

- *All words in italicised text (including these instructions) and inapplicable alternative wording in a clause may be omitted or deleted prior to lodging the leases and this form with HMLR.*
- *Clause LR14 may be omitted or deleted where the Tenant is one person.*
- *Otherwise, do not omit or delete any words in bold text unless italicised.*
- *Side-headings may appear as headings if this is preferred.*
- *Vertical or horizontal lines, or both, may be omitted.*

PRESCRIBED CLAUSES – Social Homebuy House Lease	
<p>LR1. Date of the Lease <i>Insert the date in its full format (PG64, 7.1) ie 29 June 2006</i></p>	
<p>LR2. Title Information <i>LR2.1 Insert title number(s) out of which this lease is granted. Leave blank if not registered</i></p> <p><i>LR 2.2 Insert existing title number(s) against which entries of matters referred to in LR9, LR10, LR11 and LR13 are to be made.</i></p>	<p>LR2.1 Landlord’s title number(s)</p> <p>LR2.2 Other title numbers</p>
<p>LR3. Parties to the lease <i>Give full names, addresses and company’s registered number, if any, of each of the parties. For Scottish companies use a SC prefix and for limited liability partnerships, use an OC prefix. For foreign companies give territory in which incorporated.</i></p>	<p>Landlord</p> <p>Tenant</p> <p><i>[insert name] (being the Leaseholder as defined in the Lease)</i></p> <p>Other parties <i>Specify capacity of each party, for example “management company” “guarantor”, etc</i></p>
<p>LR4. Property <i>Insert a description of the land being leased; Or</i></p> <p><i>Refer to the clause, schedule or paragraph of a schedule in this lease in which the land being leased is more fully described.</i></p> <p><i>Where there is a letting or part of a registered title, a plan must be attached to this lease and any floor levels must be specified.</i></p>	<p>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.</p>

<p>LR5. Prescribed statements <i>LR 5.1 - Include a reference to Clause 13 (Charities) if applicable</i></p>	<p><i>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</i></p> <p><i>LR5.2 This lease is made under, or by reference to, provisions of:</i></p> <p>Not applicable.</p>
<p>LR6. Term for which the Property is leased</p>	<p>The term as specified in this lease at clause 2</p>
<p>LR7. Premium <i>Specify the total premium, inclusive of any VAT where payable.</i></p>	
<p>LR8. Prohibitions or restrictions on disposing of the lease.</p>	<p>This lease contains a provision that prohibits or restricts dispositions.</p>
<p>LR9. Rights of acquisitions etc.</p>	<p>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. See Paragraph 4 Fourth Schedule</p> <p>LR9.2 Tenant’s covenant to (or offer to) surrender this lease None</p> <p>LR9.3 Landlord’s contractual rights to acquire this lease None</p>
<p>LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property</p>	<p><i>There are no such covenants in the standard sample lease and HMLR advises that such covenants are very unusual in residential leases. Include any relevant restrictive covenants which are specific to the site being dealt with here or state “none”.</i></p>
<p>LR11. Easements</p>	<p>LR11.1 Easements granted by this lease for the benefit of the Property First Schedule</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property Second Schedule</p>
<p>LR12. Estate rentcharge</p>	<p>N/A</p>

burdening the Property	
LR13. Application for standard form of restriction	<p>The Parties to this lease apply to enter the following standard form of restriction against the title of the Property:-</p> <p>“No deed varying the terms of the registered lease is to be registered without the consent of The Housing Corporation of 149 Tottenham Court Road London W1T 7BN”</p>
<p>LR14. Declaration of trust where there is more than one person comprising the Tenant <i>If the Tenant is one person, omit or delete all the alternative statements.</i> <i>If the Tenant is more than one person, complete this clause by omitting or deleting all inapplicable alternative statements.</i></p>	<p>The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants. <i>OR</i></p> <p>The tenant is more than one person. They are to hold the Property on trust for themselves as tenants in common in equal shares. <i>OR</i></p> <p>The Tenant is more than one person. They are to hold the Property on trust</p>

DATED _____ **200[]**

[] **HOUSING ASSOCIATION LIMITED**

- and -

**SOCIAL HOMEBUY LEASE
(HOUSE)**

- of -

[]

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H. M. LAND REGISTRY

Land Registration Act 2002

County & District or London Borough : []

Title Number : []

Property : []

PARTICULARS

Landlord : [] of []

Leaseholder : [] of []

Premises : [] which is shown edged in red on the attached plan and includes the fixtures and fittings therein

Initial Market Value : the sum of £[] *see note 1*

Premium : the sum of £[] *see note 2*

Initial Percentage : []% *see note 3*

Discount : £[]

Discount Percentage : []% i.e.
$$\frac{\text{Discount}}{\text{Initial Market Value}} \times 100$$

Gross Rent (on

Commencement Date) : £[] per annum

Specified Rent : £[] per annum and any other sum that may be payable pursuant to the provisions of the Third Schedule hereto

Initial Relevant Percentage : []% *see note 4*

Commencement Date : []

Note 1: This is the Value of the whole property i.e. 100%

Note 2: The Premium will be the amount paid by the Tenant not including the Discount.

Note 3: The Initial Percentage will be the percentage purchased by the Tenant for the Premium plus the Discount.

Note 4: This is 100% less the Initial Percentage.

Lease shall have the meanings assigned to them by the right hand column of those Particulars

- 1(2)(b) “the term” means the term hereby granted
- 1(2)(c) “Person” includes a company corporation or other body legally capable of holding land
- 1(2)(d) expressions relating to the calculation of the Specified Rent are defined in the Third Schedule
- 1(2)(e) expressions relating to the staircasing provisions are defined in the Fourth Schedule
- 1(2)(f) expressions relating to the discount provisions are defined in the Sixth Schedule.
- 1(3) Where the Leaseholder is more than one person the covenants on the part of the Leaseholder shall be joint and several covenants
- 1(4) The singular includes the plural and the masculine includes the feminine and neuter and vice versa
- 1(5) References herein to any statute or any section of any statute include a reference to any statutory amendment modification or re-enactment thereof for the time being in force
- 2 In consideration of the aforesaid agreement and the Premium (receipt of which the Landlord hereby acknowledges) and of the Specified Rent and the Leaseholder's covenants reserved and contained below the Landlord **HEREBY DEMISES** the Premises to the Leaseholder **TOGETHER** with the easements rights and privileges mentioned in the First Schedule subject as therein mentioned **AND TOGETHER** with the rights but subject to the provisions as more particularly referred to in the Fourth Schedule hereto **EXCEPT AND RESERVING** the rights set out in the Second Schedule **TO HOLD** the Premises to the Leaseholder for the term of **NINETY NINE YEARS** from the Commencement Date **YIELDING AND PAYING** therefor **FIRST** the Specified Rent and any variation thereof in accordance with the provisions of the Third Schedule hereto by equal monthly payments in advance on the first day of each month the first payment to be made on the date hereof and **SECONDLY** a sum equal to that amount expended by the Landlord in complying with its covenants in contained in clause 4(2) such sum to be paid by the Leaseholder on demand to the Landlord and **THIRDLY** such sum as may from time to time be payable by the Leaseholder pursuant to clause 3(4) to be payable on demand by the Leaseholder to the Landlord
- 3 **THE** Leaseholder **HEREBY COVENANTS** with the Landlord
- 3(1) To pay the Specified Rent and all other monies due hereunder at the times and in the manner mentioned above without deduction **PROVIDED ALWAYS** if and whenever the Specified Rent or any other monies due hereunder to the Landlord shall at any time be unpaid for a space of fourteen days after becoming payable the same shall until paid bear interest calculated on a day to day basis at an annual rate of 3% above the Base Rate of Barclays Bank plc for the time being in force

- 3(2) To pay and discharge all existing and future rates and taxes assessments and outgoings whatsoever now or at any time during the term payable in respect of the Premises or any part thereof or by the owner or occupier thereof and in the event of any rates taxes assessments charges impositions and outgoings being assessed charged or imposed in respect of any property of which the Premises form part to pay the proper proportion of such rates taxes assessments charges impositions and outgoings attributable to the Premises
- 3(3) To keep from time to time and at all times during the term the Premises clean and well and substantially repaired maintained and decorated (damage by fire and other risks insured under Clause 4(2) excepted unless such insurance shall be vitiated by any act or default of the Leaseholder)
- 3(4) To contribute a fair proportion to be assessed from time to time by the Landlord of
- 3(4)(a) the reasonable cost of repairing maintaining renewing and cleaning as the case may be of any boundary walls fences hedges and of any access roadways and footpaths and of any communal gardens or facilities shared by the Leaseholder with others (hereinafter together referred to as “the communal facilities”)
- 3(4)(b) the reasonable fees charges and expenses of the surveyor any accountant or other person whom the Landlord may from time to time reasonably employ in connection with the management and maintenance of the communal facilities including the computation of and collection of other monies due from the Leaseholder hereunder and if any such work shall be undertaken by an employee of the Landlord then a reasonable allowance for such work
- 3(4)(c) for the avoidance of doubt, it is hereby agreed and declared that the provisions of sections 18 to 30 Landlord and Tenant Act 1985 shall apply to the provisions hereof
- 3(5) Not to make any alterations or additions to the exterior of the Premises or any alterations or additions to the interior of the Premises nor to erect any new buildings thereon nor in any way to interfere with the outside of the Premises nor to remove any of the Landlord's fixtures from the Premises without the previous written consent of the Landlord such consent not to be unreasonably withheld
- 3(6) To execute and do at the expense of the Leaseholder all such works and things whatever 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 thereof
- 3(7) 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
- 3(8) To pay all costs charges and expenses (including solicitors' costs and surveyors' fees) incurred by the Landlord for the purpose of or incidental to the preparation and service of a Notice under Section 146 or Section 147 Law of Property Act 1925 notwithstanding

forfeiture may be avoided otherwise than by relief by the Court or otherwise incurred by the Landlord in respect of any breach of covenant by the Leaseholder hereunder

- 3(9) To obtain all licences permissions and consents and execute and do all works and things and bear 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 thereof or in respect of any user thereof during the term
- 3(10) To permit the Landlord and its surveyor or agent at all reasonable times on notice to enter the Premises to view the condition thereof and to make good all defects and wants of repair of which notice in writing is given by the Landlord to the Leaseholder and for which the Leaseholder is liable under this Lease within three months after the giving of such notice
- 3(11) If the Leaseholder shall at any time make default in the performance of any of the covenants herein contained relating to repair it shall be lawful for the Landlord (but without prejudice to the right of re-entry under Clause 5(1) of this Lease) to enter upon the Premises and repair the same in accordance with those covenants and the expense of such repairs including surveyors' fees shall be repaid by the Leaseholder to the Landlord on demand
- 3(12) At all reasonable times during the term on notice to permit the Landlord with workmen and others to enter the Premises for the purpose of repairing any adjoining or neighbouring premises and for the purpose of repairing maintaining and replacing all sewers drains pipes cables gutters wires party structures or other conveniences belonging to or serving the same the party so entering making good any damage thereby caused to the Premises
- 3(13) At the expiration or sooner determination of the term peaceably to yield up the Premises to the Landlord **PROVIDED THAT** damage by fire or other risks insured under Clause 4(2) is excepted from the Leaseholder's liability under this sub-clause unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder
- 3(14) Not to do or permit to be done by any members of the Leaseholder's household or visitors any act or thing which may:
- (a) render void or voidable any policy of insurance on the Premises;
 - (b) cause or permit to be caused nuisance annoyance or disturbance to the owners lessees or occupiers of premises in the neighbourhood or visitors thereto;
 - (c) result in any form of harassment or intimidation of any other person, including the landlord's staff, contractors and agents; or
 - (d) result in the use of the Premises for any unlawful or immoral purpose
- 3(15)(a) Not to assign underlet charge mortgage or part with possession of part only of the Premises
- 3(15)(b) Not to underlet the whole of the Premises

3(16)(a) If at any time when the aggregate of the Initial Percentage and any Portioned Percentage (as hereinafter defined) acquired by the Leaseholder pursuant to the provisions of Clause 2 and the Fourth Schedule hereto is less than 100% this Lease has been assigned otherwise than in the circumstances detailed in Clause 3(16)(b) hereof and the Landlord by notice in writing served upon the Leaseholder within two months after receipt of notice of the assignment pursuant to Clause 3(17) hereof so requires the Leaseholder shall pay to the Landlord on demand the Relevant Percentage of the Market Value as defined in and ascertained in accordance with the provisions of the Fourth Schedule hereto as if the Leaseholder had served upon the Landlord on the date of the assignment a notice pursuant to Paragraph 2(1) of the Fourth Schedule hereto stating his intention to acquire such Portioned Percentage as would thereafter reduce the Relevant Percentage to nil

3(16)(b) The circumstances in which the Landlord may not require payment under the provisions of Clause 3(16)(a) are when the Lease is assigned:-

EITHER

- (i) under a Will or intestacy, or under Section 24 of the Matrimonial Causes Act 1973, or under Section 2 of the Inheritance (Provision for Family and Dependents) Act 1975

OR

- (ii) Both:
 - A. to a person nominated by the Landlord within a period of eight weeks ("the Nominations Period") from the receipt by the Landlord of notice from the Leaseholder to the effect that he wishes to assign his interest **PROVIDED THAT** if the Landlord fails within the Nomination Period to make any nomination hereunder or the Landlord's nominee 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 person or persons nominated by the Landlord (which draft contract shall be supplied by the solicitor or other persons acting for the Leaseholder and shall contain reasonable terms based on the current Law Society standard conditions of sale) and in either case condition B below is satisfied the Landlord may not require payment under Clause 3(16)(a); and

B. at a price no greater than the sum equal to a percentage (equal to the Initial Percentage plus any Portioned Percentage or Percentages purchased pursuant to Clause 2 and the Fourth Schedule hereto) of the Market Value of the Premises as defined in the Fourth Schedule hereto (but excluding Paragraphs 1(1)(iii) and 1(1)(iv) of that definition) as at a date no more than eight weeks prior to the date of exchange of contracts for the assignment and for the purposes of this Clause the Market Value shall be assessed by the Valuer and evidenced by a certificate in writing in such form as may be approved from time to time by the Housing Corporation which shall be sent to the Landlord with the details of the assignment pursuant to Clause 3(17) hereof

3(17) Within one month of any assignment mortgage charge or devolution of the Leaseholder's interest in the Premises to give notice of it together with a certified copy of the instrument 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

3(18) Not to use the Premises nor permit the same to be used for any purpose whatever other than as a private residence in single occupation only nor for any purpose from which a nuisance can arise to the owners lessees or occupiers of the premises in the neighbourhood

3(19) 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 the right of access of light from or over the Premises to any neighbouring property to be acquired

3(20) To comply with the covenants on behalf of the Leaseholder relating to the Discount as set out in the Sixth Schedule.

4 **THE** Landlord **HEREBY COVENANTS** with the Leaseholder as follows -

4(1) That the Leaseholder paying the rents hereby reserved and performing and observing the covenants herein contained 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

4(2) That the Landlord will at all times during the term (unless such insurance shall be vitiated by any act or default of the Leaseholder) keep the Premises insured against loss or damage by fire and such other risks as the Landlord may from time to time reasonably determine or 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 the insurance policy and the receipt for the last premium for the same 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 layout the insurance monies in the repair rebuilding or reinstatement of the same

5 **PROVIDED ALWAYS** and it is hereby agreed as follows -

- 5(1) If the rents hereby reserved or any part of them shall be unpaid for twenty-one days after becoming payable (whether formally demanded or not) or if any covenant on the part of the Leaseholder shall not be performed or observed then and in any such case it shall be lawful for the Landlord at any time thereafter to re-enter upon the Premises or any part of them in the name of the whole and thereupon this demise shall absolutely determine but without prejudice to any right of action or remedy of the Landlord in respect of any antecedent breach of any of the Leaseholder's covenants or the conditions contained in this Lease Provided Always and without prejudice to the Landlord's rights hereunder the Landlord shall give reasonable notice to any mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to Clause 3(17) hereof before commencing any proceedings for forfeiture of this Lease
- 5(2) 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 whatsoever 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
- 5(3) If the whole or any part of the Premises is 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 rent or a fair proportion of it shall be suspended until the Premises are again fit for use
- 5(4) If the Premises are rendered unfit for occupation and use by a risk not insured by the Landlord or in the event of the repair rebuilding or reinstatement of the Premises being frustrated by any reason beyond the control of the Landlord or the Leaseholder the Leaseholder may surrender to the Landlord this Lease in consideration of the Landlord as expeditiously as possible selling its freehold reversion of the Premises on the open market and on completion of the said sale subject as hereinafter provided paying to the Leaseholder the proceeds of sale together with any insurance monies received by the Landlord in respect of the Premises after deducting therefrom the Relevant Percentage of the same and the Landlord's reasonable costs and expenses incurred in the said sale **PROVIDED ALWAYS** if at the time of the event rendering the Premises unfit for occupation and use as aforesaid or the said frustration (as the case may be) there is any money outstanding on mortgage or charge to a mortgagee of the Leaseholder (who shall have been approved and the terms of the mortgage to such mortgagee shall have been approved by the Landlord in writing prior to the mortgage) the Landlord shall apply the proceeds of sale together with any insurance monies received by the Landlord in respect of the Premises first in payment of the principal and not exceeding 12 months' unpaid interest outstanding under that mortgage or charge and thereafter in accordance with the before mentioned provisions and treating all monies paid to the mortgagee or chargee as monies paid to the Leaseholder (any overpayment being a debt due from the Leaseholder to the Landlord)

- 6 If a mortgagee of the Leaseholder (who shall have been approved and the terms of the mortgage to such mortgagee shall have been approved by the Landlord in writing prior to the mortgage) exercises the right to acquire the freehold of the Premises and directs the Landlord pursuant to Paragraph 4(2) of the Fourth Schedule hereto to transfer the freehold to another and the sale price obtainable from that other person upon the transfer of the freehold after adding the amount realised or realisable by the said mortgagee from any collateral security (in aggregate in this Clause called "the Sale Price") is insufficient to meet:-
- (a) the total principal (which shall not include any capitalised interest) and not exceeding 12 months' unpaid interest due to the mortgagee under the terms of the mortgage
- (i) disregarding
- A. any part of the mortgagee's initial advance to the Leaseholder which was in excess of the Premium or in the case of an assignment was in excess of the Market Value (as defined in the Fourth Schedule hereto) of the Percentage of the Premises assigned to the Leaseholder as at a date no more than twelve weeks prior to the date of exchange of contracts for the assignment and for the purposes of this Clause the Market Value shall be assessed by the Valuer and evidenced by a certificate in writing in such a form as may be approved from time to time by the Housing Corporation which shall be sent to the Landlord with the details of the assignment pursuant to Clause 3(16) hereof; and
- B. any further advances made by the mortgagee to the Leaseholder at his request unless such further advance is made to enable the Leaseholder to pay for a Portioned Percentage (as hereinafter defined) pursuant to the provisions of Clause 2 and the Fourth Schedule hereto and does not exceed the amount paid by the Leaseholder for such Portioned Percentage or such further advance is made to enable the Leaseholder to comply with his covenants contained in this Lease and accordingly to preserve the mortgagee's security or such further advance is made to enable one joint Leaseholder to purchase the interest in this Lease of the other joint Leaseholder and the further advance does not exceed the Market Value (as defined in the Fourth Schedule hereto) of the interest assigned as at a date no more than twelve weeks prior to the date of exchange of contracts for the assignment and for the purposes of this Clause the Market Value shall be assessed by the Valuer and evidenced in writing in the same manner as described in sub-clause A above; but
- (ii) including any payment of Specified Rent service charge or other monies due hereunder by the Leaseholder to the Landlord (excluding the Outstanding Discount) and including any monies outstanding in respect of any premiums

paid or provided by the mortgagee by way of a loan or otherwise under a mortgage protection life policy or an endowment policy and secured by the mortgage

- (b) any reasonable legal charges incurred by the mortgagee in recovering or attempting to recover any sums due under the mortgage or in respect of the acquisition and sale of the freehold reversion Except if the relevant work shall be undertaken by an employee of the mortgagee in which case a reasonable allowance for such work
- (c) any reasonable agents commission on such sale Except if the relevant work shall be undertaken by an employee of the mortgagee (which expression shall not include any employee of an estate agency owned by the mortgagee) in which case a reasonable allowance for such work
- (d) any other costs or expenses (other than the mortgagee's internal costs of administration) reasonably incurred by the mortgagee in connection with the protection of the security or the acquisition and sale of the freehold reversion Except if the relevant work shall be undertaken by an employee of the mortgagee in which case a reasonable allowance for such work
- (e) the price payable for the Portioned Percentage acquired by the said mortgagee under the provisions of the Fourth Schedule hereto

the said price payable for the Portioned Percentage acquired by the said mortgagee shall be such sum as equals the amount of the Sale Price less the aggregate of the sums referred to in sub-clauses (a), (b), (c) and (d) hereof

PROVIDED ALWAYS the person primarily liable for the monies due to the mortgagee as above referred to shall pay to the Landlord on demand with interest (calculated in accordance with the provisions of Clause 3(1) hereof) such amount by which the said price payable under the provisions of the Fourth Schedule hereto has been reduced

- 7 The Landlord and the Leaseholder hereby apply to the Chief Land Registrar to enter a restriction in the following form in the proprietorship register of the Leaseholder's Title:-
No deed varying the terms of the registered lease is to be registered without the consent of the Housing Corporation of 149 Tottenham Court Road London W1T 7BN”
- 8 The Landlord and the Leaseholder hereby confirm that the Market Value of the Premises (as defined in the Fourth Schedule hereto) is the Initial Market Value and the minimum rent payable for the purposes of Paragraph 2 of Schedule 9 of the Finance Act 2003 is [*a peppercorn or other minimum rent if applicable*] and that the Leaseholder intends Stamp Duty Land Tax to be charged in accordance with the said Paragraph 2 of Schedule 9 by reference to the Initial Market Value and the said minimum rent
- 9 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 pre-paid and by first class recorded delivery in an envelope addressed to them at such address

- 10 For the purposes of the Landlord and Tenant (Covenants) Act 1995 the covenants on the part of the Leaseholder under this Lease are not personal covenants
- 11 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) the Landlord's address given in the Particulars
- 12 **IT IS HEREBY DECLARED** by the Landlord that in its opinion by virtue of Paragraph 3(2)(g) Schedule 4A Leasehold Reform 1967 this Lease is excluded from the operation of Part 1 Leasehold Reform Act 1967
- 13 [Charity clause if applicable]

IN WITNESS whereof the Landlord and the Leaseholder have executed this Deed the day and year first above written

THE FIRST SCHEDULE above referred to
EASEMENTS RIGHTS AND PRIVILEGES
INCLUDED IN THE LEASE

Such rights as are appropriate for example Access Services

THE SECOND SCHEDULE above referred to

EXCEPTIONS AND RESERVATIONS

There are excepted and reserved out of this demise to the Landlord such exceptions as are appropriate for example services light and air

THE THIRD SCHEDULE above referred to

CALCULATION OF SPECIFIED RENT

- 1 In this Schedule the following expressions have the following meanings:-
- 1(1) “the Review Date” shall mean [] and each successive [] during the term
- 1(2) “the Relevant Percentage” shall mean at any time 100% less the aggregate of the Initial Percentage and any Portioned Percentage or Portioned Percentages paid for pursuant to Clause 2 and the Fourth Schedule hereto
- 1(3) “RPI” shall mean the United Kingdom General Index of Retail Prices or in the event that such ceases to be published (as to which the Landlord's decision shall be conclusive) or if the said Index or the basis on which it is calculated or published is altered to a material extent (as to which the Landlord's decision shall be conclusive) then the Landlord may give written notice to the Leaseholder of some other published index of general prices or the value of money as a substituted index and in that case the substituted index so selected shall thereupon be the RPI
- 1(4) “New Gross Rent” shall mean the Gross Rent increased pursuant to Paragraph 2 hereof on each Review Date
- 1(5) “Gross Rent” shall means as at the Commencement Date the figure identified as the Gross Rent in the Particulars and immediately following the first and each successive Review Date the sum calculated on each rent review pursuant to paragraph 2(a) (**only to be included where paragraph 2(a) option B is used**)

OPTION A

- 2(a) On each Review Date the New Gross Rent shall be such figure as is notified to the Leaseholder by the Landlord provided that the New Gross Rent shall not exceed the Gross Rent increased by the percentage increase of the RPI from the RPI published for September [] to the RPI published for the September prior to the relevant Review Date plus 0.5%

OPTION B

- 2(a) On each Review Date the New Gross Rent shall be such figure as is notified to the Leaseholder by the Landlord provided that the New Gross Rent shall not exceed the Gross Rent increased by the percentage increase of the RPI from the RPI published for the September prior to the September immediately previous to the relevant Review Date plus 0.5%

- 2(b) On each Review Date the Specified Rent payable hereunder shall be reviewed to an amount equal to the Relevant Percentage of the New Gross Rent as at the relevant Review Date
- 2(c) Immediately following each Review Date the Landlord shall serve written notice on the Leaseholder specifying the amount of the Specified Rent then payable

THE FOURTH SCHEDULE above referred to

STAIRCASING PROVISIONS

- 1 In this Lease the following expressions have the following meanings respectively:-
- 1(1) “Market Value” shall at the date hereof 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 vendor upon the terms and conditions of the draft transfer set out in the Fifth Schedule hereto and otherwise upon the assumption that the Relevant Percentage is nil (the Leaseholder having acquired 100% of the shares in the Premises) **AND** disregarding the following matters:
- 1(1)(i) any mortgage of the Leaseholder's interest
- 1(1)(ii) any interest in or right over the Premises created by the Leaseholder
- 1(1)(iii) any improvement made by the Leaseholder or any predecessor in title of his and
- 1(1)(iv) any failure by the Leaseholder or any predecessor in title to carry out the repairing obligations contained in Clause 3(3) hereof
- 1(2) “a Portioned Percentage” shall mean at any relevant time (including for the avoidance of doubt on the Final Staircasing) a portion of the then Market Value of the Premises to a maximum of 100 per cent being a minimum sum of at least 10% of the market value;
- 1(3) “the Relevant Date” shall mean the date three months after the completion of the Final Staircasing
- 1(4) “the Relevant Percentage” shall mean at any relevant time 100% less the aggregate of the Initial Percentage and any Portioned Percentage or Percentages paid for pursuant to Paragraph 2(2) hereof
- 1(5) “the Valuer” means an independent expert 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
- 1(6) “Final Staircasing” shall mean the purchase of such Portioned Percentage as reduces the Relevant Percentage to nil
- 2(1) At any time or times during the term the Leaseholder may serve notice in writing on the Landlord stating the Portioned Percentage he proposes to acquire **PROVIDED THAT** this Paragraph 2(1) shall apply to any mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to Clause 3(17) hereof

- 2(2) 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 2(1) (upon which the price of acquisition will be based) within 14 days of receipt of the said notice and shall notify the Leaseholder of the amount of the Valuer's determination in writing within 7 days of receipt of the said determination
- 2(3) At any time within three months of the said determination by the Valuer the Leaseholder may pay for a Portioned Percentage in accordance with the provisions of Paragraph 2(4) hereof
- 2(4) The Leaseholder may pay for a Portioned Percentage by paying to the Landlord a sum equal to that Portioned Percentage and as from the date of such payment the Specified Rent payable hereunder shall be an amount equal to the Relevant Percentage of the Gross Rent or the New Gross Rent where the date of payment falls after a Review Date
- 2(5) On completion of the payment for a Portioned Percentage in addition to the sum payable as hereinbefore provided the Leaseholder shall pay any arrears of rent and any other sums due to the Landlord hereunder. The Landlord and the Leaseholder shall save as provided in Paragraph 5 hereof pay their own costs and expenses in connection with such payment or purchase
- 2(6) Whenever the Leaseholder completes the payment for a Portioned Percentage the Landlord and the Leaseholder shall forthwith complete the relevant Memorandum annexed to the original and counterpart of this Lease specifying the Portioned Percentage paid for and the Specified Rent then payable
- 3(1) The provisions of this Paragraph 3 shall take effect only if on the Relevant Date the Leaseholder is not the same person or persons or the personal representative(s) of the same person or persons who was or were the Leaseholder immediately prior to the completion of the Final Staircasing **PROVIDED THAT** this Paragraph 3 shall have no effect in the event that a mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to Clause 3(17) hereof exercised the right to complete the Final Staircasing
- 3(2) The Landlord shall instruct the Valuer to determine the Market Value of the Premises as at the Relevant Date within 14 days of the Relevant Date
- 3(3) Within seven days of receipt of the Valuer's Determination obtained pursuant to Paragraph 3(2) the Landlord shall notify the Leaseholder of the amount of the said Determination in writing together with the amount determined as the Market Value of the Premises by the Valuer for the purposes of the Final Staircasing
- 3(4) Within 28 days of receipt of the notification from the Landlord pursuant to Paragraph 3(3) the Leaseholder shall pay the Landlord the amount (if any) by which the Market Value of

the Premises as at the Relevant Date exceeds the Market Value of the Premises determined by the Valuer for the purposes of the Final Staircasing

- 4(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 the Fifth Schedule hereto **PROVIDED ALWAYS** such notice shall not take effect before the Relevant Percentage is nil (the Leaseholder having acquired 100% of the shares in the Premises) and until any sum payable under Paragraph 3 has been paid
- 4(2) The said freehold shall be transferred by the Landlord to the Leaseholder or to whom he shall direct as soon as possible after the coming into effect of the notice referred to in Paragraph 4(1) hereof. 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 and of the Filed Plan and of any document referred to in the Registers of which no copies or extracts are set out thereon
- 5 The costs of any determination by the Valuer pursuant to the provisions of this Schedule shall be paid by the Leaseholder to the Landlord on demand
- 6 It is hereby agreed and declared that the decision of the Valuer shall be final and binding on the parties hereto

THE FIFTH SCHEDULE

Draft Freehold Transfer/Conveyance

Annex form of transfer to Lease. Form of Transfer to include the following suggested draft Clauses for insertion in transfers following 100% staircasing. The Clauses should be inserted in the forms of transfer annexed to shared ownership house leases. The wording will need to be adjusted for registered and unregistered land. Reference to further conveyancing matters may need to be added:-

House Lease Option Clauses for inclusion in transfer:

1(1) The Transferee hereby grants the Transferor an option to either:

- (i) purchase the Property itself; or
- (ii) to propose a nominee to purchase the Property

upon the terms set out in this Clause **PROVIDED THAT** such option shall only be exercisable within twenty-one years from the date hereof and in the event that either:

1(1)(a) The Transferee shall serve written notice upon the Transferor that the Transferee wishes to

- (iii) transfer the Property or any part thereof; or
- (iv) grant a lease of the Property or any part thereof for a term of more than twenty one years otherwise than at a rack rent within twelve months of the date of service of such notice; or

1(1)(b) There shall be

- (v) a transfer of the freehold of the Property or any part thereof; or
- (vi) the grant of a lease of the Property or any part thereof for a term of more than twenty one years otherwise than at a rack rent

the exchange of contracts (or completion where there is no prior exchange of contracts) for which takes place **EITHER** more than twelve months following service of the most recent notice by the Transferee under Clause 1(1)(a) OR without any prior written notice under Clause 1(1)(b) having been served

PROVIDED THAT where the Property is assigned under a Will or intestacy, or under Section 24 or 24A of the Matrimonial Causes Act 1973, or Section 2 of the Inheritance (Provision for Family and Dependants) Act 1975 or section 17 of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders or orders for the sale of property after overseas divorce,) or paragraph 1 of Schedule 1 to the Children Act 1989 (orders for financial relief against parents) or Part 2 or 3 of Schedule 5, or paragraph 9 of Schedule 7, to the Civil Partnership Act 2004 (property adjustment orders, or orders for the sale of

property, in connection with the civil partnership proceedings or after overseas dissolution of civil partnership, etc the option contained in this Clause 1(1) shall not be exercisable; and

PROVIDE FURTHER THAT where either 1(1)(a)(ii) or 1(1)(b)(ii) applies it shall be assumed

- (a) that any option to renew or extend any such lease whether or not forming part of a series of options, is exercised, and
 - (b) that any option to terminate any such lease is not exercised
- 1(2) The option contained in Clause 1(1) shall be exercisable by written notice served by the Transferor upon the Transferee at any time within six weeks of service of the Transferee's notice given as mentioned in Clause 1(1)(a) or at any time after there shall have been a transfer or lease in either of the circumstances specified in Clause 1(1)(b).
- 1(3) The purchase price payable by the Transferor (or its nominee as applicable) shall be the open market value of the Property with vacant possession assessed as at the date of the Transferor's notice served in accordance with Clause 1(2) in accordance with any relevant Guidance Notices on the valuation of land and buildings for the time being in force of the Royal Institution of Chartered Surveyors by an independent qualified valuer (acting as an expert) who is an Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers and whose appointment shall be agreed between the Transferor (or its nominee as applicable) and the Transferee or failing agreement on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors and whose decision shall be final and binding on the Transferor (or its nominee as applicable) and the Transferee but whose costs and expenses shall be borne by the Transferor (or its nominee as applicable).
- 1(4) The Transferee will transfer the Property with full title guarantee
- 1(5) The current Law Society standard conditions of sale shall be deemed to be incorporated herein so far as the same are applicable to a sale by private treaty and are not varied by the provisions of this Clause and in case of any variation or inconsistency the provisions of this Clause shall prevail
- 1(6) No deposit shall be payable by the Transferor (or its nominee as applicable) on the exercise of the option
- 1(7) Completion of the sale shall take place and vacant possession shall be given on a date agreed between the Transferor (or its nominee as applicable) and the Transferee but failing agreement on the date four weeks from the date the valuer's assessment of the market value of the Property made pursuant to Clause 1(3) is received by the Transferor (or its nominee as applicable)

- 1(8) The provisions of Section 196 of the Law of Property Act 1925 (as amended) shall apply to all notices given pursuant to this Clause
- 1(9) If the Transferor does not serve a notice within the six week period specified in Clause 1(2) (as to which time shall be of the essence) the Transferee may transfer the Property or any part thereof or grant a lease of the Property or any part thereof subject to exchange of contracts (or completion where there is no prior exchange of contracts) for such transfer or lease taking place within twelve months of service of the Transferee's notice pursuant to Clause 1(1)(a) hereof **PROVIDED THAT** if no exchange of contracts is effected within such twelve month period and the Transferee wishes to transfer the Property or any part thereof or grant a lease of the Property on the terms outlined in Clause 1(1)(a) the procedure set out in this Clause 1 shall be repeated
- 2 The Transferee hereby covenants with the Transferor not to dispose of any estate or interest in the Property or any part thereof save to a person who has first:
- 2(1) Given to the Transferor or its successor in title then entitled to the benefit of the option contained in Clause 1 ("the grantee") a signed agreement to sell in the form annexed and
- 2(2) Entered into a deed of covenant with the grantee to the like effect as this covenant
- 3 The Transferee consents to the Transferor making application to the Land Registry to protect the rights contained in Clause 1 against the Transferee's Title Number []
- 4 The Transferor and the Transferee hereby apply to the Chief Land Registrar to enter a restriction in the following form in the proprietorship register of the Transferee's Title:-
 "No disposition or lease of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge is to be registered without a certificate signed by the proprietor for the time being of the estate registered under title number [] or signed on such proprietor's behalf by [] that the provisions of Clause 2 of a transfer dated [] made between [] (1) and [] (2) have been complied with"

**PROVISIONS FOR FREEHOLD TRANSFER IF DISCOUNT PERIOD
HAS NOT EXPIRED**

These should mirror the provisions of the Sixth Schedule with the following amendments:-

1. Change references from Landlord to Transferor and Leaseholder to Transferee where appropriate.
2. Discount Period will be 5 years from the date of the Lease i.e. Relevant Date needs to be inserted.

3. Insert Discount Percentage to avoid cross-referencing to Lease.
4. Definition of Landlord's solicitors refer to Transfer.
5. Open Market Value – amend definition so it includes wording from definition of Market Value in Fourth Schedule with necessary amendment e.g. deleting reference to Relevant Percentage being 100% to avoid cross referencing to the Lease.

SIXTH SCHEDULE

DISCOUNT PROVISIONS

1. In this schedule the following expressions shall where the context admits have the following meanings:-

Act means the Housing Act 1996 as amended by the Housing Act 2004

Discount Period means five years from the date hereof.

Discount Percentage has the meaning prescribed in the Particulars of this Lease

Landlord's Solicitors means the solicitors acting for the Landlord in connection with the granting of this Lease.

Open Market Value means the Market Value of the Premises (as defined in the Fourth Schedule but excluding paragraph 1(1)(iv)) as at a date no more than 3 months prior to the relevant disposal or entry into a Prohibited Agreement determined in accordance with any relevant Guidance Notes on valuation of land and buildings of the R.I.C.S. for the time being in force

Outstanding Discount means the sums due under paragraph 2.1 below.

Prohibited Agreement means an agreement to dispose of the Premises (other than by way of an exempted disposal) to any person or company after the expiry of the Discount Period;

- 1.1 Whether or not the date on which the relevant disposal is to take place is specified in the agreement, and

1.2 Whether or not any requirement to make that disposal is or may be made subject to the fulfillment of any condition

Qualifying Lender has the meaning ascribed to “qualifying lending institution” under The Social Landlords (Additional Purposes or Objects) (Amendment) (England) Order 2005.

R.I.C.S. means the Royal Institution of Chartered Surveyors.

3 The Leaseholder **HEREBY COVENANTS** with the Landlord for himself and his successors in title that upon the first surrender or relevant disposal of this Lease which is not an exempted disposal (which expressions shall have the same meaning as set out in section 15 of the Act) or entry into a Prohibited Agreement within the Discount Period the Leaseholder shall pay to the Landlord a sum equal to the Discount Percentage of the Open Market Value of the Premises reduced by one fifth for each complete year of the Discount Period which has elapsed PROVIDED THAT for the avoidance of doubt this covenant shall survive the termination of the Lease for whatever reason

4 In the event of more than one relevant disposal (other than an exempted disposal) paragraph 2.1 shall apply to the first relevant disposal only.

3 The Open Market Value shall be assessed by a qualified independent valuer (acting as an expert) who is an associate or fellow of the R.I.C.S. or the Incorporated Society of Valuers and Auctioneers whose appointment shall be agreed between the Landlord and the Leaseholder or failing agreement on the application of either party by the President for the time being of the R.I.C.S. whose decision shall be final and binding and whose costs shall be borne by the Leaseholder except where the disposal is a surrender to the Landlord in which case the costs shall be borne by the Landlord.

4 The Leaseholder with full title guarantee charges this Lease by way of Legal Mortgage with the payment to the Landlord of the Outstanding Discount.

5. The Leaseholder hereby consents to an application being made in form RX1 at H M Land Registry to register;

5.1 A note in the appropriate manner in the Charges Register of the Leaseholder’s title of the charge referred to in paragraph 4 above.

and

5.2The following restriction;

“Until [end of discount period] no disposition of the registered estate (other than a charge) by the proprietor of the registered estate is to be registered without a written consent signed by the proprietor for the time being of the charge dated [] in favour of *[insert name of Landlord]* referred to in the charges register or, if appropriate, signed on such proprietor’s behalf by its secretary or conveyancer.”

6. The Leaseholder hereby covenants with the Landlord to apply forthwith to register this Lease and the Legal Charge referred to in paragraph 4 above and the restriction referred to in paragraph 5.2 above at H M Land Registry and to supply a copy of the Title Information Document for the Leaseholder’s title to the Landlord’s Solicitors as soon as the Leaseholder’s title has been registered at H M Land Registry and in any event within 2 months of the date hereof.

7. The Leaseholder shall be released from the covenant made pursuant to paragraph 2.1 above and the charge shall be released on the earlier of:-

8. The expiry of the Discount Period without a relevant disposal other than an exempted disposal or entry into a Prohibited Agreement taking place.

9. Repayment of the Outstanding Discount.

10. The grant of an option enabling a person to call for a relevant disposal which is not an exempted disposal shall be treated as a relevant disposal made to him.

11. Where there is a relevant disposal which is an exempted disposal of the type referred to in sections 15(4)(d) and/or 15(4)(e) of the Act (compulsory disposal or disposal of yard, garden &c)-

12. The covenant contained in paragraph 2.1 shall not bind on the person to whom the disposal is made or any successor in title of his, and

13. The covenant shall cease to apply in relation to the property disposed of.

14. The charge created by paragraph 4 above shall rank in priority as if it was a statutory charge under sections 11 and 12 of the Act on the assumption that references to an approved lending institution are references to a Qualifying Lender and the Landlord shall at the Leaseholder’s cost enter into such documents that the Leaseholder may reasonably require to give effect to the intention of this paragraph 10.

15. The covenant set out in paragraph 2.1 above shall not by virtue of it binding successors in title bind a person exercising rights under a charge having priority over the charge referred to in paragraph 4 above or a person deriving title under him.

ANNEXURE

BY THIS AGREEMENT [] agrees to sell the property described in Clause [] of the Transfer dated [] made between [] (1) and [] (2) on the terms and subject to the provisions of Clause 1 of such Transfer which terms and provisions are incorporated in this Agreement

SIGNED

and [] agrees to buy the said property on the above terms

SIGNED

Date: [dated only when signature of acceptance is effected]

THE COMMON SEAL of the Landlord)

was hereunto affixed in)

the presence of:-)

Committee Member

Committee Member

Secretary

SIGNED and **DELIVERED AS A DEED**)

by the Leaseholder in the presence of:-)

FIRST MEMORANDUM OF STAIRCASING

Leaseholder :

Landlord :

THIS IS TO RECORD:

On the _____ day of _____ 200[] on the
payment of POUNDS (£ _____) ("the Premium") being _____ % of the Market Value of the
Premises as assessed by the Valuer on the _____ day of _____ 200[] the
Leaseholder purchased a Portioned Percentage of _____ % of the Premises

The Specified Rent (the rent payable) as from the _____ day of 200[] (date of payment of
the Premium) is £ _____ per annum

SIGNED BY the Leaseholder

SIGNED FOR AND ON BEHALF OF THE LANDLORD

SECOND MEMORANDUM OF STAIRCASING

Leaseholder :

Landlord :

THIS IS TO RECORD:

On the day of 200[] on the payment of
POUNDS (£) ("the Premium") being % of the Market Value of the Premises as assessed by the
Valuer on the day of 200[] the Leaseholder purchased a Portioned
Percentage of % of the Premises

The Specified Rent (the rent payable) as from the day of 200[]
(date of payment of the Premium) is £ per annum

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

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