



# LEASEHOLDER HANDBOOK

WHAT YOU NEED TO KNOW





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This guide sets what you can expect from Citizen and what your responsibilities are. It includes useful information about your lease and guidance on what to do if you need advice or have an issue. This does not replace your lease or relevant landlord and tenant legislation.

## OUR RESPONSIBILITIES, YOUR RESPONSIBILITIES

Your lease agreement sets out your rights and who is responsible for what. This is a formal legal contract between you (the lessee) and us (the landlord).

Your solicitor will provide you with a copy of the lease before you purchase your home.

All leases are worded differently, and it is your responsibility to read and understand your lease.

Here is an overview of what is likely to be in your lease:

### YOUR MAIN RESPONSIBILITIES

- Pay your service charges on time according to your lease
- Pay your rent on time (shared owners only)
- Pay your annual ground rent
- Maintain and repair the inside parts of your home and your garden
- Allow us, or our contractors, access to carry out work needed to your home
- Not to carry out alterations or improvements without our permission
- Not to use your home as anything other than as a private home
- Not to cause a nuisance or harass other people
- Not to sublet your home to anyone else without our permission
- That your home meets building safety regulations (for example your front door is fire safety compliant).



### OUR MAIN RESPONSIBILITIES

- Maintain the structure and outside of the building for apartments and flats
- Maintain the shared communal areas and keep them clean and well lit
- Routine maintenance and planned repairs and improvements to your building
- Arranging building insurance to cover full reinstatement costs
- Providing details of service charge costs and your contribution
- Making sure that the communal areas comply with fire regulations.

### MANAGING AGENTS

Citizen do not always own the freehold of the building or estate. In these cases we will have a head lease with the freeholder and you have a sub-lease with Citizen.

Your rights and responsibilities are the same and your lease is with Citizen.

The only difference is that the building which your home is in and the estate may be managed by a private management company. In this case the management company will be responsible for services and repairs and we will pass their charges on to you.

## TELLING US ABOUT CHANGES

As a leaseholder you are responsible for letting us know if your circumstances change or you want to make certain changes to your home or your lease. This section explains this in more detail.

### ADDING A PARTNER

If you want to add a partner to your lease, you may be able to do so. Please contact us for more information. You may need a solicitor to do this and you will have to pay for this.

### ALTERATIONS AND IMPROVEMENTS

You are free to redecorate your home as you wish and make other changes which are not significant.

If you are replacing something like for like you will not need approval, for example replacing a heating boiler or a kitchen. For bigger changes, including disability adaptations, you need to tell us and get our permission before any work begins - this applies to shared owners too.

If you are not sure whether you need our approval the best course of action is to contact us first and we will advise you.

Any application for major work to be completed should be submitted with a detailed specification showing layout, sizes and materials together with details of the contractor to be used.

If you want to replace windows, the contractor you use must be FENSA registered. If you want to replace the front door to your flat, it must meet current fire regulations.

If you are making changes that require planning or building regulation approval, you will need to get our approval in principle before applying to the council.



### CHANGING THE TERMS OF YOUR LEASE

It is sometimes in the interest of both Citizen and the leaseholder to agree to a change of lease. This will need to go through solicitors and legal conveyancing, and there will be a charge. This is normally relatively simple and is known as a deed of variation.

If you want to change the terms of your lease you should contact us. If for any reason we wish to change the terms of your lease we will contact you.

### DEATH OF A LEASEHOLDER

If a leaseholder has passed away, you need to tell us.

The executor of the estate will need to contact Citizen directly. If you are a family member who is not the executor, we can advise you around what process will need to be followed but we won't be able to talk about any personal details with you directly.

We recognise this will be difficult time for you, and we will be as supportive as we can.

### RIGHT TO ENFRANCHISEMENT

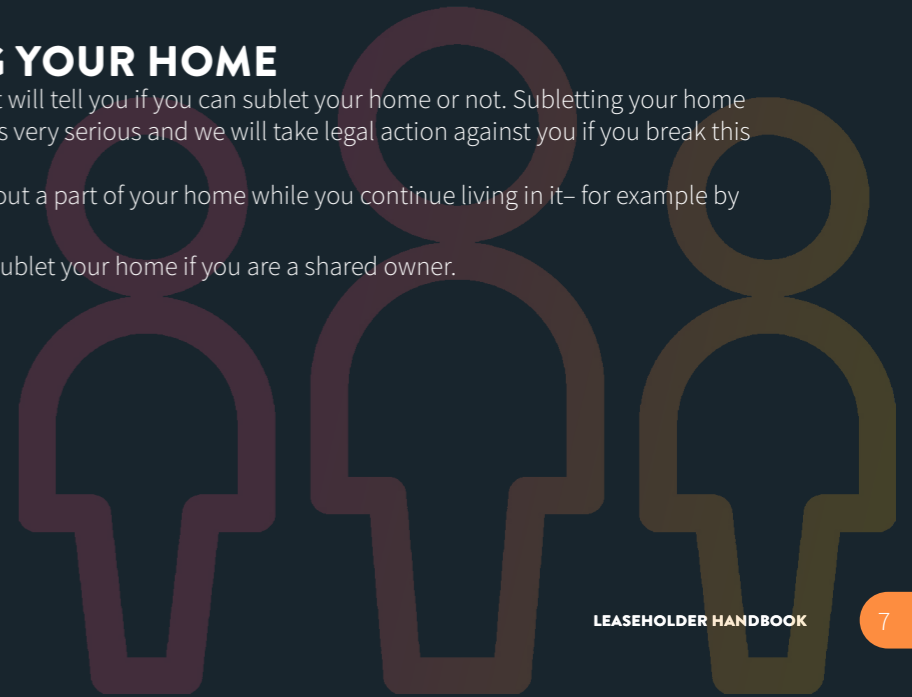
In certain circumstances you may have the right to jointly purchase the freehold of the building where you have a lease. This may be the case if at least two thirds of the homes in your building have been sold on long-term leases. You should get independent legal advice to establish if you qualify for this scheme.

### SUB-LETTING YOUR HOME

First check your lease – it will tell you if you can sublet your home or not. Subletting your home without our permission is very serious and we will take legal action against you if you break this term in your lease.

You may be able to rent out a part of your home while you continue living in it – for example by taking in a lodger.

In most cases you can't sublet your home if you are a shared owner.



# INSURANCE

This section sets out which parts of your home are covered and which you are responsible for.

## BUILDING INSURANCE

We insure all areas of the building which are our responsibility under the terms of the lease. You will be re-charged the costs for your home.

**The buildings insurance does not cover your home contents and you will need to arrange your own insurance for this purpose.**

If you need to make a claim under your buildings insurance policy, you should contact the insurer directly. You may be required to pay an “excess” on the claim. You will be provided with policy information each year and it is also available on our website.

### You are covered for loss or damage caused to the buildings in the event of:

- fire, explosion, lightning or earthquake
- malicious damage
- storm or flood
- escape of water from any fixed tank pipe or appliance and damage caused by bursting or freezing
- falling trees, telegraph poles or lampposts.

### You are not covered for items such as:

- malicious damage or
- escape of water arising when your home is unoccupied for more than 30 days
- wet or dry rot
- depreciation or deterioration due to normal use and wear and tear.



## CONTENTS INSURANCE

All leaseholders should take out contents insurance to protect their possessions from damage within the home. This is not covered by us.

## NEW BUILD HOME WARRANTY

Most new build homes have a ten-year warranty through the National House Building Council which covers building defects. If you think your home has a defect contact us and we will talk you through the next steps.



# SERVICE CHARGES

Being a leaseholder means you are responsible for certain services as part of your lease. This section explains this in more detail.

## SERVICE CHARGES

Your service charge covers the day-to-day running costs of services at your building and if applicable, the estate your home is part of. The services we charge for are set out in your tenancy agreement or lease.

### Your service charge could cover a range of services that we provide, including:

- Cleaning shared areas like entrance halls, communal corridors, stairs and lifts
- Heating and lighting costs for shared areas
- Servicing and maintaining any shared TV digital, cable or satellite systems installed for an estate or block
- Costs of looking after shared outside areas; including grass cutting and trimming of greenery
- Equipment like door entry systems, CCTV and lifts
- Maintenance and testing of fire alarms and other equipment such as emergency lighting
- Fees – this only applies to leaseholders and includes the independent audit of scheme costs where it is required by the lease.



## HOW WILL I PAY?

Your lease sets out how we work out service charges. Every year we will write to you setting out what your service charge will be. Your lease sets out whether you are on **variable** or fixed service charges.

**Variable service charges** work on the basis of an estimated cost for services. We send out the estimate of costs for the service every year. Then when the financial year ends, we work out the difference in the estimated and real costs. This creates an annual statement which we will then send to you.

If the real costs are higher than the estimate, we will ask you to pay the difference. If the estimate was higher than the cost, we will refund you the difference.

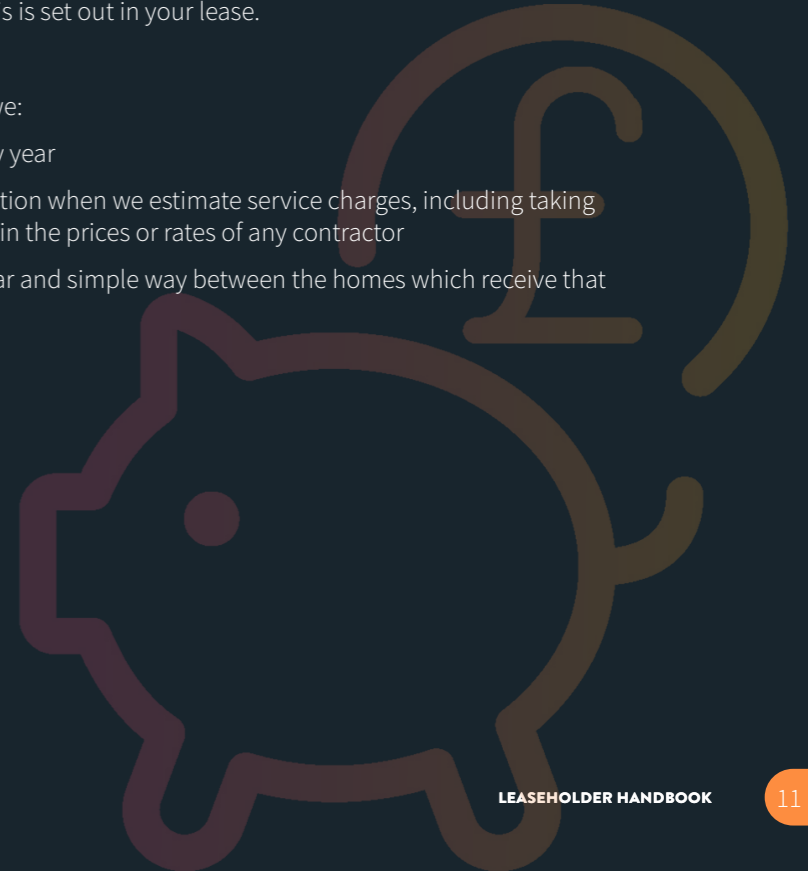
**Fixed service charges** are reviewed every year. If at the end of the year the cost of providing the services was more than the payments you made we will not ask you to pay more.

You will not get money back if the costs of the service were less than your payments. This is how fixed charges operate and this is set out in your lease.

### How is this worked out?

To work out your service charge we:

- Review all service charges every year
- Use the latest available information when we estimate service charges, including taking account of inflation or changes in the prices or rates of any contractor
- Divide costs in a consistent, clear and simple way between the homes which receive that service.



## MAJOR WORKS

We sometimes need to carry out major refurbishment works to communal areas. This includes windows, brickwork, roofs, decoration and other replacements or improvements. In such cases you will be responsible for a share of the cost of this work.

We will write to you to inform you of any repair works which will cost you over £250 or where providing a service through a contract over 12 months over £100. This is known as a Section 20 notice. You will have an opportunity to send us any comments in writing.

You will normally receive your charges for this work with your year-end accounts. For some leaseholders it will be paid for from a reserve/sinking fund. This is a fund which is paid into through your service charge each year so that if any major works are done your share can come out of this. A reserve/sinking fund allows the cost of these works to be spread across a number of years, making them more affordable. If the cost of the work is more than the money in the reserve/sinking fund, we will issue a supplementary charge to cover the costs.

## PAYING, ADVICE AND SUPPORT

You can find more information, including how to pay and frequently asked questions, on our website at

**[citizenhousing.org.uk/service-charges](https://citizenhousing.org.uk/service-charges).**

Our Money Advice Team is available to support you if you think you may have problems paying. Please contact us as soon as you can if you think you may have problems paying. If you don't pay, we will take action to recover the debt



# YOUR SAFETY

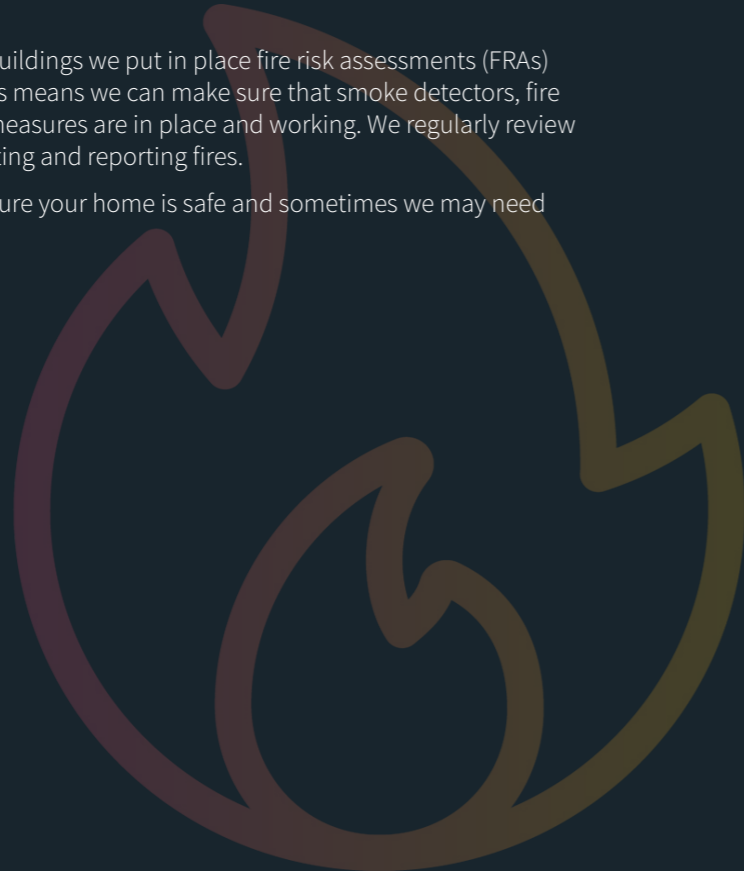
Your safety is our number one priority. We share responsibility for making sure your building and home are safe.

## FIRE SAFETY

### Our responsibility

In our blocks of flats and other shared buildings we put in place fire risk assessments (FRAs) and make sure these are up to date. This means we can make sure that smoke detectors, fire alarms, fire doors and other fire safety measures are in place and working. We regularly review fire risks and our procedures for preventing and reporting fires.

We have a legal responsibility to make sure your home is safe and sometimes we may need access to your home.



### Your responsibility

You are responsible for fire prevention and detection in your apartment and evacuation including making sure:

- You don't create a fire hazard in your home, including:
- not storing flammable items on your balcony if you have one
- not blocking fire escape routes
- You keep shared areas - including stairways, halls and landings clear
- You and anyone else in your home is aware of fire safety measures, including the evacuation plan for your building if you live in a block or other shared building
- Your front door meets minimum fire standards. It should be fire resistant for a minimum of 30 minutes and should meet other requirements which you can find online
- You have working smoke detectors in your home
- If the lights in the building fail, you have a way of getting from your front door to the exit of the building. This can be as simple as having a torch to hand
- You have a planned evacuation route from the building in the event of an emergency.

For more information visit [the Fire Safety page on our website.](#)

## GAS AND ELECTRICAL SAFETY

If the home you are leasing has gas appliances, you are responsible for making sure these are serviced regularly.

This should be done every 12 months by a Gas Safe registered contractor and you should keep a record of the checks.

You are also responsible for any electrical tests that are required.

If you sublet your home the annual gas safety and electric checks to protect your tenants are your responsibility. You will also need to provide a gas safety certificate and energy performance certificate to any new tenants.



# SELLING YOUR HOME

If you decide to sell your home, there are some steps you need to take. It's important you know what these are to avoid delays in the process.

## ASSIGNMENT OF LEASE

An assignment of a lease is the process of passing on or selling a leasehold interest

The right to assign the lease requires our permission but this is usually straightforward.

## LEASE EXTENSION

The most common cause of sale delay is when the seller needs to extend their lease. Most leases will have originally been for 125 or 99 years. Banks and building societies differ in their lending criteria. Some require a minimum of 75 years remaining on the lease; others less. Below 60 years, it may be difficult to get a mortgage. We advise you to apply for a lease extension if the term falls below 60 years.

To do this you will need to apply to us for a lease extension. There is also a statutory process, that offers leaseholders more protection.

As the amount of years on the lease reduce so does the value of the lease. For more detail and to get an approximate cost of lease extension visit the [Leaseholder Advisory Service website](#).



## LPE1

This is a sales pack form prepared and paid for by the selling leaseholder that should be given to potential purchasers. It is not essential but is good practice. It is intended to make clear to a new leasehold purchaser what they are responsible for, with standard questions and answers. It was developed by the main professional leasehold bodies.

The LPE1 may be completed by either Citizen, a managing agent, or residents association - it cannot be completed by the seller.

It is the responsibility of the selling leaseholder that it is accurate and supports legal documentation that should have been provided to the purchaser's solicitors by the seller.

**Should any charge be owed for services or works received before the lease was sold, the purchaser not the seller will be responsible for payment. This is clearly set out in the lease, and you are strongly advised to discuss this with your solicitor when selling.**

The LPE1 will be completed before annual accounts are signed off, normally many months before. The LPE1 will only say what is anticipated at that time, if costs are higher than anticipated, the purchaser will be liable **for the deficit for the year, not from the date of ownership.**

[You can download the form here.](#)

## LEASEHOLDER AND LANDLORD CERTIFICATES

'The Building Safety Act 2022 requires landlords to provide a certificate upon request confirming whether remediation works have been completed at a building between 2017 and 2022.

It also introduces the requirement for leaseholders to provide a counterpart certificate upon request confirming the details of their ownership of the property.

These certificates are only required where buildings meet certain criteria which classes them as a 'relevant building'. These criteria are as follows: -

- A building containing at least two dwellings.
- A building that is at least 11 metres high or has at least 5 storeys.
- A self-contained building.

More information can be found at: [gov.uk/guidance/the-building-safety-act](https://www.gov.uk/guidance/the-building-safety-act)



## SOLICITOR RETAINING FUNDS

For reasons explained under LPE1 (pg 17) you could end up with a deficit payment for time you did not own your home for which you are liable. You are strongly advised to ask your solicitor about “retaining funds” from the seller to cover or contribute to any deficit that may arise and may not have been “anticipated”.

When buying a leasehold property with ground rent and service charges, there are times where the solicitor acting for the purchaser will negotiate with the solicitor for the seller to retain funds.

When solicitors agree to retain funds, they will draft a special conditions clause to be inserted into the contract. This will include details about which solicitor is responsible for holding the agreed sum, how the funds are to be calculated and when the funds are to be released. Once the terms have been met then the funds can be divided between the purchaser and the seller and distributed to the correct parties in accordance with the agreement. If there is no deficit, then the funds will be returned to the seller.

If you are the seller, the retention of funds means that when the completion moneys are paid on the date of completion, they will be less the amount agreed for the retention. The solicitor will then calculate the sum which you owed during your ownership and this sum will be either paid directly to Citizen, or the purchaser’s solicitor depending on the agreement.



# ADMINISTRATION CHARGES

We charge for administration associated with certain requests. This table outlines our charges.

Prepaid administration fees	Inclusive VAT - 20%
LPE1	£200
Notice of transfer (confirming ownership has transferred)	No fee
Deed of covenant – to be completed for the new owner during conveyancing, shows new owner will adhere/comply.	
Consent to re-mortgage, extra borrowing	£60
Deed of postponement	£60
Sub-letting application, permission, agreement	£60
Assessment of request for consent to minor alterations/improvements – no surveyor’s inspection needed *	£60
Assessment of request for consent for complex alterations/improvements – requiring surveyor’s inspection *	£200



## Prepaid admin fees for copy documents

Prepaid admin fees for copy documents	Inclusive VAT - 20%
Copy of lease (can be obtained from Land Registry direct for nominal fee)	Copy of lease £20
Copy of service charge accounts from previous year – per year	No fee
Copy of Fire Risk Assessment or asbestos report	No fee
Lease extensions – please ask us for an information sheet	£100+VAT / £300 plus VAT for groupwide £550-650.00 plus VAT (as determined by valuer)
Admin fee	
Valuation fee	
Solicitors fee	
Lease extension cost	

## Admin fees for leaseholder breach – to be added to rent and service charge account

Admin fees for leaseholder breach – to be added to rent and service charge account	Inclusive VAT - 20%
Letter re returned cheque/bounced Direct Debit	No fee
Preparation and service of S146 notice – forfeiture	No fee
Service of Notice of Seeking Possession – arrears of rent and service charge	£60

## COMPLAINTS, DISPUTES AND INDEPENDENT ADVICE

We aim to give every customer the best service we can and hearing what you think about our services, good or bad, is really important.

When you have contact with us you may receive a survey by text message or email giving you the chance to tell us how you rated your experience. Please take a few minutes to complete this as it will help us to understand what we are doing well and what we can improve upon straight away.

If you have a compliment or a complaint, please let us know.

If you make a complaint, we will do everything we can to resolve it and you won't be treated less favourably in the future.

For more information about our complaints policy visit [citizenhousing.org.uk/customer-services/feedback](https://citizenhousing.org.uk/customer-services/feedback)

For independent advice you can talk to **LEASE** – the Leaseholder Advisory Service. LEASE is funded by the Ministry of Housing, Communities and Local Government (MHCLG). They can give free advice and publish a wide range of advice notes. Visit [lease-advice.org](https://lease-advice.org) for more information.

### LEASEHOLDER DISPUTES

The First-tier Tribunal has five regional offices throughout England that deal with settling of disputes in relation to leasehold property.

They deal with a range of matters including service charge disputes, lease variations and the determination of premiums for freehold purchase and lease extensions.

Visit [lease-advice.org](https://lease-advice.org) for more information on the First-tier Tribunal and how to make an application.



## ANY QUESTIONS?

Visit [citizenhousing.org.uk](https://citizenhousing.org.uk)  
or call us on 0300 790 6555.

### CONTACT US

 0300 790 6555

 [info@citizenhousing.org.uk](mailto:info@citizenhousing.org.uk)

 [citizenhousing.org.uk](https://citizenhousing.org.uk)  
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