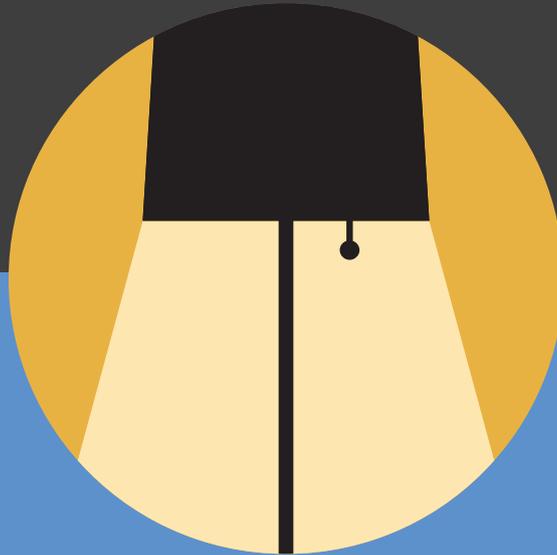




We can explain

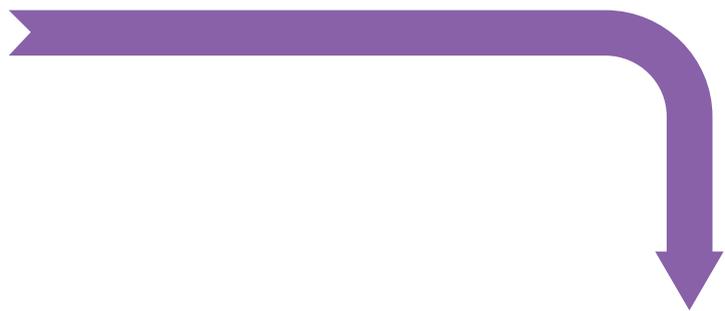


YOUR LEASE



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Introduction

When you purchase your property, you will be required to sign a lease. This is a legally binding contract which states both your rights and responsibilities as the leaseholder, and the rights and responsibilities of your landlord.

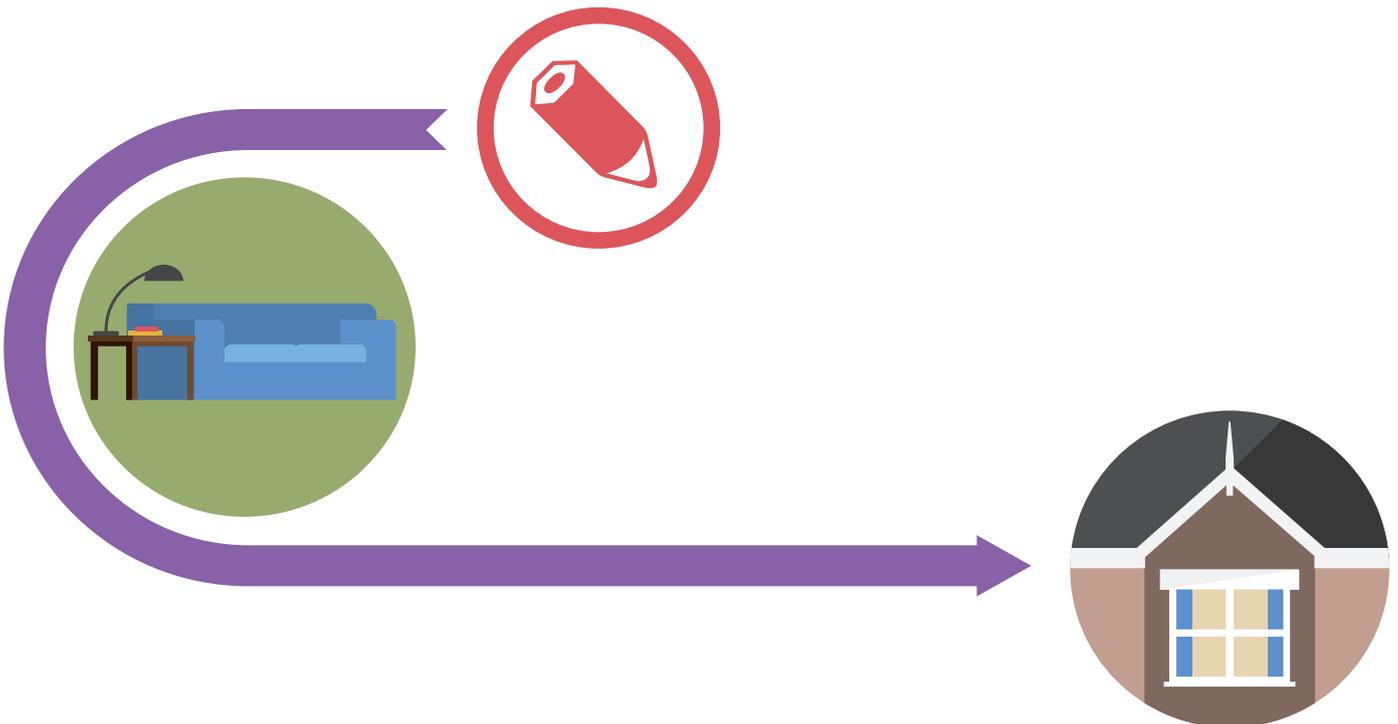
Leases are written in legal language and can be difficult to understand, so we have produced this guide to help explain some of the main clauses and terms of a typical lease. Leases vary from development to development and this guide does not exhaustively cover every clause and condition. So it is important that you read through your own lease thoroughly and speak to your solicitor if it contains any wording which you do not understand.

We would recommend you keep your copy of the lease in a safe place throughout your time as a leaseholder, as you may need to refer to it in the future.

What is a lease?

A lease is a contract giving you the right to occupy and use your property for a set period of time (this set period of time is referred to as the 'term' of the lease). The lease is a legally binding contract between yourself as a leaseholder, and the landlord.

Everything you and your landlord do in relation to your property and the wider development is governed by the conditions of your lease. This guide has been written to assist you in understanding the complexities of this important legal document.



Your landlord

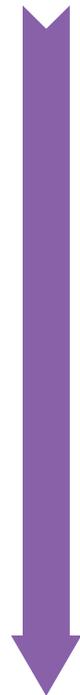
The landlord of your development is responsible for maintaining your development. Below is a list of some of the most common tasks carried out by landlords:

- ◆ Cleaning and gardening
- ◆ Repairs to the communal areas
- ◆ Maintaining mechanical equipment and services (for example the lift, fire alarm and communal television system)
- ◆ Generally repair, maintain and improve the development including the structure, exterior and roof foundations
- ◆ Managing the development's service charge income and expenditure
- ◆ Ensuring leaseholders abide by the terms of the lease

The landlord is usually Family Mosaic. However at some developments Family Mosaic may not own the building, as we were invited by the developer to provide the affordable homes as part of a wider development. In these circumstances there will be an additional lease between the developer of the building and Family Mosaic. This is known as the 'head lease'. Your property's lease will in these circumstances refer to the head lease to clarify certain conditions.

At these developments it is common that the developer will employ a private managing agent to physically manage the development and enforce the terms of the lease on their behalf. For more information on private managing agents please refer to our 'We can help explain our service charges' guide, available on our website: www.familymosaic.co.uk

Please speak to your legal advisor to ascertain whether the development you are buying into is directly owned and managed by Family Mosaic, or whether it is owned by a private developer and managed by a private managing agent. It is important you know and understand who owns your development, who your landlord is and who manages the development.





The sections of your lease

Your lease comprises a number of sections. In this guide we will explain the conditions found in the different sections in a typical Shared Ownership lease. However the contents and layouts of leases do vary between developments, so your own lease may differ slightly from the lease form that this guide follows.

Land Registry prescribed clauses

The Land Registry is a government department that registers the ownership of land and your property. Upon completion of your purchase, your solicitor will register your ownership of your home with the Land Registry and also register a copy of your signed lease.

Within this section of the lease you will find Family Mosaic leases typically start with a list of information which will be held on your property's land registry entry. This entry will include the Land Registry title number, your name, the date the property was first registered as occupied (date of lease), the landlord's name and the price paid for the property.

Particulars

The Particulars state information regarding the purchase of your individual property such as the purchase price, the percentage of equity you have purchased and initial specified rent you have to pay on the equity share you do not own.

This section also states whether you have purchased right of use of a parking space, as well as stating the commencement date of the lease. The commencement date is the point in time from which your lease term commences. For example, if your lease is for 125 years, then it will expire exactly 125 years from this date.





The lease plan

Your lease will contain a plan highlighting the 'demise' of your property. The demise is the area of the development you are purchasing (i.e. your flat or house). This is normally marked in red.

If your property has a balcony or patio area then this may be highlighted in a different colour on the plan. This is because you have been given the right of sole use for this area, but not the legal ownership of it. This gives the landlord the responsibility to carry out repairs in this area – however it is your responsibility to keep this area clean and clear of clutter.

If you have purchased a specific parking space then this will be highlighted and outlined in a relevant colour on your lease plan. Most parking spaces are sold on a 'right to use' basis rather than the purchaser being given full legal ownership of the space. Therefore you should clarify on what terms your space is being sold to you with your legal advisor, as well as ascertain who is responsible for maintaining this space.

Definitions and interpretation

This section of your lease clarifies some of the wording and expressions used in your lease.

Date

The date the lease commences will be inserted (usually hand written). This will be the date of the first purchase of your property.

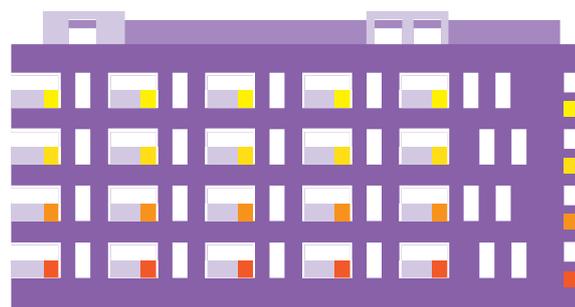
Parties

This states who your landlord is and confirms the initial leaseholder(s) of your property.

When a property is resold the wording of the lease will not be amended, but the Land Registry's records will be updated to reflect the new leaseholders of the property.

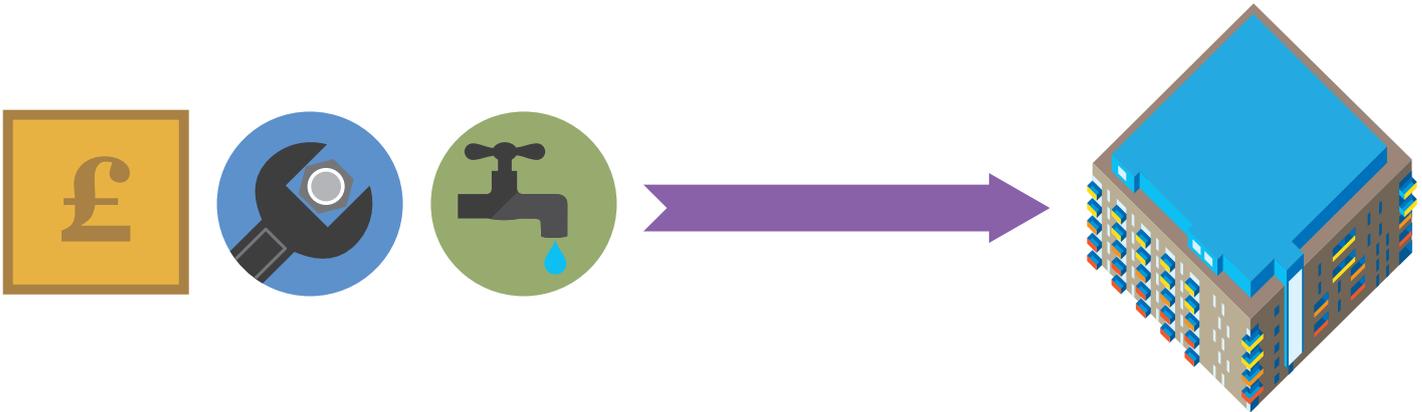
The letting terms

This section states that you, as the leaseholder, are given the guarantee of being the leasehold title holder of your property on Land Registry records - in accordance with you purchasing your share, paying your rent and abiding by the terms of the lease.



Leaseholder's covenants

This large section of your lease comprises the terms and covenants, which are the rules and regulations that govern both your home and the development as a whole. By signing the lease you are legally bound to abide by these rules and allow Family Mosaic to take legal action against you should you break any of these terms and covenants.



Pay rent

You must pay your specified rent on time and in full. Specified rent is the monthly rent you pay to Family Mosaic for the share of the property you do not own. We strongly prefer our customers to pay by direct debit.

You may also need to pay the landlord ground rent, which is an annual charge. Please speak to your solicitor to ascertain whether or not ground rent is payable at your development and if so, how much it will be and when it is paid - as this is paid on demand and not with the service charge.

At most Family Mosaic-owned developments ground rent is only charged to leaseholders who have purchased 100% of their property. However this is not always the case, so it is important you look into this with your solicitor.

Interest

Family Mosaic can charge you interest on any overdue rent payments.

Outgoings

As a leaseholder you are obliged to pay your share of the costs of managing and maintaining the development. For more information please refer to the 'We can help explain our service charges' guide.

Repair

The lease requires you to keep the interior of your property clean and in a good state of repair.

Decoration

It is your responsibility to keep the interior of your property in a good state of decoration and to ensure that any redecoration you carry out is done in a suitable manner for ensuring the future sale of your property can be achieved.

Provide floor coverings

You must ensure that any floor coverings in your property do not cause a disturbance to neighbours. If you install a wood or laminate floor, then suitable noise reduction acoustic measures must be installed as part of the installed flooring.



Repair damage to communal parts

If you, or a guest of yours, damage the communal areas of your development then the landlord can charge you directly for the cost of repair, as well as an extra charge to cover administration costs.

Not to alter

You must not make any alterations to the exterior of your property and the communal areas of the development. This would include installing a gazebo and conservatory.

If you wish to carry out a structural alteration to your property, then you must seek our written permission in advance. There will be a cost for granting permission and the landlord may need to project manage any alterations to ensure the works meet the regulatory approval and have no negative effect to the structure of the building. You will be charged all costs accrued by the landlord relating to this. The landlord reserves the right to refuse any requests for alterations and does not need to provide you with a reason for the refusal.

You are allowed to carry out minor non-structural alterations inside your home, for example installing shelves and a fitted wardrobe. However the landlord's permission must be obtained for any larger non structural alterations, for example installing a new kitchen or bathroom, or a jacuzzi. This is to ensure that the proposed alteration meets all necessary building regulations and has no negative effect to plumbing and drainage, or to communal services (e.g. communal heating). The landlord will also need to ensure the proposed alteration does not negatively affect neighbouring properties in terms of noise, risk of pipe leaks and risk of damage.

The landlord also needs to ensure that the proposed alteration will not invalidate the terms of the building insurance and any building warranties that cover the development and your property.



Comply with requirements of public authorities

You must comply with all local and national public authority requirements.

Provide copies of notices

You must supply the landlord with a copy of any formal notice, order or proposal you receive in relation to your property.

Expenses of the landlord

You are duty bound to pay any costs and expenses incurred by the landlord on any property legal transaction or the costs incurred if the landlord needs to take action against you for breaching the terms of the lease.

Obtain consents

If any licenses, permits, inspections or external approval is required for any works or actions you carry out inside your property, then you must ensure these are obtained. For example, some works require a safety inspection from the local authority.

Landlord's right of inspection and right of repair

The landlord has the right to enter your property at a reasonable time (reasonable would normally mean pre-arranged unless it is an emergency) to inspect your property's condition and its fixtures and fittings.

The landlord can then instruct you to carry out any necessary repairs and alterations, and to remove any alterations for which you have not received written permission to install. The landlord can charge you for its costs accrued in managing this process.

Permit entry

The landlord is permitted to allow workmen into your property for the purpose of carrying out any works which fall under its remit, as per the terms of the lease. You must ensure you allow the landlord access quickly and without obstruction. For example, if a communal soil pipe is blocked, the landlord may need to send a plumber into your home to access the soil pipe from inside your property.

Yield up

When your lease expires or is terminated, you must ensure the property is returned to the landlord in a well maintained and clean condition.

Use

You must only use your home as a private residence and not to run a commercial business from it. If you are a shared owner then your property must be your main place of residence.

Restrictions on use

The lease states the activities you must not do, for example:

- ◆ Sublet your property without our written permission in advance
- ◆ Do anything which will void the terms of the building insurance
- ◆ Cause a noise or disturbance (commonly defined as anti social behaviour) to other residents or people living in the surrounding area, as well as the landlord's staff, contractors and agents
- ◆ Use your home for any illegal or immoral purpose

Alienation

In property law, alienation refers to the capacity of a piece of property to be sold, assigned to someone else or sublet. This section of your lease will detail the restrictions on your property in terms of subletting or underletting. Family Mosaic's leases will always state that you cannot sublet your property, unless you have purchased 100% ownership of it but you will have to get permission from us.



Pre-emption provisions

This section of the lease states the rules covering the legal requirements of certain property transactions, such as:

- ◆ Staircasing
- ◆ Selling your property
- ◆ Adding or removing names on the lease
- ◆ Remortgaging
- ◆ Subletting
- ◆ Restrictions registered against the property at the Land Registry
- ◆ Probate (what to do when a leaseholder dies)

Register disposals

On buying or selling a property, your solicitor needs to serve a legal document known as a 'notice' to the landlord to advise them of details of the owner and mortgage lender. Without this notice being served, your property conveyancing is not complete. This means that if you are selling your home you are responsible for any rent and service charges due until the notice is received. There is a fee for this service.

This also applies if adding or removing names on the lease (for example if you wish to add your spouse) and also if you change lender.

Prevent loss of easements

You must not do anything that may affect the right to light of neighbouring properties (e.g. reduce the amount of sunlight received by a neighbouring flat). You must not obstruct any access to landings, stairwells and other communal parts of the development.

Leaseholder's further covenants

This requires you to observe and comply with the covenants stated in schedule 2. This will be discussed later in this guide on pages 12–13.

Landlord's covenants

This section of the lease states the landlord's responsibilities in managing the development.

Quiet enjoyment

The landlord is obliged to ensure you can enjoy quiet and unimpeded use of your home.

Insure

The landlord must ensure your development is covered by building insurance. However it is down to you to arrange your own contents insurance.

Repair, redecorate and renew structure

The landlord is duty bound to ensure the development is in a good state of repair. The landlord must replace any items in the communal areas which can no longer be repaired (e.g. rotten window frames). The landlord will generally redecorate the communal areas of the development (e.g. repaint hallways) every five to seven years.

The above also covers any balconies or patios you may have the right of use of.

Lighting and cleaning of common parts

The landlord is responsible for ensuring communal areas of the development are kept clean and tidy, as well as ensuring communal areas have sufficient lighting.

Landlord's protection provisions

The landlord does not take liability for failures of the utility services such as gas, electric, water, and telephone connection, as a result of network problems outside the development. An example of such an occurrence is a water mains pipe bursting in the street.

The landlord cannot be blamed for any failures by its subcontractors, for example poor work carried out by the cleaning contractor. However the landlord will take action if necessary to improve the level of service.

The landlord reserves the right to alter the choice of utility services offered to you in relation to your service charge. For example, upgrading a development's communal television system to ensure high definition television can be received.

Lettings of other flats

Other residents in your development are required to follow the same rules that you do.

Enforce covenants in other leases

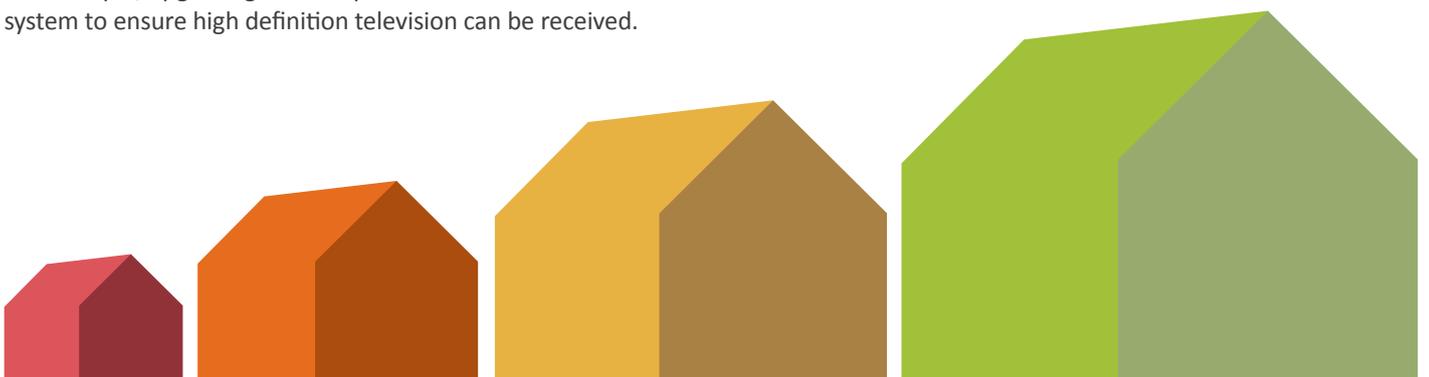
The landlord will take necessary action against those who break the rules and regulations of the development. These rules and regulations are known as the covenants of the lease.

Pre-emption obligations

The landlord will respond to any correspondence in relation to pre-emption provisions. For more information on pre-emptions, please refer to the section on pre-emption provisions on page 8.

Cesser of liability in respect of covenants

If the landlord sells its interest in your development to a new party (who would then automatically become your landlord) they must immediately cease all responsibilities and actions at your development. The new landlord would then observe the covenants and conditions of your lease, without changing the terms of it.



Provisos

This section details the responsibilities of the landlord and leaseholder in certain scenarios that may arise throughout the term of your lease.

Limitation of landlord's liability

The landlord does not accept liability for any injury or damage to your property or possessions that may occur in the development. For example, if your bike is stolen this would have to be claimed through your contents insurance.

Landlord's power to deal with other property

The landlord is allowed to build or erect any structure that it wishes on neighbouring land, as long as relevant permits and permissions are received (for example planning permission).

Power to alter common parts

The landlord has the right to change the communal areas, as long as leaseholders are not substantially negatively affected by these alterations.

Party walls

All internal walls dividing individual properties are treated as party walls and are bound by the terms of the Party Wall Act 1996.

Suspension of rent in case of insured damage

If your property is destroyed or heavily damaged (e.g. by fire) and is no longer habitable and you have to live elsewhere, then either no rent or a fair proportion of rent will not be charged by the landlord until the property has been made habitable. This does not apply to service charges.

Frustration clause

If your property is damaged beyond repair or destroyed, then the landlord will pay you the acquired percentage share of any insurance monies they receive.

Expert determination

This section summarises qualifications required by professionals to determine certain transactions throughout the term of the lease. For example, if a valuer is required they must be a member of the Royal Institute of Chartered Surveyors.

This section also requires the professional to confirm their service level agreement and the responsibility of payment of their fee.

Service charge provisions

This section of the lease gives details about your service charge. For more detailed information, please refer to Family Mosaic's 'We can help explain our service charges' guide, available on our website; www.familymosaic.co.uk

Covenant to pay

You must pay your service charge at the same time as paying your rent (if applicable).

When calculated

The level of service charge you pay is calculated prior to the commencement of the financial year that it covers. In most cases the financial year starts from the 1st of April.

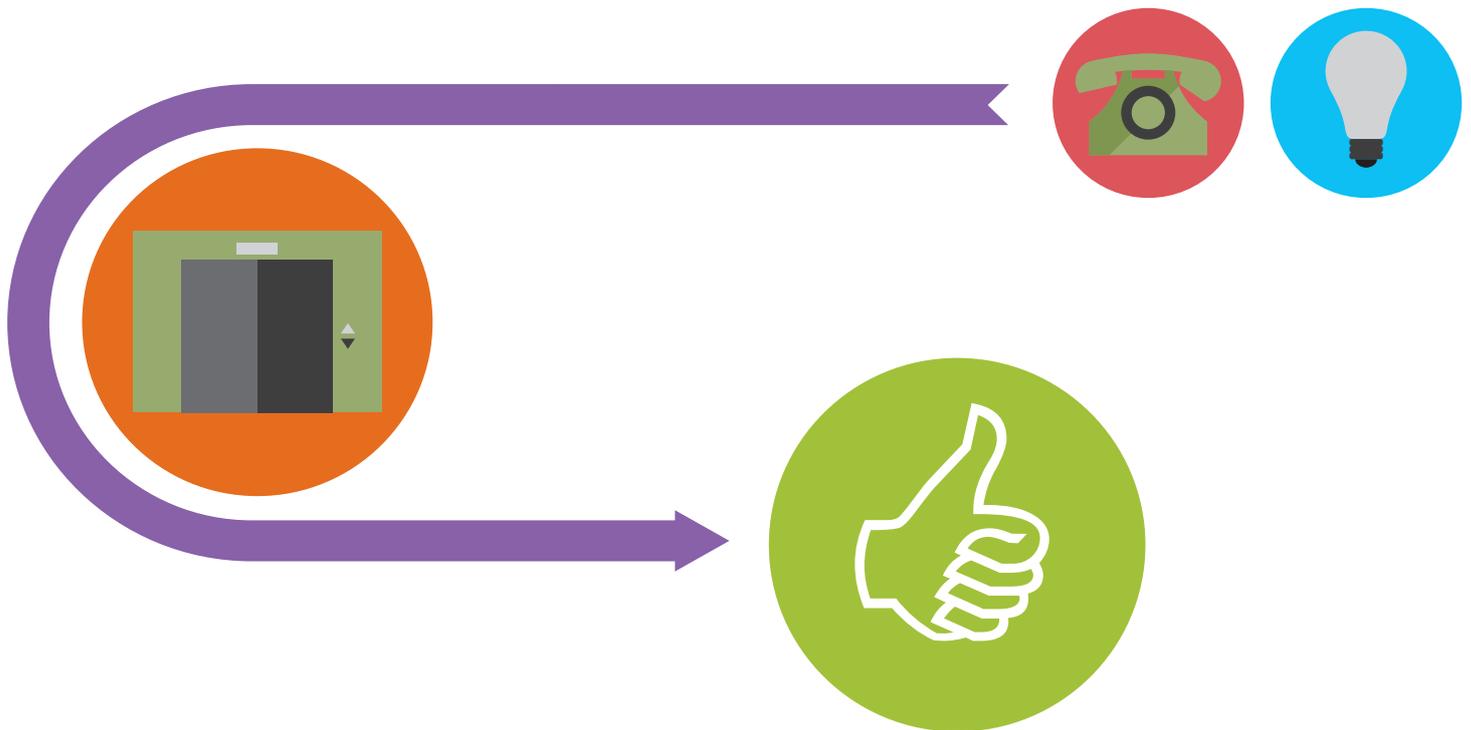
How calculated

The landlord will estimate the costs of managing your development throughout the next financial year.

Service Provision

This section of the lease explains the areas covered within the service charge.





Adjustment to actual expenditure

At the end of the financial year, the landlord will audit the service charge accounts and ascertain whether there is an excess or a deficit on the account.

Landlord to contribute to reserve in respect of un-let parts

The landlord pays into the reserve fund for any unsold properties, or properties rented out by the housing association to tenants on a social housing basis.

Declaration re Landlord and Tenant Act 1985

The landlord and leaseholders are governed by the relevant government legislation in regard of service charges.

Mortgage protection

The lease contains the mortgagee protection clause, which ensures that if your property is repossessed the lender receives its share of the sale proceeds first, before your landlord receives any money which it is owed.

This section of the lease states the clauses which the landlord is required to abide by in relation to your mortgage in the case of repossession.

Stamp duty certificate as Shared Ownership

This is a clause in relation to the tax which may be payable on the purchase of this property. Please refer to your legal advisor as the level or natures of taxes can change.

Notices

This section details the addresses where notices need to be served.

Landlord and Tenant (Covenants) Act 1995 declaration

The covenants of the lease are for the benefit of the whole development.

Value added tax (VAT)

All fees payable within the lease do not include VAT where applicable. These will be payable at the current rate of VAT.

Charity clause

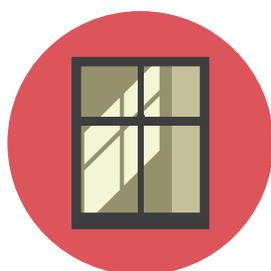
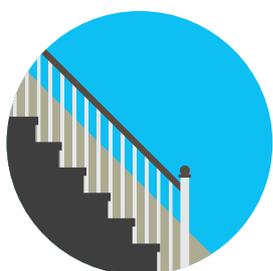
This is to confirm that Family Mosaic has charitable status.

The schedules

When reading through the covenants section of your lease you may have noticed several references to the schedules. This section of the guide will briefly explain the contents of each schedule.

Schedule 1 – The premises

This section of your lease states exactly which parts of your home belong to you and which parts belong to the landlord.



Schedule 2 – Mutual covenants

This is a list of a number of covenants (rules and regulations) which you must abide by:

Service media

You must not interfere with the communal television, telephone and broadband systems.

To observe covenants on landlord's title

On some occasions the development will have restrictions registered at the Land Registry which the landlord must apply on the development.

Parking and restrictions on parking

You must only use a parking space allocated to you. You may only park a roadworthy car or motorcycle in this space. The vehicle must be taxed or have a Statutory Off Road Notification (SORN) notice. You are not allowed to park a commercial vehicle exceeding 15 cwl. You must not park in areas where parking is not authorised or which obstructs access.

Noise

You must ensure that noise from your property does not cause a disturbance to other residents.

Signs

You must not erect or install signs or notices in your windows, or the exterior of the premises. However, you are fine to put up notices on resident noticeboards, which are usually installed in Family Mosaic managed developments.

Washing

You must not hang washing outside of your flat. This includes hanging bedding over the sides of balconies.

Pets

You must ask the landlord for permission to keep a pet inside your flat. Permission for a dog will not usually be granted. If you are found to have a pet (especially a dog) without the landlord's permission, then the Landlord will usually demand you rehouse the pet.

Decoration

You must not decorate any area of the development outside of your own property.

Aerials

You must not erect your own satellite dish or television aerial. Our developments nearly always provide access to either Sky or Virgin Media via a communal system – however if you wish to access satellite TV from another satellite (e.g. Hotbird or Turksat) please speak to the Sales Team to ascertain whether these satellites are included with the development's communal TV system. If the development does not have this facility, then you will be unable to watch the channels found on these satellite systems unless you can access them via the internet.

Use of common areas

- ◆ You must always ensure any entrance doors to your development are fully shut behind you
- ◆ You must not leave or store any items in the communal areas of the development (apart from designated storage areas such as a bike store) – this includes leaving shoes, boxes, bikes and buggies in hallways
- ◆ You and your children and visitors must not play any games or sport that may cause a disturbance to neighbours – for example ball games
- ◆ Children must not play in the hallways and other internal communal areas of the development
- ◆ You must clean up any mess created by you, your family or guests – e.g. any dropped litter, food stains on the communal hallway carpet or graffiti written on walls

Flammable items

You must not store any flammable liquid or explosive gas or materials – for example petrol and heating gas.

Windows

You must ensure the inside of the windows to your property are kept clean.

Balcony or patio

If you have a balcony or patio, then you must keep it in a clean and tidy condition. You should not store items out in these areas, e.g. boxes and furniture – apart from a simple table and chairs and suitable garden furniture.

Repairs

You must advise the landlord of any repair to communal areas that the landlord need to arrange – for example a broken lift.

Refuse

You must use the bin store properly and in a responsible manner. For example, all rubbish must be placed directly into bins and not dumped on the floor. Any large items which the bin men will not collect should be removed from the premises yourself, or by using the council's dedicated bulk waste collection service.

Loss or theft

The landlord is not liable for any theft of your property that occurs at the development or any damage caused by an intruder.

Gas inspections

If you have gas inside your flat then you must ensure your boiler and gas appliances are regularly serviced and kept to a high level of maintenance. The landlord reserves the right to demand that you provide proof of this – such as gas safety certificates.

Use

Neither you, your family or your visitors must:

- ◆ Do anything that may cause offence to another resident, a visitor to the development (including the landlord's staff and contractors) or in the wider neighbourhood. For example, racist, homophobic, sexist, xenophobic and ageist behaviour
- ◆ Use threatening or violent language or behaviour to another resident, a visitor to the development (including the Landlord's staff and contractors) or in the wider neighbourhood
- ◆ Do anything which causes or is capable of causing a nuisance or offence to another resident, a visitor to the development (including the landlord's staff and contractors) or in the wider neighbourhood

Management company

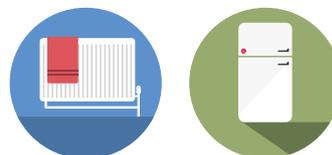
If a landlord sets up a management company to manage your development then the landlord has the right to make you become a member of this management company. In reality this would mean you would be given the right to elect the members of a management committee and you would not need to become actively involved, unless you willingly chose to.

Section 106 agreement

Your development may have been given planning permission as part of what is known as a 'Section 106 Agreement'. This clause of the lease states that you must abide by any covenants in the agreement which relate to your property.

Deed of easement

An easement deed is a legal term that means a person is granted a right of passage for a specific purpose to a small portion of land owned by someone else. Easements can be granted for a number of reasons, such as the need to run a sewer or telephone line across someone else's property, or the need to have a driveway across property owned by another party. An easement deed is the written legal document that asserts the legal right to the easement. You are duty bound to agree to any easement deed required by a public or statutory authority – for example the council or electrical grid operator.



Schedules 3 & 4 – Easement rights and privileges & exceptions and reservations

These sections state who can access which areas of your development and for what reasons. For example, a lease would typically state the landlord can enter your property at a reasonable time after giving prior notice, for the purpose of carrying out its obligations under the lease.

Schedule 5 – Rent review

This section confirms the formula by which your rent is increased each year.



Schedule 8 – Surrender by Leaseholders (pre-emption)

If you have not staircased and wish to sell your share of your property, then Family Mosaic have the right to purchase your share back from you. This section denotes the rules governing this process.

Schedule 6 – Staircasing provisions

Here you will find the covenants governing the process of buying a further share in your property.

Schedule 7 – Assignment of whole to nominated purchasers

This section of your lease denotes the rules and covenants which must be observed when you come to sell your property if you have not staircased to 100% ownership.

Schedule 9 – Defined terms

This section gives definitions and meanings for some of the terms used in your lease

Execution Page

This is the section of your lease which is signed by both the leaseholders and the landlord.

Frequently Asked Questions

Q. Who provides me with my lease following completion?

A. Your solicitor will provide you with your copy of the lease.

Q. What happens if I lose my copy of my lease?

A. Family Mosaic will be able to provide you with a copy but there is a fee charged for this service. You can also obtain a copy of your lease from the Land Registry at a charge. We recommend that you obtain a copy of your lease from your solicitor at completion.

Q. Can I negotiate the terms of my lease?

A. No, the lease is non-negotiable.

Q. Can Family Mosaic change the terms of my lease?

A. Family Mosaic would need to gain your permission in order to change the terms of your lease.

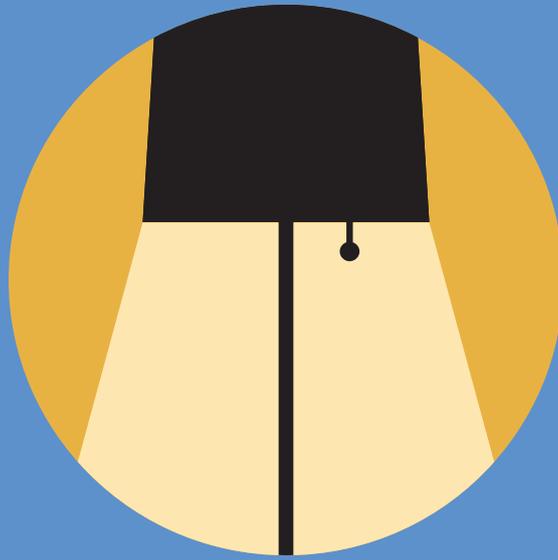
Q. The lease is only for 125 years, what happens after this period?

A. The lease can be extended. This is not normally needed until the lease becomes “short”, i.e. has less than 80 years left. Please refer to “We can help with Lease Extensions” guide to see how you can extend your lease, available on our website: www.familymosaic.co.uk

Q. I have purchased the right of use of an allocated parking space; can I change this for a different space?

A. It depends on the wording of the individual lease and if any other parking spaces are available. Spaces will usually all be allocated at point of sale. If another space is available it is likely that a deed of variation would need to be carried out, which would require you to pay legal fees for both yourself and Family Mosaic, as well as any associated Land Registry and mortgage lender fees. Agreeing to change a space (if available) is at the discretion of Family Mosaic.





For further information please contact:

Customer Care Leasehold Line
0300 123 2209
CCLhomeownership@familymosaic.co.uk

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