

JMA/Lisewski

12th July 2002

Mr. P. Lisewski,
23 Seaford Road,
Enfield,
Middlesex EN1 1NS

Dear Mr. Lisewski,

RE: FLAT D, 40 GLEDSTANES ROAD

I write to inform you that my legal pre-contractual work has virtually been concluded and I therefore propose to report to you in this letter with regard to the work I have carried out on your behalf. Our task is to check the legal title to the property that you are purchasing and to raise a set of enquiries with the Vendor to establish that there have been no problems that will affect your use and enjoyment of the property as a residential dwelling. We also send a set of enquiries to the Local Authority.

As you know you are purchasing a leasehold title. Once I have completed the purchase I will apply to the Land Registry to register you as the new proprietor of the property. Since you are obtaining a mortgage to finance this transaction the Title Deeds will be held by the Lender as security for their loan until you come to sell the property or redeem the loan earlier. I have checked on the title to make sure that there are no adverse covenants that would prevent the use and enjoyment of the property as a residential dwelling. I enclose a copy of your Title herewith for your reference, which I hope you will find to be self-explanatory. If you have any queries in this regard please do not hesitate to contact me. I am pleased to confirm that the Title to the property you are buying is good and marketable.

I enclose a plan of the property and I should be grateful if you would kindly confirm that it accurately reflects the extent of the property that you are proposing to purchase. If any garden land is included can you also please check that this is clearly marked on the plan? Please note that the property does not have the benefit of a parking space. It is common when land is first developed for residential purposes for various stipulations to be made to ensure that the property is used solely as a single private residence and that no trade or business is carried out from the property. It is also not uncommon to find an obligation to pay towards repair of any footpaths, forecourts, drains or

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other shared facilities.

I enclose with this letter a copy of the Lease with a summary of Lease provisions. The Lease document itself is couched in legal terms. I intend though to discuss the most important terms of the existing Lease with you now and for ease of reference I will refer you to the summary of lease provisions which I hope you will keep with the Lease should you need to refer to it in future. You will see that the term of the Lease is for 125 years commencing from the 29th September 1991. The initial annual ground rent being £50.00 per annum.

The description of your flat is set out in the Lease as shown on the summary. Would you please check the lease plans carefully to ensure that it accurately depicts the extent of the flat. When a building is divided into flats various rights are necessary for each owner. Rights are granted to each leaseholder over the remainder of the building for the purpose of gaining access to his or her flat. Similar rights of support and protection and the running and passage of water, gas, electricity, pipes cables and wires are granted. You will appreciate that the Leases of the other flats will be on similar terms and similar rights granted in favour of the other leaseholders.

Perhaps the most important section of the Lease is the Tenant's obligations. These are known as covenants. The Lease sets out a list of obligations by which each Tenant is bound. This is the real purpose of the Lease and it makes clear who is responsible for what. This is for the mutual benefit of each of the leaseholders in the building. The covenants can be found in the Fourth Schedule of the lease.

In summary the obligations on you are as follows:

First you must pay the ground rent as specified. Secondly you must keep in good repair and condition your flat and contribute towards repair and maintenance of the main structural parts of the building. There are two aspects to the question of repair. First we must ask who is responsible for carrying out the repairs and secondly we must ask who pays for the repairs. On the summary of lease provisions I have listed who is responsible for repairing the main parts of the building including the roof, foundations and main structure. Broadly speaking it will either be the individual Leaseholder (subject to a contribution from the others) or the Landlord who carries out these repairs. If the Landlord does not carry out the repairs himself he may appoint managing agents and outside contractors to do the work. As an alternative a management company may be formed for this purpose. If you refer to the summary of lease provisions I have listed in detail who has these responsibilities. I also list who is responsible for repair and decoration both for the interior and exterior of the building.

Having established who is responsible for carrying out the repair we must now establish who is responsible for paying for the repair. The summary again lists who is responsible for the cost of repair to the main structure of the building.

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Broadly speaking each of the Leaseholders will be responsible to share that cost. There is an obligation in the Lease to contribute towards any such cost whether the payment is made to the Landlord or to the other Leaseholders if they have the responsibility of carrying out the repairs. The Landlord may, under the terms of the Lease, require payment on an annual service charge to cover these costs. Details of any service charges are set out on the attached summary.

In addition to repair and maintenance of the building there is the question of building insurance. Again it will either be the responsibility of each individual Lessee to insure his flat. Alternatively the Landlord may choose to insure all the building under one policy and to split the cost between each individual Leaseholder. Details are given on the attached summary. If the Lessee is responsible for the insurance and you are obtaining a mortgage you should request that your lender arranges building insurance on your behalf. The insurance must be put into effect immediately contracts are exchanged. You should refer to the terms of your mortgage offer and check with the Lender that they are insuring in an adequate sum bearing in mind the purchase price. If the Landlord insures I will obtain details of the block insurance. Where a service charge is levied by the Landlord to cover the repair maintenance and insurance you should note that the cost of employing a managing agent and other administrative costs can also be added to the service charge. Interim service charges may be demanded and the Landlord has the right under the Lease to request money on account of future expenditure. You should be assured the Landlord cannot simply charge any sum he likes under the Lease. The expenditure must be properly incurred pursuant to the obligations of the Landlord under the Lease. The Landlord has the duty to show to the Leaseholder how the money is spent and in the case of major expenditure he must obtain at least two proper estimates of the proposed work. You should ask your Vendor if any major expenditure on the building is anticipated.

Returning to the Tenant's covenants under the Lease you must not make any alterations or additions to the flat without the Landlords consent. You must not part with possession of part of the flat only and you must not do anything that may vitiate any building insurance policy. Nothing must be done which may be a nuisance to the adjoining owners. If you receive any notice or communication from the Council or any other body regarding the building you must inform the Landlord. You must allow the Landlord or its agents access to the property at reasonable times to inspect the state and condition of the property and if repairs are necessary then these must be carried out at the Landlord's direction. This particular clause is always inserted in the Lease but be assured that in practice the Landlord will not be making regular visits as subject to the performance and observance of the covenants there is an obligation on the Landlord during the term of the Lease to ensure uninterrupted use and enjoyment of the flat. At the end of the term of the Lease the property reverts back to the Landlord.

There are a further series of obligations upon the Lessees that are known as

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regulations. These are referred to in the Fourth Schedule of the Lease and are largely for the mutual benefit of each of the Leaseholders. If each Leaseholder does not abide by the terms of his Lease then you have the right to go to the Landlord to request enforcement of these covenants entered into by the other flat owners. Subject to payment of his costs the Landlord is obliged to enforce these covenants.

Finally there is payment of which you should be aware. The Landlord must be notified of any transfer in ownership of the property and any mortgage granted over the property. The fee for registering each Notice is £40.00 plus VAT. If you have any other queries on the terms of the Lease having read it through I shall be happy to assist.

I have made various enquiries of the Vendor to establish there have been no disputes with regard to the property or any notices served on the Vendor. My enquiries reveal no adverse matters. You should check to see that your flat is separately metered for water, electricity and gas and you should establish the whereabouts of the meters and water stop-cocks. I enclose a copy of enquiries, which have been answered by your Vendor and which I hope will provide you with some useful information. Would you please check through the replies given to make sure they are accurate from your knowledge of the property and please advise me of any discrepancies? Please inform me whether you are aware of any alterations or additions to the property. Please also check carefully the list of items that are stated to be included in the purchase price (if any) together with the items (if any) the Vendor is intending to remove. If you have any query please let me know.

You will see various enquiries regarding guarantees. Although a property may have the benefit of guarantees, my experience has shown that often such guarantees can be worthless either because the company is no longer in existence or seeks to deny liability. You should not rely on being able to call upon any guarantee with the property. I must stress that the Vendor is not obliged to give details of any defects to the structure of the property or any repairs that are necessary. The invariable practice concerning the sale of property in this country is that the property is sold in its present state and condition and you must rely upon your own surveyor as to any defects in the property. Once contracts have been exchanged there can be no comeback against the Vendor on any point regarding the fabric or structure of the property. You should ask the Vendor if any major expenditure on the building is anticipated. Also you should ensure that the central heating and the other appliances are in good working order before exchanging contracts. If you have any queries please do not hesitate to contact me.

I have raised a standard set of enquiries with the Local Authority concerning your property and again no adverse matters are revealed. I should point out that the search relates solely to the property itself and would not for example reveal any planning permission or proposals to develop or alter neighbouring or adjoining land or property. If you are concerned that any neighbouring land

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may be the subject of development then further specific enquiry can be made of the Council and plans can be inspected.

The search reveals that the roadway and the sewers in the roads are maintained by the Council together with the drains. There have been no notices served against the property under the Public Health Act, Highway Acts and Housing Acts and the Council have not taken action against the householder for any breach of planning legislation or building regulations. The search also confirms that there are no current schemes for the construction or alteration of a trunk or special road within 200m of the property. The property has the benefit of mains drainage. Finally there are no compulsory purchase orders served against the property and all other replies to our enquiries have proved satisfactory.

I also enclose copy of the environmental search for your records. Although I do not consider any adverse matters are revealed by the search please do not hesitate to contact me if there are any matters in the search upon which you require clarification. I would draw your attention to B1, B2 and D1 of your search. Please liaise with your surveyor with regard to the implications of the same.

Since you are obtaining a mortgage through the Woolwich Plc to assist you in the purchase would you please, before signing the contract, read through the terms and conditions of your mortgage and ensure that the signed acceptance form has been returned to the Lender (if any). Please check carefully for any special conditions attached to your mortgage and that if there any, you can comply with them. Please confirm if there are any other occupants in the property since they will be required to enter a Form of disclaimer supplied by the Lender. Please also confirm that you will use the property as your main residence following completion. Please confirm you have returned your direct debit mandate to the Lender together with your acceptance papers. Please confirm that you have signed and returned all papers required by the Lender. Your attention is also drawn to the valuation report. I would also bring to your attention the special conditions of your mortgage offer. If you have any queries in this respect please do not hesitate to contact me.

You should make sure that you budget for this amount when working out your finances. In addition on completion stamp duty and Land Registry fees and our costs are payable on completion. I will write to you with the financial statement prior to completion to advise you of these sums.

If you have applied for an endowment mortgage it is essential that the life policy begins to run prior to the completion date. You should ensure that you have completed all the necessary forms and returned them to the life company or your mortgage broker before exchange of contracts. Failure to do this may again result in mortgage funds not being available on completion.

I have looked through the terms and conditions of the prescribed contract on

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your behalf and can confirm that these are satisfactory. Once contracts are exchanged a legal obligation arises for you to buy this property. If you change your mind after exchange of contracts and decide to rescind the contract then the Vendor can sue you and you are liable for any loss that is suffered. You will also forfeit a full ten per cent of the purchase price payable even if a reduced deposit was accepted on exchange. When the contract is exchanged a moving date is fixed and during this time I carry out final searches and apply to your Lender for the mortgage funds.

In the contract you will see reference to an agreed rate of interest. This is usually five per cent over the base rate of one of the major Banks. This means that if you do not complete on the day appointed for completion the Vendor can charge you interest on the money outstanding at that agreed rate on a daily basis until you do actually complete. Obviously this is only a safeguard for the Vendor to ensure that money is paid over promptly on the day we agree to complete. The other terms and conditions of the contract are largely technical but I have been through them on your behalf and can confirm that they do not contain any unusual or onerous provisions. You will see under the terms of the contract that it is standard for ten per cent of the purchase price to be payable on exchange. Nowadays deposits of less are often acceptable especially where you are borrowing more than 90% of the total price. It may be that you have agreed with your Vendor that he will accept a reduced deposit. In order to save time in clearing a personal cheque it would be appreciated if you could please arrange for the deposit to be in the form of a Building Society cheque or Bankers Draft. In all cases deposit cheques should be made payable to Breeze & Wyles. If you have any queries in respect of this please do not hesitate to contact me.

If you are happy with the contents of this letter and can authorise me to exchange contracts then you should sign the contract and return it to me with the deposit.

The contract should not be dated at this stage. By signing the contract you are authorising me to go ahead and exchange it on your behalf. The contract is of course not exchanged at the moment you sign it. Once it is returned I will contact the Vendors solicitors to confirm that he holds a signed contract and subject to any outstanding matters we can then proceed to exchange. With regard to the moving date I will assume that you simply wish me to go ahead and exchange contracts and agree the first available date. However if you have any specific moving dates in mind would you please confirm this to me in writing when returning the signed contract so that I can discuss this date with the Vendor's Solicitors.

I have gone into considerable detail in this letter because I feel that it is important for you to have a full explanation of the legal background to your purchase. I appreciate that there is a great deal in this letter to digest. If you are still unsure of any points and would like further advice please do not hesitate to contact me. I therefore look forward to hearing from you with the

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signed contract, deposit cheque together with an accompanying letter stating your preferred completion dates.

Yours sincerely,



JOHN APPLETON

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