Becoming a Shared Ownership Leaseholder

Lease

As part of purchasing the house, you will be required to sign a Lease, or a Deed of Covenant if you are acquiring the Lease from a current leaseholder. Both are legally binding documents between you as the leaseholder, and the council as your landlord and freeholder of the property.

By signing the relevant document, you are entering into the legal terms and conditions of the Lease and undertaking to uphold certain contractual obligations.

Please ensure your conveyancing solicitor explains to you all of your rights and obligations, including your financial obligations, pursuant to the Lease. It is extremely important you understand what charges you will be required to pay.

If you are acquiring the Lease from a current leaseholder, it is important your solicitor ensures any Building Insurance, Service Charge and Estate Cost arrears owing by the current leaseholder or seller and apportionments are fully paid on completion, and the legal notices due under the terms of the Lease, together with fees, are submitted without delay.

Building Insurance

You are required to take out Building Insurance through the council's insurance provider. This will be a condition of your Lease.

Your solicitor will provide you with an insurance form to complete. Your solicitor will return the form to the council prior to completion.

All sections of the form must be completed, including the 'full rebuilding cost' - this is not the amount you purchased the property for, nor is it the amount the property was valued. If you are taking out a mortgage, your mortgage provider may be able to advise you of an appropriate full rebuilding cost. If no mortgage is being obtained, there are various websites that can assist with calculating a rebuilding cost.

Your annual Building Insurance premium is calculated using the information you provide in the form. If this information is not provided, the council is entitled to apply a financial loading to your premium.

If you complete your assignment during the financial year or the Lease is being reassigned to you from a current leaseholder during the financial year, you will be billed an apportionment of the annual Building Insurance premium for that financial year. Payment in full is required within 28 days of the letter advising the same.

Building Insurance is renewed annually (in advance) on 1st April. You will be advised of the new premium at least 28 days before it is due. Payment in full of the annual premium is required by 1st April each year.

Estate Cost

You are required to pay a proportion of the costs towards maintaining the Estate. The council will be billed by the Estate Management Company in the first instance and we will then recharge you accordingly. This will be a condition of your Lease.

The Estate Cost will be calculated and advised by the relevant Estate Management Company for each financial year. Typically these are payable annually in advance, but this will be determined and advised by the relevant Estate Management Company.

You will be advised of your proportion of the Estate Cost following the council's receipt of the relevant invoice from the Estate Management Company. Payment in full is required within 28 days of the letter advising the same.

Service Charge

Where the council has responsibility for maintaining and repairing certain areas of the Estate (i.e. parking spaces owned by the council but which have not been demised to you), you will be required to pay a proportion of those costs. This will be a condition of your Lease.

Service Charges are calculated annually in arrears and will include a 12.5% Administration Fee and a Management Fee.

You will be advised of your annual Service Charge in September and payment in full is required within 28 days of the letter advising the same.

12.5% Administration Fee

You will note that a 12.5% Administration Fee is added to your Service Charges. This percentage is applied to the cost of all actual work or services that are carried out, such as responsive repairs to the parking spaces.

It is to cover a proportion of the costs for preparing tenders, drawing up contracts and supervising the individual pieces of work that are carried out.

It is only applied to these types of work and is only charged when such work is carried out or when such services are provided. As advised above, it is included within the annual Service Charge sent to you in September of each year.

The Administration Fee is in effect a contribution towards the overall supervision and administration of a particular piece of work.

Management Fee

You will note that a Management Fee is added to your annual Service Charge.

The Management Fee is set to recover the costs incurred by the council in delivering the leasehold management service it is required to provide to leaseholders in its capacity as a landlord. The total cost of providing this service is divided evenly between all leaseholders.

The council has an obligation to recover the full cost of providing the leasehold management service and the annual Management Fee is the only means to do this. This will be a condition of your Lease.

The council is entitled to review its costs of providing this service each year, and as a minimum, can increase this annually in line with CPI.

Statements
In addition to the above, you will receive quarterly statements of your Service Charges – as at 30th June, 30th September, 31st December and 31st March. These will show charges that have accrued during these periods.

The end of year statement (31st March) will be sent to you in June, 3 months before receiving your annual Service Charge in September. The quarterly statements allow you to review the accrued charges on an ongoing basis and contact the council to discuss any elements therein. They also provide you with an early opportunity to organise payment of the Service Charge due in September.

Interest Due on Outstanding Charges
Please note that pursuant to the terms of the Lease, the council can charge interest at 4% above National Westminster Bank Base Rate, to be levied on all unpaid charges where the council is paying from its own monies for services not being recovered.

Methods of Payment
For any charges you are requested to pay, please use any of the following methods of payment:

Automated Payment:
By telephoning **01233 330625** (24 hours, 7 days a week) and follow the verbal instructions.

Customer Contact Centre:
By telephoning **01233 331111** (Mon – Fri, 8.15am – 4.00pm).

Web Payment:
Please log on to **www.ashford.gov.uk** and click on Pay, then Pay your Leaseholder, House or Garage account, and then click on Rents. Please follow the onscreen instructions.

Internet Banking:
Please use the following details to set up internet payments to the Council:-
Bank: National Westminster Bank Plc. Branch Sort Code: 60-01-21. Account No: 74313363. Please remember to quote your 10 digit Leaseholder account number in the reference field.

Cheque:
By sending a cheque to Ashford Borough Council, Civic Centre, Tannery Lane, Ashford, Kent TN23 1PL. Cheques should be crossed and made payable to Ashford Borough Council. THE COUNCIL HAS A POLICY NOT TO ACCEPT POST DATED CHEQUES. A receipt will be provided if requested.

Please remember to quote your **10 digit leaseholder account number** whichever payment method you use. Your leaseholder account number will be assigned and then advised to you once you have assigned to the Lease. Please retain all your receipts as proof as payment.

Debt Recovery
The council's stance in relation to payment of leaseholder charges (Building Insurance, Service Charges and Estate Costs) and debt recovery of the same is clearly documented.

The council does take arrears of leaseholder charges very seriously and we expect all leaseholders to pay promptly – typically within 28 days from the date of demand. This is a condition of your Lease, which you will be in breach of if your charges are paid late.

If you do not pay your charges, we will take legal action, the legal costs of which will increase the outstanding charges further. We will apply to the County Court for a Money Judgment Order. Once a judgment is issued against you by the County Court, we will look at the methods available to us to collect the money and decide on the method we wish to enforce. Naturally, we will look at the methods where recovery of monies is achievable within the shortest timeframe.

We may transfer the County Court judgment to the High Court for enforcement by The Sheriffs Office. Alternatively, we can arrange for money to be taken from your wages (Attachment of Earnings Order) by contacting your employer about your judgment. We can apply for forfeiture of the Lease (you could lose your home and your mortgage provider their security) or put a legal charge on your property (Charging Order).

The legal charge will attract a daily rate of interest on the amount stated in the judgment and will be payable up to the date the charge is redeemed.

In all instances, your credit rating will be affected.

Whilst the council does not give financial advice, we do recommend avenues we would require you to explore. We do expect you to make every effort to put in place external arrangements to pay any outstanding debt as quickly as possible. It is your financial obligation and responsibility to extinguish any outstanding debt promptly.

Any declaration you make regarding your level of affordable payments will need to be substantiated. The council is entitled to determine the amount you are offering is considered to be just and reasonable. As such, we will require you to complete an income and expenditure form and provide proof of your income and outgoings. If you refuse to provide this requested information, an application to the County Court will be made. The Courts will demand all of the information we have requested of you and you may be liable for any Court costs arising.

Please note that any arrangements put in place will be regularly reviewed, to ensure they remain realistic, given that new charges will be added to your account throughout the year. It may be that any previously agreed payment terms will need to be revised to address new levels of debt.

Please be advised that the Council has a duty to protect the Public purse and cannot subsidise the debt incurred by individual homeowners.