



Dickins Hopgood Chidley

SOLICITORS

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Buying your freehold

If you live in a leasehold flat and fulfil the relevant qualifying criteria, it is possible to purchase the freehold of the building from the current freeholder.

This will give you several advantages, including:

1. Control over the management of the building, including insurance, maintenance, repair and decoration;
2. Control over the charges you pay for the management of the building;
3. It is likely to increase the value of your property.

Before you proceed with a freehold purchase, you will need to discuss the matter in depth with the leaseholders of the other flats in your building and obtain a commitment as to those who are going to participate. This can be done by a "participation agreement".



PROCEDURE

Qualification

Check that you qualify. Briefly, you will need the building to be self-contained, or to be a self-contained part of a building; any non-residential parts should be less than 25%; 2 or more flats must be held by qualifying tenants; flats of qualifying tenants must be at least 2/3rd of total flats; and participating tenants must be not less than 50% of total flats.

Valuation

It is strongly recommended that you seek a valuation and advice from a suitably qualified surveyor. They will give you a suggested purchase price and any other pertinent valuation information.

Forming a company and organising the Participants

If there are more than two flats involved it is best to form a freehold company. We can arrange this for you. You should also set up a fund so that all participants can contribute towards the costs.

Notice

A notice must be served on the current freeholder of your right to buy the freehold, stating the offer price and giving at least 2 months for them to respond. This notice ought to be registered against the freehold title so that the freeholder cannot sell the building without notice to you.

Counter-Notice

The freeholder provides a counter-notice within the two month deadline giving the price it is willing to accept for the freehold.

Negotiations

If the freeholder's price is not agreeable, negotiations commence, usually between the respective surveyors.

First Tier Tribunal (Property Chamber)

If no agreement can be reached, an application should be made to the Property Tribunal, within 6 months of the counter notice, for a determination of the purchase price.

Completion

Once an agreement is reached as to the price, funds will need to be collected from all participants and the purchase can be completed.

Costs

Under the relevant legislation, you will be responsible for your landlord's reasonable costs. This is limited to legal and valuation costs i.e. the landlord's valuation, legal costs of transferring the freehold and checking your right to buy the freehold.

This is a brief overview of the process. Buying your freehold can be complex and we would strongly recommend seeking professional advice at an early stage.