
     2. Subject to the Landlord obtaining any court order required the Landlord may at any time re-enter the Premises or any part of them and terminate this Lease.
     3. Clause ‎5.2.2 does not affect any right of action or remedy of the Landlord in respect of any earlier breach of any of the Leaseholder's covenants or the conditions contained in this Lease provided that (without prejudice to the Landlord's rights under this Lease):
        1. the Landlord shall give notice to the Mortgagee or any mortgagee of the Leaseholder of whom the Landlord has received notice pursuant to clause ‎3.21 (as the case may be) before commencing any proceedings for forfeiture of this Lease or proceedings for possession of the Premises; and
        2. if within a period of 28 days (or within such other period specified in the Landlord's notice as the notice period, if longer) the Mortgagee or such mortgagee of the leaseholder of whom the Landlord has received notice (as the case may be) indicates in writing to the Landlord that it wishes to remedy such breach, and/or is going to take such action as may be necessary to resolve the problem complained of by the Landlord, the Landlord shall allow 28 days (or such longer time as may be reasonable in view of the nature and extent of the breach) to remedy such breach and take the action necessary to resolve such problem.
  3. Limitation of Landlord's Liability

The Landlord shall not be liable for any damage suffered by the Leaseholder or any member of the Leaseholder's household or any visitor, employee, servant or licensee of the Leaseholder through any defect in any fixture, tank, Service Media, staircase, machinery, apparatus or thing in the Premises or through the neglect, default or misconduct of any servant employed by the Landlord acting outside the Landlord's instruction in connection with the Premises or for any damage to the Premises due to the bursting or overflowing of any tank, boiler or Service Media in the Premises except insofar as any such liability may be covered by insurance effected by the Landlord.

* 1. Landlord's power to deal with other Property

Notwithstanding anything contained in this Lease the Landlord shall have power without obtaining any consent from or making any compensation to the Leaseholder to deal as the Landlord may think fit with any other land, buildings or premises adjoining or near to the Premises and to erect, rebuild or heighten on such other land or premises any buildings whether such buildings shall or shall not affect or diminish the light or air which may now or at any time during the Term be enjoyed by the Leaseholder or other tenants or occupiers of the Premises.

* 1. Power to alter Communal Facilities

The Landlord shall have power at its discretion to alter the arrangement of the Communal Facilities provided that after such alteration the access to and amenities of the Premises are not substantially less convenient than before.

* 1. Party walls

Every internal wall separating the Premises from any other building shall be a party wall severed medially.

* 1. Suspension of rent in case of insured damage

If the whole or any part of the Premises are destroyed or damaged by fire or any other risks covered by the Landlord's insurance so as to be rendered unfit for use then (unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) the Specified Rent or a fair proportion of it shall be suspended until the Premises are again fit for use.

* 1. Frustration clause
     1. Subject to clause ‎5.8.2, in the event of the repair, rebuilding or reinstatement of the Premises being frustrated by any reason beyond the control of the Landlord the Leaseholder will surrender to the Landlord this Lease in consideration of the Landlord paying to the Leaseholder a sum equal to the Acquired Percentage of any insurance monies received by the Landlord in respect of the Premises.
     2. If at the time of such frustration (i) there is any Loan outstanding to a Mortgagee of the Premises and (ii) the Unacquired Percentage is greater than nil then the consideration for such surrender shall be the amount referred to in clause ‎5.8.1 plus the Mortgagee Protection Claim (calculated on the basis that paragraph A in the definition of **Loss** is the amount referred to in clause ‎5.8.1).
     3. Any overpayment of insurance monies shall be a debt due from the Leaseholder to the Landlord and shall be payable on demand.
  2. Expert determination
     1. In this Lease, where any issue is required to be dealt with by, or submitted for the determination of, an independent expert, the following provisions of this clause ‎5.9 are to apply but, in case of conflict with other provisions specifically relating to expert determination elsewhere in this Lease, those other provisions are to prevail to the extent of the conflict.
     2. The expert is to be appointed by the parties jointly, or if they cannot or do not agree on the appointment, appointed by whichever of the following is appropriate:
        1. the president from time to time of the Royal Institution of Chartered Surveyors; or
        2. the president from time to time of the Institute of Chartered Accountants in England and Wales,

or in either case the duly appointed deputy of the president, or other person authorised by them to make appointments on their behalf.

* + 1. The person so appointed is to:
       1. act as an expert, and not as an arbitrator; and
       2. must afford the parties the opportunity within such a reasonable time limit as the person may stipulate to make representations to him (accompanied by professional valuations, reports or other appropriate evidence in the relevant circumstances) and permit each party to make submissions on the representations of the other.
    2. Neither the Landlord nor the Leaseholder may without the consent of the other disclose to the expert correspondence or other evidence to which the privilege of non production ("without prejudice") properly attaches.
    3. The fees and expenses of the expert, including the cost of their nomination, are to be borne as the expert may direct (but in the absence of such a direction, by the parties in equal shares), but (unless they otherwise agree) the parties shall bear their own costs with respect to the determination of the issue by the expert.
    4. One party may pay the costs required to be borne by another party if they remain unpaid for more than 21 days after they become due and then recover these and any incidental expenses incurred from the other party on demand.
    5. If the expert refuses to act, becomes incapable of acting or dies, the Landlord or the Leaseholder may request the appointment of another expert in their stead under clause ‎5.9.2.
    6. The determination of the independent expert, except in case of manifest error, is to be binding on the Landlord and the Leaseholder.
  1. End of Liability in respect of Landlord's obligations on assignment

A party who was formerly the Landlord is to cease to be liable to perform and observe the covenants and conditions on the part of the Landlord contained in this Lease at and from the date of an assignment of the immediate reversion to this Lease.

1. Mortgage protection
   1. If a Mortgagee enforces its security in respect of the Loan then (subject to the other provisions of this clause ‎6) the Mortgagee is entitled to deduct the amount of the Mortgagee Protection Claim from monies that would otherwise be paid to the Landlord as the price for the Final Staircasing. There is no obligation on a Mortgagee to accomplish Final Staircasing.
   2. The deduction under clause ‎6.1 is conditional upon the Mortgagee agreeing simultaneously with the deduction under clause ‎6.1 that upon such deduction or, if later, promptly upon the Mortgagee recovering the whole of its Loss, the Mortgagee shall assign to the Landlord any guarantees, insurance policies and any other collateral security given to the Mortgagee or secured by the Mortgagee in respect of the Loan together with all other rights to enforce the same and all sums payable under them.
   3. A claim may only be made to the extent:
      1. the Mortgagee has made a Loss; and
      2. the Mortgagee has obtained the Landlord's consent to the terms of each and every Loan; and
      3. the disposal of the Leaseholder's interest in the Premises was made on an arm's length basis at the best price reasonably obtainable in the market at the time of sale. For the purpose of this clause ‎6.3.3 the onus of proof is on the Landlord to show the sale was at an undervalue; and
      4. the Leaseholder has not, prior to any default occurring under the Loan, accomplished Final Staircasing.
   4. When applying for the Landlord's consent under clause ‎6.3.2 the Mortgagee must provide full details of the terms of the proposed Loan. The Landlord must respond promptly to any request for consent and give its decision within 28 days. If such consent is given it must be given in writing, and must be retained by the Mortgagee. In addition such consent shall be deemed to be given in the event that the Landlord receives any amounts advanced by the Mortgagee which are applied in protecting, preserving or enforcing its security over this Lease (including any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or other sums payable under this Lease).
   5. If the Landlord makes a payment to the Mortgagee or a deduction is made by the Mortgagee the Landlord shall be entitled to claim against the Leaseholder for any such amount together with interest on such sum calculated in accordance with the provisions of clause ‎3.2.
   6. The Leaseholder hereby authorises:
      1. the Landlord to disclose to any Mortgagee of the Leaseholder from time to time personal information relating to the Leaseholder or to the provisions of this Lease (including details of any arrears of rent or other sums payable under this Lease); and
      2. any Mortgagee from time to time of the Leaseholder to disclose to the Landlord such information as the Landlord may request regarding the Leaseholder and the Loan (including details of any arrears).
2. [Service Charge provisions
   1. Obligation to pay

The Leaseholder covenants with the Landlord to pay the Service Charge during the Term by equal payments in advance at the same time and in the same manner in which the Specified Rent is payable under this Lease, or as demanded by the Landlord acting reasonably.

* 1. When calculated

The Service Provision in respect of any Account Year shall be calculated before the beginning of the Account Year and shall be calculated in accordance with clause ‎‎7.3.

* 1. How calculated

The Service Provision shall consist of a sum comprising the expenditure estimated by the Authorised Person as likely to be incurred in the Account Year by the Landlord for the matters specified in clause ‎‎7.4 together with:

* + 1. an appropriate amount as a reserve for or towards the matters specified in clause ‎‎7.4 as are likely to give rise to expenditure after such Account Year being matters which are likely to arise either only once during the then unexpired term of this Lease or at intervals of more than one year (the said amount to be calculated in a manner which will ensure as far as is reasonably possible that the Service Provision shall not fluctuate unduly from year to year); but
    2. reduced by any unexpended reserve already made pursuant to clause ‎‎7.3.1.
  1. Service Provision

The relevant expenditure to be included in the Service Provision shall, subject to Schedule 6, comprise all expenditure reasonably incurred by the Landlord in connection with the repair, management, maintenance and provision of services for the Premises, Landlord's Estate and the management of the Landlord's Estate and shall include (without prejudice to the generality of the foregoing):

* + 1. the costs of and incidental to the performance of the Landlord's covenants contained in clause ‎4.2 and all expenditure reasonably incurred by the Landlord in connection with the repair management maintenance and provision of services for the Landlord's Estate;
    2. the costs of and incidental to compliance by the Landlord with every notice, regulation or order of any competent local or other authority in respect of the Landlord's Estate (which shall include compliance with all relevant statutory requirements);
    3. all reasonable fees, charges and expenses payable to the Authorised Person any solicitor, accountant, surveyor, valuer, architect or other person whom the Landlord may from time to time reasonably employ in connection with the management or maintenance of the Landlord's Estate including the computation and collection of rent (but not including fees, charges or expenses in connection with the effecting of any letting or sale of any premises) including the cost of preparation of the account of the Service Charge and if any such work shall be undertaken by an employee of the Landlord then a reasonable allowance for the Landlord for such work;
    4. any Outgoings assessed, charged, imposed or payable on or in respect of the whole of the Landlord's Estate or in the whole or any part of the Communal Facilities [or the Shared Accessway]; and
    5. any administrative charges incurred by or on behalf of the Landlord including but not limited to:
       1. the grant of approvals under this Lease or applications for such approvals;
       2. the provision of information or documents by or on behalf of the Landlord;
       3. costs arising from non-payment of a sum due to the Landlord; and/or
       4. costs arising in connection with a breach (or alleged breach) of this Lease.
  1. Adjustment to actual expenditure

As soon as practicable after the end of each Account Year the Landlord shall determine and certify the amount by which the estimate referred to in clause ‎‎7.3 shall have exceeded or fallen short of the actual expenditure in the Account Year and shall supply the Leaseholder with a copy of the certificate and the Leaseholder shall be allowed or (as the case may be) shall pay immediately following receipt of the certificate the Specified Proportion of the excess or the deficiency.

* 1. Landlord to contribute to reserve in respect of unlet parts

The Landlord will for the period that any properties on the Landlord's Estate are not let on terms making the tenant liable to pay a service charge corresponding to the Service Charge payable under this Lease provide in respect of all such properties a sum equal to the total that would be payable by the tenants of such properties by way of contribution to the reserve referred to in clause ‎7.3.1 and the said reserve shall be calculated accordingly.

* 1. Declaration in relation to the Landlord and Tenant Act 1985

The parties agree that the provisions of sections 18 to 30B of the Landlord and Tenant Act 1985 and of Part V of the Landlord and Tenant Act 1987 all of which regulate service charges shall apply to the provisions of this Lease.

1. SDLT Certificate

*[PURCHASER'S CONVEYANCER TO MARK WHETHER OPTIONS* ***A*** *OR* ***B*** *APPLIES]*

**Option A (purchaser to pay SDLT on 100% value of property):**

For the purposes of paragraph 4 of Schedule 9 of the Finance Act 2003 the Landlord and the Leaseholder confirm that the premium obtainable on the open market for the Premises (by reference to which the Premium is calculated) is the Initial Market Value and the minimum rent payable is the Minimum Rent and that the Leaseholder intends Stamp Duty Land Tax to be charged in accordance with the said paragraph 4 of Schedule 9 by reference to the Initial Market Value and the Minimum Rent.

**Option B (Purchaser To Only Pay SDLT On % Share Being Purchased)**

The Landlord and the Leaseholder hereby confirm that the Initial Percentage is less than 80% as specified in paragraph 4A(2)(b) of Schedule 9 of the Finance Act 2003 and that the Leaseholder hereby confirms that they intend Stamp Duty Land Tax to be charged in accordance with paragraph 4A of Schedule 9 of the Finance Act 2003.

1. Notices

For the purposes of Section 48 of the Landlord and Tenant Act 1987 the address at which any notices (including notices in any proceedings) may be served on the Landlord by the Leaseholder is (until the Leaseholder is notified to the contrary) as follows. A notice to be served under this Lease shall be served in writing and shall be properly served if served upon the Landlord at its registered office and/or upon the Leaseholder at the Premises and shall be deemed to have been made or delivered if left at such address or two days after being posted postage prepaid and by first class recorded delivery in an envelope addressed to them at such address.

1. Landlord and Tenant (Covenants) Act 1995 declaration

For the purposes of the Landlord and Tenant (Covenants) Act 1995 the covenants on the part of the Landlord and on the part of the Leaseholder under this Lease are not personal covenants.

1. Value Added Tax

Sums payable under this Lease for the supply of goods and services are exclusive of value added tax which is to be payable, if applicable, in respect of and at the same time as each sum falls due for payment.

1. Leasehold Reform Act 1967 Declaration

Pursuant to paragraph 3(2)(g) of Schedule 4A of the Leasehold Reform Act 1967 the Landlord declares that in its opinion this Lease is excluded from the operation of Part 1 of such Act.

1. [Charity Clause]

[Charity clause if applicable.]

This lease has been executed on the date stated at the beginning of it.

**Schedule 1**

**The Premises**

1. [Here set out the description of the Premises]
2. The Premises include:
   1. all buildings, erections and structures on the Premises from time to time;
   2. the Service Media within and exclusively serving the Premises; and
   3. appurtenances, fixtures, fittings and rights granted by this Lease,

and improvements and additions made to, and fixtures, fittings and appurtenances in, the Premises.

**Schedule 2**

**Easements, Rights and Privileges**

[Include as relevant]

**Schedule 3**

**Exceptions and Reservations**

[Include as relevant]

**Schedule 4**

**Rent Review**

1. Definitions

In this Schedule 4:

**A** means the monthly figure shown in the Index published for the Relevant Month in the year to the immediately preceding Relevant Review Date or (if none) in the year to the date of this Lease;

**B** means the monthly figure shown in the Index published for the Relevant Month in the year to the Relevant Review Date;

**Index** means the Consumer Prices Index (CPI) published by the Office for National Statistics or such alternative index determined by the Landlord under paragraph ‎3.3 of this Schedule 4;

**Relevant Month** means [insert month][[4]](#footnote-4).

1. Gross Rent review

With effect from each Review Date the Gross Rent for the purposes of this Lease shall be the reviewed Gross Rent (as agreed or determined in accordance with this Schedule 4).

1. Rent review
   1. The reviewed Gross Rent is to be either:
      1. the greater of:
         1. the sum of the Gross Rent under this Lease immediately preceding the Relevant Review Date; and
         2. the sum of the Gross Rent under this Lease immediately preceding the Relevant Review Date x ((B/A) + 0.01);

OR

* + 1. such lesser sum as the Landlord in its absolute discretion shall determine.
  1. If the Index is re-based after A is published, but before B is published, then an appropriate adjustment shall be made in the calculation to ensure that both B and A are calculated on the same basis.
  2. If the Index ceases to be published then there shall be substituted in the calculation in paragraph ‎3.1.1(b) such other index as the Landlord shall (acting reasonably and taking into account any guidance or requirements published by Homes England) determine as being a generally respected measure of the general increase in retail prices.
  3. If, because of any change after the date of this Lease in the method used to compile the Index or for any other reason it becomes impossible or impracticable to calculate fairly the fraction referred to in paragraph ‎3.1.1(b) by reference to the Index, or if any dispute or question arises between the parties to this Lease with respect to any such calculation pursuant to paragraph ‎3.1.1(b) or with respect to the construction or effect of this provision, then such dispute or question shall (if it is not resolved within three months of the Relevant Review Date) be referred to an independent expert pursuant to clause ‎5.9.

1. Specified Rent Review

With effect from each Review Date the Specified Rent reserved under this Lease shall be reviewed to an amount equal to the Unacquired Percentage of the Gross Rent as at that Review Date as agreed or determined in accordance with the terms of this Schedule 4.

1. Time

Whilst the parties are encouraged to act promptly and reasonably in order to resolve disputes as soon as possible, in agreeing or determining the reviewed Gross Rent, the reviewed Specified Rent or in appointing an expert, no rights or obligations are extinguished by the passage of time.

1. Rental Adjustments
   1. If the reviewed Specified Rent payable from a Review Date is not agreed or determined in accordance with the provisions of this ‎Schedule 4 before the Relevant Review Date, then until the reviewed Specified Rent has been so agreed or determined, the Leaseholder will continue to pay on account Specified Rent at the rate payable immediately before the Relevant Review Date.
   2. Within 14 days after the time that the reviewed Specified Rent has been agreed or determined the Leaseholder will pay to the Landlord all arrears of the reviewed Specified Rent which have accrued in the meantime [with interest equal to the Bank Rate of the Bank of England on each of the instalments of the arrears from the time that it would have become due if the reviewed rent had then been agreed or determined until payment becomes due from the Leaseholder to the Landlord under this paragraph ‎6.2].
2. **Notice of Review**

Prior to each Review Date the Landlord shall serve written notice on the Leaseholder, substantially in the form set out in Appendix 2 specifying the amount of the reviewed Gross Rent and the amount of the Specified Rent then payable.

1. **Landlord's** **Discretion**

For the avoidance of doubt, the Landlord, at its absolute discretion is at liberty to apply a lesser (including downward) rent review under paragraph ‎3.1.2 but is not obligated to do so.

**Schedule 5**

**Staircasing**

**Part 1**

**Staircasing Provisions**

1. 1. At any time or times during the Term the Leaseholder may serve notice in writing on the Landlord stating the Portioned Percentage they propose to acquire. The provisions of this Schedule 5 shall also be exercisable by any mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to clause ‎3.21.
   2. The rights in this Schedule 5 are separate to the rights set out in Schedule 7 relating to 1% Staircasing and the Leaseholder should consider both sets of provisions when considering increasing their Acquired Percentage.
   3. The Landlord shall apply to the Valuer to determine the Market Value as at the date of service of the Leaseholder's notice served pursuant to paragraph ‎1.1 (upon which the price of acquisition will be based) within 14 days of receipt of the Leaseholder's notice (or, if later, within 14 days of the Valuer's appointment) and shall notify the Leaseholder of the amount of the Valuer's determination in writing within seven days of receipt of the said determination.
   4. At any time within three months of the Valuer's determination the Leaseholder may pay for a Portioned Percentage in accordance with the provisions of paragraph ‎1.5.
   5. The Leaseholder may pay for a Portioned Percentage by paying to the Landlord a sum equal to that Portioned Percentage of Market Value (as agreed or determined under this Schedule 5) plus any unpaid sums under paragraph ‎1.6 and as from the date of such payment (a) the Portioned Percentage so acquired shall form part of the Acquired Percentage and (b) the Specified Rent payable under this Lease shall be a sum equal to the Unacquired Percentage of the Gross Rent.
   6. On completion of the payment for a Portioned Percentage in addition to the sum or the price payable for the Portioned Percentage the Leaseholder shall pay any arrears of rent and any other sums due to the Landlord under this Lease including any unpaid costs under paragraph 3. The Landlord and the Leaseholder shall, save as provided in paragraph 3 pay their own costs and expenses in connection with such payment or purchase.
   7. Whenever the Leaseholder completes the payment for a Portioned Percentage the Landlord and the Leaseholder shall forthwith execute and deliver to the other (to be attached to the original and counterpart of this Lease) a memorandum substantially in the form set out in Appendix 1 specifying the Portioned Percentage paid for and the Specified Rent then payable.
   8. If the provisions of this Schedule 5 are exercised by any mortgagee under paragraph ‎1 then provided that the Premises are being sold by the mortgagee on an arm's length basis at the best price reasonably obtainable at the time of sale:
      1. the Market Value shall be deemed to be the price at which the Premises are being sold by the mortgagee on the assumption that the Unacquired Percentage is nil;
      2. the relevant Portioned Percentage shall be calculated on the basis of that deemed Market Value; and
      3. if so requested by the mortgagee, the Landlord shall co-operate with the mortgagee to ensure that there occurs simultaneously (A) the payment to the Landlord of the relevant Portioned Percentage under paragraph ‎1.5, (B) delivery by the Landlord to the mortgagee of the memorandum under paragraph ‎1.7, and (C) completion of the sale of the Premises by the mortgagee.
   9. Where the Leaseholder serves a notice under paragraph 1.1 the Landlord must not act in a way that would unreasonably delay the acquisition by the Leaseholder of the Portioned Percentage they propose to acquire.
2. 1. At any time the Leaseholder shall have the right on giving notice to the Landlord to acquire the freehold of the Premises for no charge and otherwise by a transfer/conveyance in the form set out in Schedule 5 Part 2 provided that such notice shall not take effect (i) before the Acquired Percentage has become 100% and (ii) until all sums payable to the Landlord pursuant to paragraph 1 have been paid.
   2. The freehold of the Premises shall be transferred by the Landlord to the Leaseholder as soon as practicable following the date of the Leaseholder's notice served pursuant to paragraph ‎2.21. For the purposes of the transfer of the freehold to the Leaseholder the Landlord shall supply to the Leaseholder copies of the subsisting entries in the register of its title and of the title plan and of any document referred to, but not set out, in the registers of title.
3. The costs of any determination by the Valuer pursuant to the provisions of this Schedule 5 shall be paid by the Leaseholder to the Landlord on demand.
4. The parties agree that the decision of the Valuer shall be final and binding on the parties to this Lease.

**Part 2**

**Draft Freehold Transfer Deed**

Annex here the form of draft transfer deed.

Where an Estate Rentcharge is created by the transfer deed the following clause should be included:

The parties hereby agree that to the extent that clause [ ] creates an estate rentcharge under section 2(4)(b) of the Rentcharges Act 1977 the remedies contained in section 121 of the Law of Property Act 1925 are not available to the Transferor.

**Schedule 6**

**The Initial Repair Period**

1. Definitions and interpretation

In this Schedule 6 the following terms have the following meanings unless inconsistent with the context and all other defined terms shall have the meaning set out in clause ‎1 of this Lease:

**Approved Service Provider** means the Landlord's internal repair service or direct labour organisation or an approved tradesperson from the Landlord's approved panel where one is in place, or alternatively at the Leaseholder's discretion, a TrustMark approved tradesperson

**External and Structural Repairs** means essential repair works to:

* + - 1. the load bearing framework of the Premises;
      2. the external fabric of the Premises; and/or
      3. the Service Media forming part of (but not exclusively serving) the Premises
      4. all other structural parts of the Premises, the roof, foundations, joists and external walls of the Premises;

AND which are notified to the Landlord during the Initial Repair Period and for the avoidance of doubt the term External and Structural Repairs will **NOT** include normal general maintenance, redecoration and renewal works.

**General Repairs and Maintenance Allowance** means £500 (five hundred pounds) per Year plus the amount of any unused allowance from the previous Year that has been rolled over in accordance with paragraph ‎5.6.2 of this Schedule 6;

**Insurance Policy** means any insurance policy obtained by the Landlord under the terms of this Lease which may provide cover for the cost of the External and Structural Repairs in certain circumstances

**Qualifying General Repairs and Maintenance Works** means works by an Approved Service Provider either

* + - 1. to keep in repair and proper working order the installations in the Premises for the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity); or
      2. to keep in repair and proper working order the installations in the Premises for space heating and heating water

AND which the Landlord, acting reasonably, assesses in advance of such works to be essential and genuine works which are the Leaseholder's responsibility under clause ‎3.5 and which are not the result of the Leaseholder breaching their covenants set out in this Lease.

**TrustMark** means the TrustMark government endorsed quality scheme or such replacement scheme designated by Homes England from time to time

**Warranty** means [insert details of New Build Warranty]

**Warranty Provider** means the provider of the Warranty

**Year** means each period of 12 consecutive months commencing on the date of this lease or an anniversary of the same

1. Landlord's Covenant to cover the cost of External and Structural Repairs

Subject to the Leaseholder's compliance with paragraph ‎3 below, the Landlord covenants to provide or to procure the provision of External and Structural Repairs at no cost to the Leaseholder, including not requiring the Leaseholder to contribute to the cost of any excess or administration fees payable under the terms of the Warranty or Insurance Policy in relation to any claim by the Landlord (if any).

1. Leaseholder's Covenant to Assist and Report any Material Information in a Timely Manner

The Leaseholder covenants

* 1. to provide such reasonable access and non-monetary assistance as the Landlord may require in order to facilitate the Landlord making a claim:
     1. under the Warranty or Insurance Policy (if any); and/or
     2. to such other relevant third party as may be liable to either procure the carrying out of the External and Structural Repairs or to pay for the same;
  2. to inform the Landlord immediately if the Leaseholder becomes aware of any required External and Structural Repairs or any matter or event that any insurer, Warranty Provider or such other relevant third party may treat as material in relation to any claim by the Landlord;
  3. not to do any act or thing which may render void or voidable any Insurance Policy; and
  4. not to do any act or thing which may render void or voidable the Warranty or any other guarantee that the Landlord may benefit from.

1. Provisos regarding External and Structural Repairs

For the avoidance of doubt:-

* 1. any expenditure relating to External and Structural Repairs including any administrative costs or excesses charged by the Warranty Provider or Insurance Policy provider will be excluded from the calculation of any sums due from the Leaseholder under the terms of this Lease;
  2. no reserve fund contributions (if any) will be used towards the cost of External and Structural Repairs but this does not prevent the Landlord from collecting a contribution towards a reserve fund during the Initial Repair Period if allowed under the terms of this Lease provided it is not used or intended to be used towards External and Structural Repairs;
  3. this Schedule 6 does not remove the obligation for the Leaseholder to pay sums due to the Landlord under the terms of this Lease during the Initial Repair Period but simply limits what items can be included in the calculation of the same.

1. General Repairs and Maintenance Allowance
   1. Under the terms of the Lease, the Landlord is not responsible for general repairs to the Premises and such works remain the Leaseholder's responsibility under [clause ‎3.5] of the Lease.
   2. Notwithstanding paragraph 5.1 above, during the Initial Repair Period the Leaseholder may apply to the Landlord for a contribution towards the costs incurred by the Leaseholder for any Qualifying General Repairs and Maintenance Works required during the relevant Year.
   3. A contribution towards the costs of any Qualifying General Repairs and Maintenance Works cannot be claimed in respect of:
      1. any work that is covered under a warranty, insurance policy or guarantee, although any insurance excess payable for Qualifying General Repairs and Maintenance Works may be claimed;
      2. normal cyclical health and safety requirements (for example annual gas servicing or electrical testing);
      3. decoration works which the Leaseholder is obliged to carry out under clause ‎3.5;
      4. improvement works; or
      5. any works required as a result of any breach of the obligations of the Leaseholder under the terms of this Lease.
   4. The Leaseholder covenants to provide all reasonable information, including invoices and photographs, and such access to the Premises to the Landlord or its agents as the Landlord requires to enable the Landlord to assess whether the intended work meets the definition of Qualifying General Repairs and Maintenance Works.
   5. Subject to paragraph 5.4 above, the Landlord covenants:
      1. to consider any claim made by the Leaseholder for payment of a General Repairs and Maintenance Allowance in a timely manner and to make payment of any approved claims within a reasonable period;
      2. to notify the Leaseholder in writing of its decision in a reasonable timeframe;
      3. [EITHER**:**

to update the Leaseholder of the balance of the General Repairs and Maintenance Allowance available to the Leaseholder both at the beginning of each Year and following an approved claim.

**OR:**

* + - 1. to update the Leaseholder of the balance of the General Repairs and Maintenance Allowance available to the Leaseholder (as at the date of any statement):
         1. at the same time as serving notice of rent increase pursuant to paragraph 7 of Schedule 4;
         2. following an approved claim; and
         3. in response to a written request from the Leaseholder
      2. Any such update under paragraph 5.5.3(a) of this Schedule shall include confirmation of any balance rolled over from the previous Year in accordance with paragraph 5.6.2 of this Schedule and details of any previous approved claims (if any) during the current Year.**[[5]](#footnote-5)**]
    1. to provide reasonable assistance to enable the Leaseholder to make a claim under a relevant warranty or guarantee.
  1. The parties agree that:
     1. there shall be no limit on the number of claims the Leaseholder can make in any one Year save that the aggregate value of the claims cannot exceed the General Repairs and Maintenance Allowance;
     2. where the Leaseholder does not claim any or all of the General Repairs and Maintenance Allowance in any one Year, the balance, up to a maximum of £500.00 (five hundred pounds) will be rolled over to the next Year.
     3. no claim may be made after the end of the Initial Repair Period; and
     4. any costs incurred by the Leaseholder remain the responsibility of the Leaseholder and the acceptance of a claim by the Landlord is an agreement to make a contribution towards the Leaseholder's costs up to the maximum available allowance and is not an acceptance by the Landlord of liability for the Qualifying General Repairs and Maintenance Works.

**Schedule 7**

1% Staircasing

1. Definitions and interpretation

In this Schedule 7 the following terms have the following meanings unless inconsistent with the context and all other defined terms shall have the meaning set out in clause ‎1 of this Lease:

**Additional Percentage** means 1% (one percent) of the equity in the Premises each year during the 1% Staircasing Period;

**Additional Percentage Payment** means the consideration for the Additional Percentage payable in accordance with paragraph 2 of this Schedule 7;

**Additional Percentage Valuation Request** means a written notice served on the Landlord requesting an Additional Percentage Value Notice;

**Additional Percentage Value** means the current value of the Additional Percentage calculated in accordance with paragraph 3 of this Schedule 7;

**Additional Percentage Value Notice** means a written notice served on the Leaseholder (either as a standalone notice or forming part of the notice of rent increase served pursuant to paragraph 7 of Schedule 4) including the information substantially in the form set out in Appendix 2 to this Schedule 7 specifying the amount of the reviewed Additional Percentage Value and how it has been calculated;

**HPI Index** means the house price index ([insert relevant property type classification for the Premises][[6]](#footnote-6)) calculated by the Office for National Statistics and published by the Land Registry by local authority;

**Initial Additional Percentage Value** means 1% of the Initial Market Value;

**Memorandum** means a memorandum substantially in the form at Appendix 1 to this Schedule 7;

**1%** **Staircasing Period** means a period of fifteen (15) years from the later of either:

* + - 1. the date of this Lease; or
      2. the date of assignment of this Lease to a new Leaseholder;

**provided always that** each successive Leaseholder shall be entitled to acquire an Additional Percentage in accordance with this Schedule 7 for a maximum of 15 consecutive years from the start of their ownership;

**Relevant HPI Month** means the calendar month which is two calendar months before the Relevant HPI Review Date;

**Relevant HPI Review Date** means the later of either:

* + - 1. in each year the Review Date; or
      2. the date the Leaseholder serves an Additional Percentage Valuation Request;

**RICS** means the Royal Institution of Chartered Surveyors

**X** means either:

* + - 1. the Initial Additional Percentage Value; or
      2. where a more recent Market Value has been determined by a Valuer pursuant to the terms of this Lease (including paragraph 5 of this Schedule 7), 1% (one per cent) of the most recently certified Market Value; or
      3. where subsequently to the latest Market Value determination by a Valuer the Leaseholder has unilaterally obtained an open market valuation of the Premises (for example for re-mortgage purposes) which has been prepared by an independent expert who is an associate or fellow of the Royal Institution of Chartered Surveyors 1% (one per cent) of the value of the Premises as set out therein provided a full copy of the valuation has been served on the Landlord;

**Y** means the monthly figure shown in the HPI Index published (as at the time of the relevant calculation pursuant to paragraph 3 of this Schedule 7) for the month of either:

* + - 1. where limb (a) of the definition of X applies the date of the Lease (or if not available the published figure which is nearest in date to the date of the Lease); or
      2. where limb (b) of the definition of X applies, the date of the applicable Valuer's Certificate (or if not available the published figure which is nearest in date to the date of the relevant Valuer's Certificate)
      3. where limb (c) of the definition of X applies, the date of the applicable RICS valuation (or if not available the published figure which is nearest in date to the date of the relevant Valuer's Certificate);

**Z** means the monthly figure shown in the HPI Index published (as at the time of the relevant calculation pursuant to paragraph 3 of this Schedule 7) for the Relevant HPI Month (or if not available the published figure which is nearest in date to the Relevant HPI Month).

1. Purchase of Additional Percentage
   1. At any time or times during the 1% Staircasing Period the Leaseholder may serve an Additional Percentage Valuation Request upon the Landlord provided that no Additional Percentage Valuation Request may be served within 3 months of the date of an Additional Percentage Value Notice.
   2. The Additional Percentage Value shall be determined in accordance with paragraphs 3 and 4 of this Schedule 7.
   3. At any time within three calendar months of the Additional Percentage Value determination the Leaseholder may pay for an Additional Percentage in accordance with the provisions of paragraph ‎10.4 of this Schedule 7.
   4. On completion of the payment for an Additional Percentage in addition to the sum or the price payable for the Additional Percentage the Leaseholder shall pay any arrears of rent and any other sums due to the Landlord under this Lease including any unpaid costs under paragraph 5 of this Schedule 7 incurred by the Landlord at the request of the Leaseholder.
   5. The Leaseholder may pay for an Additional Percentage by paying to the Landlord a sum equal to that Additional Percentage Value (as agreed or determined under this Schedule 7) plus any unpaid sums under paragraph ‎10.4 of this Schedule 7 and as from the date of such payment:
      * 1. the Additional Percentage so acquired shall form part of the Acquired Percentage and
        2. the Specified Rent payable under this Lease shall be a sum equal to the Unacquired Percentage of the Gross Rent.
   6. For the avoidance of doubt the Leaseholder is not obligated to complete the purchase of any Additional Percentage even where they serve an Additional Percentage Valuation Requestand until payment of the Additional Percentage Payment is received by the Landlord including all sums set out in paragraph ‎10.5 of this Schedule 7 the Leaseholder shall not be credited with any Additional Percentage.
2. Calculating the Additional Percentage Value
   1. Subject to paragraph 5 of this Schedule 7, the Additional Percentage Value for the purposes of this Schedule 7 shall be calculated as follows

**(X x Z) / Y**

* 1. If the HPI Index is re-based after X is published, but before Y is published, then an appropriate adjustment shall be made in the calculation to ensure that both X and Y are calculated on the same basis.
  2. If the HPI Index ceases to be published then there shall be substituted in the calculation in paragraph 3.1 of this Schedule 7 such other index as the Landlord shall (acting reasonably) determine as being a generally respected measure of the general increase in house prices.
  3. If, because of any change after the date of this Lease in the method used to compile the HPI Index or for any other reason it becomes impossible or impracticable to calculate fairly the fraction referred to in paragraph 3.1 of this Schedule 7 by reference to the HPI Index, or if any dispute or question arises between the parties to this Lease with respect to any such calculation pursuant to paragraph 3.1 of this Schedule 7 or with respect to the construction or effect of this provision, then such dispute or question shall (if it is not resolved within three months of the Relevant HPI Review Date) be referred to an independent expert pursuant to clause ‎5.9.

1. Service of the Additional Percentage Value Notice
   1. Prior to each Review Date during the 1% Staircasing Period the Landlord shall serve an Additional Percentage Value Notice (which for the avoidance of doubt can be incorporated into the notice of rent increase served pursuant to paragraph 7 of Schedule 4).
   2. The Additional Percentage Value Notice served pursuant to paragraph 4.1 of this Schedule 7 shall remain valid for a period of three (3) months from the date of service.
   3. At any time during the 1% Staircasing Period where there is no subsisting valid Additional Percentage Value Notice, the Leaseholder may request a further calculation of the Additional Percentage Value and the Landlord shall serve an updated Additional Percentage Value Notice within [14] days of receipt of such request.
2. Referral for an independent valuation
   1. In the event either party is not satisfied that the Additional Percentage Value notified pursuant to paragraph 4 of this Schedule 7 accurately reflects the current Market Value of the Premises, they shall be entitled at their own cost to instruct a Valuer to determine the Market Value in accordance with the provisions of this paragraph 5.
   2. Where the Leaseholder wishes to apply for a valuation they shall notify the Landlord in writing.
   3. Within 14 days of receipt of the Leaseholder's notice (where applicable) the Landlord shall apply to the Valuer to determine the Market Value as at:
      1. the date of service of the Leaseholder's notice served pursuant to paragraph 5.2 of this Schedule 7;
      2. or, if not applicable the date of the Valuer's appointment;

and shall notify the Leaseholder of the amount of the Valuer's determination and simultaneously serve a revised Additional Percentage Value Notice within seven (7) days of receipt of the said determination.

1. The Memorandum

Whenever the Leaseholder completes the payment for an Additional Percentage the Landlord and the Leaseholder shall as soon as possible execute and deliver to the other (to be attached to the original and counterpart of this Lease) a memorandum prepared by the Landlord substantially in the form set out in Appendix 1 to this Schedule 7 specifying the Additional Percentage paid for and the Specified Rent then payable.

1. Final Staircasing

For the avoidance of doubt if the purchase of an Additional Percentage results in Final Staircasing, the provisions of paragraph ‎2 of Schedule 5 shall apply.

1. Costs

The Landlord and the Leaseholder shall pay their own costs and expenses in connection with the rights and obligations contained in this Schedule 7 and, for the avoidance of doubt, any valuation carried out pursuant to paragraph 5 of this Schedule 7 shall be at the cost of the party who requests the valuation.

**Appendix 1 to** **Schedule 7**

**Memorandum**

|  |  |  |
| --- | --- | --- |
| Premises | : |  |
| Date of Lease/ | : |  |
| Leaseholder | : |  |
| Landlord | : |  |

**This is to record the following:**

On                                                  the Landlord acknowledged receipt of the Additional Percentage Payment made since the date of the immediately previous Memorandum totalling £[           ] ([ ] pounds) being the Additional Percentage of 1% (one percent).

This Memorandum formally records that the

1. total share in the Premises now owned by the Leaseholder is [    ]% ([ ] percent);
2. total share in the Premises now owned by the Landlord is [    ]% ([ ] percent); and
3. The Specified Rent (the rent payable) as from the day of 20 (date of payment of the Additional Percentage Payment) is £[           ] per annum (subject to review).

Signed by the Leaseholder/for and on behalf of the Landlord

**Appendix 2 to** **Schedule 7**

**Example Additional Percentage Value Notice Information**

[To: Leaseholder

[*insert details of the Premises*] (the **Premises**)]

**ADDITIONAL PERCENTAGE VALUE**

The Additional Percentage Value to purchase an Additional Percentage (1%) of the Premises at the date of this [Notice] is **[£ ]**

In accordance with the terms of your lease, this is calculated using the formula **(X x Z) / Y** where:

1. **X** is [£…..] being the most recent valuation of 1% of the equity in the Premises as calculated on the [insert date] in accordance with the definition of X in your lease\*
2. **Y** is [……] being the monthly figure shown in the HPI Index published for [insert month and year] in accordance with the definition of Y in your lease.
3. **Z** is [……] being the monthly figure shown in the HPI Index published for [insert month and year] in accordance with the definition of Z in your lease

Signed

For and on behalf of the Landlord

**Please note:** Purchasing additional shares in the Premises where it will result in you owning more than 80% of the equity may result in Stamp Duty Land Tax (SDLT) being payable. Where you are not sure of the position, it is advisable to take independent legal and financial advice before buying more shares to be clear on your options and obligations. More information on SDLT in relation to shared ownership property can be found at <https://www.gov.uk/guidance/sdlt-shared-ownership-property#paying-sdlt-in-stages-and-buying-further-shares>

-END OF EXAMPLE ADDITIONAL PERCENTAGE VALUE NOTICE INFORMATION-

***\**** The Additional Percentage Value calculation date may not be the date of the last Additional Percentage Value Notice and you should check which of the 3 limbs of the definition of 'X' as set out in the Lease applies to the Premises at the date of the relevant notice.

**Worked example:**

**Assumptions**

The wording set out below would have been given on the first Review Date in the following circumstances:

|  |  |
| --- | --- |
| **Date of Lease** | 1 June 2021 |
| **Initial Additional Percentage Value at the Date of the Lease** | £2000 |
| **Review Date in Lease** | 1 April 2022 and each successive 1st April during the Term and the term the Relevant Review Date shall be construed accordingly |
| **Type of Property** | Semi-detached |
| **Local Authority** | Wandsworth |
| **Applicable limb of the definition of X at the date of the review** | Limb (a) being the Initial Percentage Vale on the basis that no Additional Percentage Valuation Request has been served and no updated RICS valuation has been received by the Landlord since the start of the lease |
| **Applicable limb of the definition of Y at the date of the review** | Limb (a) being the HPI Index published for the month of the date of the Lease |
| **Relevant HPI Review Date** | 1st April 2022 |
| **Relevant HPI Review Month** | February 2022 |
| **The published HPI figure for a Semi-Detached Property In Wandsworth at the Date of the Lease (June 2021)** | 112.33\* |
| **The published HPI figure for a Semi-Detached Property In Wandsworth for the Relevant HPI Review Month (February 2022)** | 124.73\* |

\*(Note as the published figure can change as and when more data becomes available, it is recommended that evidence should be kept of the published HPI figure at the date of calculation)

**Worked Example Notice Wording**

*The Additional Percentage Value to purchase an Additional Percentage (1%) of the Premises at the date of this [Notice] is* ***[£2220.78]***

*In accordance with the terms of your lease, this is calculated using the formula* ***(X x Z) / Y***

1. ***X*** *is [£2000] being the most recent valuation of 1% of the equity in the Premises as calculated on the [1st June 2021] in accordance with the definition of X in your lease.*
2. ***Y*** *is [112.33] being the monthly figure shown in the HPI Index published for [June 2021] in accordance with the definition of Y in your lease.*
3. ***Z*** *is [124.73] being the monthly figure shown in the HPI Index published for [February 2022] in accordance with the definition of Z in your lease*

Signed

For and on behalf of the Landlord

**Please note:** Purchasing additional shares in the Premises where it will result in you owning more than 80% of the equity may result in Stamp Duty Land Tax (SDLT) being payable. Where you are not sure of the position, it is advisable to take independent legal and financial advice before buying more shares to be clear on your options and obligations. More information on SDLT in relation to shared ownership property can be found at <https://www.gov.uk/guidance/sdlt-shared-ownership-property#paying-sdlt-in-stages-and-buying-further-shares>

|  |  |  |
| --- | --- | --- |
| Executed as a deed by  **[COMPANY NAME]**  acting by [**name of director**], a director and  [**name of director/secretary**], [director/company secretary] | ) ) ) ) ) | …………………………………… Director |
|  |  | ……………………………………  Director/Secretary |

|  |  |  |
| --- | --- | --- |
| Signed as a deed by  [**NAME**] | )  ) | ………………………………………  *Signature of party* |
| in the presence of:  witness signature: …………………………… |  |  |
| name:  address:  occupation: |  |  |

|  |  |  |
| --- | --- | --- |
| Signed as a deed by  [**NAME**] | )  ) | ………………………………………  *Signature of party* |
| in the presence of:  witness signature: …………………………… |  |  |
| name:  address:  occupation: |  |  |

**Appendix 1**

**Memorandum of Staircasing**

**(Number [                   ])**

Premises :

Date of Lease :

Leaseholder :

Landlord :

**This is to record the following:**

On the day of 2[ ] on the payment of £[                  ] (the **Premium**) being [   ]% of the Market Value of the Premises as assessed by the Valuer on the 2[ ] the Leaseholder purchased a Portioned Percentage of [      ]%.

The total share in the Premises now owned by the Leaseholder is [                 ]%

The Specified Rent (the rent payable) as from the day of 20 (date of payment of the Premium) is £[           ] per annum (subject to review).

Signed by the Leaseholder

……………………………

Signed for and on behalf of the Landlord

………………………………

**Appendix 2**

**Example of Notice of Rent Increase**

To: Leaseholder

[*insert details of the Premises*] (the **Premises**)

The next rent review date under your shared ownership lease of the Premises is [                   ] [20] (the **Rent Review Date**).

From the Rent Review Date your rent (being the 'Specified Rent' defined in your lease) will be **£[ ] per annum (£[ ] per month)** (**Your New Rent**)

Your New Rent has been calculated by reference to the following information:

|  |  |
| --- | --- |
| **Your current share** | **%** |
| **Unacquired Percentage** | **%** |
| **Gross Rent before the Rent Review Date** | £[ ] per annum |
| **Your rent (referred to in your lease as the 'Specified Rent') before the Rent Review Date** | £[ ] per annum (£[ ] per month). |
| **CPI Relevant Month** | [*Month*] |
| **CPI Index for CPI Relevant Month at date of last rent review (or at the date of your lease if this is the first rent review). This is the value of 'A' in the Rent Review Formula** | [ ] (*Month/Year*) |
| **CPI Index for CPI Relevant Month at date of this rent review. This is the value of 'B' in the Rent Review Formula** | [ ] (*Month/Year*) |
| **Rent Review Formula** | Gross Rent Before This Review x ((B/A) + 0.01) |

**Basis of Review**

Your lease contains a formula for calculating the Gross Rent payable under your shared ownership lease being the Rent Review Formula set out in the table above.

Based on that Rent Review Formula the reviewed Gross Rent per annum as at the Rent Review Date is £[ ] per annum being £[ ] x (([B]/[A]) + 0.01).

Because your current share is [ ]% and therefore the Unacquired Percentage is [ ]%, the rent which you must actually pay is [ ]% of the Gross Rent which is the sum of £[ ] per annum (£[ ] per month).

**Worked example:**

**Assumptions**

The notice set out below would have been given in relation to a rent review in April 2023 in the following circumstances:

|  |  |
| --- | --- |
| **Date of Lease** | 1 August 2022 |
| **Review Date specified in the Lease** | 1 April 2023 and each successive 1st April during the Term |
| **CPI Relevant Month** | September |
| **Percentage owned by Leaseholder at date of review** | 45% |
| **Unacquired Percentage at date of review** | 55% |
| **Gross Rent before review** | £4800.00 per annum |
| **Specified Rent before review** | £2640.00 per annum (£220.00 per month) |
| **Value of "A" in the Rent Review Formula** | 112.4 (September 2021) |
| **Value of "B" in the Rent Review Formula** | 123.8 (September 2022) |

**Worked Example Notice**

To: Leaseholder

[*insert details of the Premises*] (the **Premises**)

The next rent review date under your shared ownership lease of the Premises is 1st April 2023 (the **Rent Review Date**).

From the Rent Review Date your rent (being the 'Specified Rent' defined in your lease) will be **£2934.16 per annum (£244.51 per month)** (**Your New Rent**)

Your New Rent has been calculated by reference to the following information:

|  |  |
| --- | --- |
| **Your current share** | 45% |
| **Unacquired Percentage** | 55% |
| **Gross Rent before the Rent Review Date** | £4800.00 per annum |
| **Your rent (referred to in your lease as the 'Specified Rent') before the Rent Review Date** | £2640.00 per annum (£220.00 per month) |
| **CPI Relevant Month** | September |
| **CPI Index for CPI Relevant Month at date of last rent review (or at the date of your lease if this is the first rent review). This is the value of 'A' in the Rent Review Formula** | 112.4 (September 2021) |
| **CPI Index for CPI Relevant Month at date of this rent review. This is the value of 'B' in the Rent Review Formula** | 123.8 (September 2022) |
| **Rent Review Formula** | Gross Rent before this Review x ((B/A) + 0.01) |

**Basis of Review**

Your lease contains a formula for calculating the Gross Rent payable under your shared ownership lease being the Rent Review Formula set out in the table above.

Based on that Rent Review Formula the reviewed Gross Rent per annum as at the Rent Review Date is £5334.83 per annum being £4800.00 x ((123.8/112.4) + 0.01).

Because your current share is 45% and therefore the Unacquired Share is 55%, the rent which you must actually pay is 55% of the Gross Rent which is the sum of £2934.16 per annum (£244.51 per month).

1. *Drafting* *Note (this footnote is for the guidance of the drafter and should be deleted from the completed* *lease):* Where a standardised commencement date is required for multiple leases for good estate management, the Commencement Date should ensure that the first lease is granted with at least a 990 year term from the date of the lease and that no lease is granted with an unexpired term of less than 989 years. Where sales are expected to span longer periods and a standardised Commencement Date is required, the first lease should be granted for a term in excess of 990 years to facilitate the intended sales period. [↑](#footnote-ref-1)
2. *Drafting Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease):* Please refer to the Capital Funding Guide for guidance on how the Initial Repair Period may be varied for HOLD homes or RtSO Leases. [↑](#footnote-ref-2)
3. *Drafting* *Note (this footnote is for the guidance of the drafter and should be deleted from the completed* *lease):* Only relevant if Service Charge is included. [↑](#footnote-ref-3)
4. *Drafting Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease): CPI is normally published two to three weeks after the end of the month to which it relates. Consider the possibility for delays in publication when choosing the month chosen as the Relevant Month. It is recommended that this is at least two clear months before the Review Date to allow for the written notice to be served on the Leaseholder prior to each Review Date*. As at the date of publication of this model lease, the CPI Index can be found at: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23> [↑](#footnote-ref-4)
5. *Drafting* *Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease):* The clause contains an either/or option so that the Landlord can decide whether it is obligated to provide the Leaseholder with the balance annually on the anniversary of the lease or annually at the same time as it provides the annual notice of rent increase. Delete the paragraph that does not apply. [↑](#footnote-ref-5)
6. *Drafting Note (this footnote is for the guidance of the drafter and should be deleted from the completed lease): This definition should refer to the relevant property type applicable to the Premises (the four property types as referred to in the HPI Index being i) Terraced Houses ii) Semi-detached Houses iii) Detached houses or iv) Flats and maisonettes).*  [↑](#footnote-ref-6)