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BUCKLAND NEWTON COMMUNITY PROPERTY TRUST LIMITED
as Landlord

[•]
as Leaseholder

NewBuild HomeBuy Lease of a House - PROTECTED AREAS
(Granted on Shared Ownership terms)

of
Plot []
Lydden Meadows, Buckland Newton, Dorset

Important Notice for Leaseholders

A guide to the key terms of this Lease is set out in Appendix 3

[Buckland Newton CPT Ltd. Company Number 06209593](#)
[Registered Office: Edwards & Keeping, Unity Chambers, 34 High St, Dorchester, Dorset DT1 1HA](#)

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Contents

Clause	Name	Page
Section 1	Particulars	13
1	Definitions and interpretation.....	2
2	The Letting Terms.....	3
3	Leaseholder's covenants.....	3
4	Landlord's covenants.....	10
5	Provisos.....	11+9
6	Mortgage protection	13
7	Stamp duty certificate as shared ownership	14
8	Notices	17+6
9	Landlord and Tenant (Covenants) Act 1995 declaration	17+6
10	Value Added tax.....	17
11	Leasehold reform Act 1967 Declaration.....	17
12	[Charity clause].....	17
Schedule	Name	Page
1	The Premises.....	18
2	Easements, Rights and Privileges	19
3	Exceptions and Reservations.....	20+9
4	Rent Review	21+9
5	Staircasing.....	23+9
6	Defined Terms	25+9
Execution Page.....		28+9
Appendix	Name	Page
1	Memorandum of Staircasing.....	29+9
2	Example of Notice of Rent Increase.....	30+9
3	<u>Key Information for Shared Owners</u> Key Information for Shared Owners	31+9

LAND REGISTRY PRESCRIBED CLAUSES

LR1. Date of Lease	[•]
LR2. Title number(s)	LR2.1 Landlord's title number(s) DT361776
	LR2.2 Other title numbers [•]
LR3. Parties to this Lease	Landlord BUCKLAND NEWTON COMMUNITY PROPERTY TRUST LIMITED (company no. 06209593) whose registered office is at <u>Locketts, Edwards & Keeping, Unity Chambers, Knapp Farm, Buckland 34 High East Street, Dorchester, Newton, Dorchester, Dorset, DT12 7BS1HA</u>
	Tenant [•] of [•] <i>[Other parties [•]]</i> [•] [of] [•] [Guarantor]
LR4. Property	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
	As specified in Schedule 1 (The Premises <i>The Premises</i>) and Schedule 6 (Defined Terms <i>Defined Terms</i>) of this Lease and defined in this Lease as "the Premises "
LR5. Prescribed statements etc	LR5.1 <i>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>
	None

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	LR5.2 This Lease is made under, or by reference to, provisions of:
	Not applicable
LR6. Term for which the Property is leased	The term as specified in this Lease at Clause 2 (The Letting Terms The Letting Terms) and as defined in Schedule 6 (Defined Terms Defined Terms)
LR7. Premium	£[•]
LR8. Prohibitions or restrictions on disposing of this Lease	This Lease contains a provision that prohibits or restricts dispositions
LR9. Rights of acquisition etc	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
	As specified in Schedule 5 (Staircasing Staircasing)
	LR9.2 Tenant's covenant to (or offer to) surrender this Lease
	As specified in Clause 3.20 (Disposals of the Premises when the Acquired Percentage is less than or equal to 80% Disposals of the Premises when the Acquired Percentage is less than or equal to 80%), and clause 5(7) (Frustration clause)
	LR9.3 Landlord's contractual rights to acquire this lease
	Not applicable
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11. Easements	LR11.1 Easements granted by this lease for the benefit of the Property
	As specified in Schedule 2 (Easements, Rights and Privileges Easements, Rights and Privileges)
	LR11.2 Easements granted or reserved by this lease over the Property

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	for the benefit of other property
	As specified in Schedule 3 (<i>Exceptions and Reservations</i>).
LR12. Estate rent charge burdening the Property	Not applicable
LR13. Application for standard form of restriction	None
LR14. Declaration of trust where there is more than one person comprising the Tenant	<p>[The Tenant is more than one person. They are to hold the Property on trust for themselves as joint tenants.]</p> <p style="text-align: center;">OR</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.]</p> <p style="text-align: center;">OR</p> <p>[The Tenant is more than one person. They are to hold the Property on trust <i>[complete as necessary]</i>.]</p>

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PARTICULARS

Commencement Date	[•]
Gross Rent	£[•] per annum, subject to review in accordance with Schedule 4 (<i>Rent Review</i> , <i>Rent Review</i> , <i>Review</i>).
Initial Market Value	The sum of £[•].
Initial Percentage	[•]%.
Maximum Percentage	[•]%.
Premium	The sum of £[•]
Review Date	[•] and each successive [•] during the Term and the term the " Relevant Review Date " shall be construed accordingly.
Specified Rent	A sum equal to the Unacquired Percentage of the Gross Rent (the Specified Rent on the date of this Lease being £[•] per annum) [or (if greater) the Minimum Rent].

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DATED [•]

PARTIES

- (1) **BUCKLAND NEWTON COMMUNITY PROPERTY TRUST LIMITED** (company no 06209593) whose registered office is at Locketts, Knapp Farm, Buckland Newton, Dorchester, Dorset, DT2 7BS (the "**Landlord**")
- (2) [•] of [•] (the "**Leaseholder**")

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Lease the terms defined in the Particulars and in Schedule 6 (*Defined Terms*) shall have the meanings specified.
- 1.2 Any obligation on a party to this Lease to do any act includes an obligation to procure that it is done.
- 1.3 Where the Leaseholder is placed under a restriction in this Lease, the restriction includes the obligation on the Leaseholder not to permit or allow the infringement of the restriction by any person.
- 1.4 References to liability include, where the context allows, claims, demands, proceedings, damages, losses, costs and expenses.
- 1.5 The Clause and paragraph headings in this Lease are for ease of reference only and are not to be taken into account in the interpretation of any provision to which they refer.
- 1.6 The Key Information for Shared Owners set out in Appendix 3 is for information purposes only and is not to be taken into account in the interpretation of any provision of this Lease.
- 1.7 Unless the contrary intention appears, references:
 - (a) to defined terms are references to the relevant defined term in the Particulars and Schedule 6 (*Defined Terms*);
 - (b) to numbered Clauses and Schedules are references to the relevant Clause in, or Schedule to, this Lease; and
 - (c) to a numbered paragraph in any Schedule are references to the relevant paragraph in that Schedule.
- 1.8 Words in this Lease denoting the singular include the plural meaning and vice versa.
- 1.9 References in this Lease to any statutes or statutory instruments include any statute or statutory instrument amending, consolidating or replacing them respectively from time to time in force, and references to a statute include statutory instruments and regulations made pursuant to it.

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1.10 Words in this Lease importing one gender include both genders, and may be used interchangeably, and words denoting natural persons, where the context allows, include corporations and vice versa.

1.11 Words and expressions which appear in the first column of the Particulars, shall in this Lease have the meaning shown opposite them in the second column of the Particulars.

2 THE LETTING TERMS

In consideration of the Premium (receipt of which the Landlord acknowledges), the Specified Rent and the Leaseholder's covenants in this Lease the Landlord lets the Premises to the Leaseholder:

(a) together with the rights set out in Schedule 2 (~~Easements, Rights and Privileges~~*Easements, Rights and Privileges*) and together with the rights; but

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(b) subject to the provisions set out in Schedule 5 (~~Staircasing~~*Staircasing*); and

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(c) except and reserved to the Landlord the rights set out in Schedule 3 (~~Exceptions and Reservations~~*Exceptions and Reservations*);

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(d) for the Term,

the Leaseholder paying during the Term the Specified Rent and Service Charge (subject to revision under Schedule 4 (~~Rent Review~~*Rent Review*)) by equal monthly payments in advance on the first day of each month, the first payment to be made on the date of this Lease.

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3 LEASEHOLDER'S COVENANTS

The Leaseholder covenants with the Landlord as follows.

3.1 Pay rent

To pay the Specified Rent and Service Charge at the times and in the manner mentioned in Clause 2 (~~The Letting Terms~~*The Letting Terms*) and all other monies due under this Lease without deduction.

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3.2 Interest

To pay 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 on so much of the Specified Rent or any other monies due to the Landlord under this Lease that remain unpaid for a period of 14 days after becoming due for payment.

3.3 Insurance premiums

To refund to the Landlord on demand [a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably) of] the insurance premiums incurred by the Landlord in connection with the Premises.

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3.4 Outgoings

3.4.1 To pay Outgoings.

3.4.2 To refund to the Landlord on demand (where Outgoings relate to the whole or part of property which includes the Premises) a fair and proper proportion attributable to the Premises, such proportion to be conclusively determined by the Landlord (who shall act reasonably).

3.4.3 To pay to the Landlord on demand a fair and proper proportion (to be conclusively determined by the Landlord (who shall act reasonably)) of:

- (a) the expense of cleaning, lighting, repairing, renewing, decorating, maintaining and rebuilding any Communal Facilities; and
- (b) the reasonable costs, charges and expenses incurred by the Landlord in connection with the provision, maintenance and management of the Communal Facilities including employing a managing agent if necessary.

3.4.4 For the purposes of Clause 3.4.3, the provisions of sections 18 to 30B (inclusive) of the Landlord and Tenant Act 1985 and of Part V of the Landlord and Tenant Act 1987 shall apply.

3.4.5 The Service Charge in accordance with Clause 7 SC.

3.5 Repair

To repair and keep the Premises in good and substantial repair and condition (except in respect of damage by risks insured under Clause 4.2 (~~Insure~~~~Insure~~)) unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder) but except as follows, which works will be carried out by the Landlord as part of the Service Charge:

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3.5.1 cleaning the roof guttering of the Property;

3.5.2 staining of exterior windows forming part of the Property;

3.5.3 repainting of exterior doors at the Property;

3.5.4 repair and retaining exterior boundaries of the Property where these adjoin the Common Law Facilities.

3.6 Decoration

[As often as is reasonably necessary and in the last month of the Term in a proper and workmanlike manner (and in the last month of the Term in colours approved by the Landlord) to paint, paper, treat and generally decorate in a style appropriate to property of a like character all [the inside and outside] of the Premises previously or usually so painted, papered, treated and decorated.]

3.7 Provide floor coverings

To provide carpets or such other suitable floor coverings to the floors of the Premises.

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3.8 **Repair damage to Communal Facilities**

In respect of any damage or disrepair to the Communal Facilities caused or contributed to by any act, neglect or default of the Leaseholder or the Leaseholder's family, servants or licensees or by any other person under the control of the Leaseholder, at the option of the Landlord, the Leaseholder will on demand indemnify the Landlord in respect of all costs, charges and expenses incurred the Landlord in repairing, making good, renewing and/or reinstating such damage or disrepair.

3.9 **Not to alter**

3.9.1 Not to:

- (a) make any alterations or additions to the exterior of the Premises;
- (b) make any structural alterations or structural additions to the Premises;
- (c) erect any new buildings on the Premises; or
- (d) remove any of the Landlord's fixtures from the Premises.

3.9.2 Not to make any alteration or addition of a non-structural nature to the interior of the Premises without the previous written consent of the Landlord (such consent not to be unreasonably withheld).

3.10 **Comply with requirements of public authorities**

To execute and do at the expense of the Leaseholder all works and things 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 of the Premises.

3.11 **Provide copies of notices**

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.

3.12 **Expenses of the Landlord**

To pay all costs, charges and expenses (including solicitors' costs and surveyors' fees) reasonably incurred by the Landlord:

- (a) for the purpose of or incidental to the preparation and service of a notice under section 146 or section 147 of the Law of Property Act 1925 even if forfeiture is avoided otherwise than by relief by the court; or
- (b) otherwise incurred by the Landlord in respect of any breach of covenant by the Leaseholder under this Lease.

3.13 **Obtain consents**

To obtain all licences, permissions and consents and do all works and things 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 of the Premises or in respect of any use of the Premises during the Term.

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3.14 **Landlord's right of inspection and right of repair**

3.14.1 To permit the Landlord and its employees or agents at reasonable times to enter the Premises and examine their condition and also to take a schedule of fixtures and fittings in the Premises.

3.14.2 If any breach of covenant, defects, disrepair, removal of fixtures and fittings or unauthorised alterations or additions are found on inspection for which the Leaseholder is liable, then, on notice from the Landlord, to execute to the reasonable satisfaction of the Landlord or the Landlord's surveyor all repairs, works, replacements or removals required within three months (or sooner if necessary) after receipt of notice.

3.14.3 If the Leaseholder fails to comply with a notice under Clause 3.14.2, the Landlord may itself or by its workpeople or agents enter the Premises and execute the repairs, works, replacements or removals.

3.14.4 To pay to the Landlord on demand all expenses incurred under Clause 3.14.3.

3.15 **Permit entry**

At all reasonable times during the Term on notice to permit the Landlord and the lessees of other adjoining or neighbouring premises 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 Service Media or other conveniences belonging to or serving the same, the party so entering making good any damage caused to the Premises.

3.16 **Yield up**

At the termination of this Lease to quietly yield up the Premises repaired, maintained, cleaned, decorated and kept in accordance with the covenants in this Lease (except in respect of damage by risks insured under Clause 4.2 (~~InsureInsure~~) unless the insurance money is irrecoverable by reason of any act or default of the Leaseholder).

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3.17 **Use**

Not to use the Premises for anything other than as a private residence in single occupation.

3.18 **Restrictions on use**

Not to do any act or thing which may:

- (a) render void or voidable any policy of insurance on the Premises or may cause an increased premium to be payable in respect of 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 to such premises;
- (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.

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3.19 **Alienation**

3.19.1 Not to assign, underlet, charge, mortgage or part with possession of part only of the Premises.

3.19.2 Not to underlet or part with possession of the whole of the Premises.

3.19.3 Subject to the provisions of Clause 3(19) above not to assign the whole of the Premises without the prior written consent of the Landlord and to ensure that the Assignee enters into a direct covenant with the Landlord to pay the rent and Service Charge and to observe and perform the Leaseholder's covenants herein and to pay the Landlords reasonable legal and administrative costs in connection therewith and subject to the Assignee entering into the direct covenant aforesaid the Landlord will not unreasonably withhold consent AND PROVIDED FURTHER THAT any proposed assignee must meet the letting criteria from time to time of the Landlord and comply with the terms of the Section 106 Agreement.

3.20 **Disposals of the Premises when the Acquired Percentage is less than or equal to 80%**

3.20.1 Subject to Clause 3.20.3 and Clause 3.20.4, the Leaseholder shall pay to the Landlord on demand a sum equal to 80% less the Acquired Percentage of the Market Value if:

(a) this Lease is assigned when the Acquired Percentage is less than or equal to 80%; and

(b) within two months after receipt of notice of the assignment pursuant to Clause 3.21 (~~Register disposals~~~~Register disposals~~) the Landlord serves notice on the Leaseholder requiring such payment.

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3.20.2 Within 14 days of the date of the Landlord's notice pursuant to Clause 3.20.1(b) the Landlord shall apply to the Valuer to determine the Market Value as at the date of service of the Leaseholder's notice of assignment served pursuant to Clause 3.21 (~~Register disposals~~~~Register disposals~~) and shall notify the Leaseholder of the amount of the Valuer's determination in writing within 7 days of receipt of such determination.

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3.20.3 The provisions of Clause 3.20.1 shall not apply when the Lease is assigned by way of either:

(a) a disposal under a will or intestacy;

(b) a disposal under section 24 of the Matrimonial Causes Act 1973 or section 2 of the Inheritance (Provision for Family and Dependants) Act 1975;

(c) a grant of a sub-tenancy in respect of which a notice has been given under section 52(1)(b) of the Housing Act 1980 (notice that a tenancy is to be a protected shorthold tenancy) or of a kind mentioned in any of Cases 11 to 18 or 20 in Schedule 15 to the Rent Act 1977;

(d) a grant of a sub-tenancy of part of the house, if any other part of the house remains in the possession of the tenant; or

(e) a grant of a mortgage.

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3.20.4 The circumstances in which the Landlord may not require payment under the provisions of Clause 3.20.1 are either:

- (a) when the Lease is assigned both:
 - (i) to a person nominated by the Landlord within a period of eight weeks from the receipt by the Landlord of notice from the Leaseholder to the effect that the Leaseholder wishes to assign his interest in the Premises ("the **Nomination Period**"); and
 - (ii) at a price no greater than the Acquired Percentage of the Market Value of the Premises (calculated excluding paragraph (c) and paragraph (d) of the definition of Market Value) as at a date no more than eight weeks prior to the date of exchange of contracts for the assignment which shall be confirmed by a Valuer's Certificate which the Leaseholder shall serve on the Landlord together with the notice of assignment served pursuant to Clause 3.21 (~~Register disposals~~*Register disposals*); or
- (b) if the Landlord fails within the Nomination Period to make any nomination or the Landlord's nominee (without any fault or obstruction on the part of the Leaseholder) 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 Landlord's nominee (which draft contract shall be supplied by the solicitor or other persons acting for the Leaseholder and shall contain reasonable terms based on the Standard Conditions of Sale).

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3.21 Register disposals

Within one month of any assignment, underletting, mortgage, charge or other dealing with the Leaseholder's interest in the Premises to give notice of it together with a certified copy of the document 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.

3.22 Prevent loss of easements

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.

3.23 Further covenants

- 3.23.1 Not to do or permit to be done on the Premises any playing of loud music, arguing, door slamming, dog barking or fouling, offensive drunkenness, selling of controlled drugs, drug abuse or rubbish dumping.
- 3.23.2 Not to park or permit to be parked any vehicle which may obstruct access to and egress from any of the properties on the Landlord's Estate.
- 3.23.3 Upon any assignment permitted by virtue of sub-clause 3.20 the Leaseholder shall also pay to the Landlord:

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- (a) Its reasonable administrative and legal fees and this sum will be payable whether or not the assignment proceeds to completion.
 - (b) Any arrears of Specified Rent and Charges and any other monies due hereunder to the date of completion of the assignment
 - (c) The valuation fees or any other fees incurred by the Landlord
- 3.23.4 To observe and perform all requirements of the Transfer, the Section 106 Agreement and any other planning agreements which relate to the Premises and at the direction of the Landlord to do all such things as the Landlord shall reasonably specify to be done to secure the full and proper performance of the obligations contained in the Transfer and those agreements, including any amendment, variation or rectification thereof.
- 3.23.5 On receipt of any notice concerning the Premises served under the Party Wall Act 1996 to respond at the Leaseholder's expense in the way that the Landlord requires.
- 3.23.6 The Leaseholder will immediately on request by the Landlord join in and be a party to any deed or document to grant easements over the Premises and the Estate to any public authority in connection with any services to be provided.
- 3.23.7 To keep the garden at the Premises neat and tidy and well cultivated
- 3.23.8 Not to hang or otherwise place for drying or other similar purpose any washing laundry clothing household linen or fabric or other similar material between the front elevation of the Premises and the road immediately to the front of the Premises.
- 3.23.9 Not to store any dustbin or other refuse contained on the Premises so as to be visible from the road or footpath to which the same abuts.
- 3.23.10 **Pets**
- (a) The Leaseholder must ensure that any animal bird fish insect or reptile kept or allowed at the Premises does not cause nuisance or annoyance to any neighbour or anyone engaging in a lawful activity in the locality and does not cause any damage to the Premises belonging to the Landlord or in the locality
 - (b) The Leaseholder must take care to ensure there is no fouling of the Premises or in the locality by any animal etc kept or allowed at the Premises and must clean up immediately any fouling that does occur
 - (c) The Landlord shall retain an absolute discretion to require the removal of any pet or other animal which it considers to be a nuisance, annoyance or danger to neighbours and/or other leaseholders.
 - (d) To keep no more than one domestic pet without the prior written consent of the Landlord. Before keeping or allowing any animal bird fish insect or reptile at the Premises
- 3.23.11 **Hazardous Materials**

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The Leaseholder must not use or store in the Premises or any of the communal areas (if any) any petrol paraffin liquid petroleum calor gas heaters or other flammable materials other than the usual household goods

3.23.12 **Parking**

- 3.24 The Leaseholder must not park any vehicle at the Premises or on Premises owned by the Landlord in such a way that it may cause a nuisance or obstruction or obstruct fire access points
- 3.25 If the Premises includes a right to park or a parking space then the Leaseholder must not park any vehicle at the Premises or on the Premises owned by the Landlord other than in a designated parking space
- 3.26 The Leaseholder must not park any unroadworthy untaxed or derelict vehicle at the Premises or on Premises belonging to the Landlord
- 3.27 The Leaseholder must not park at the Premises or on any Premises belong to the Landlord any commercial vehicle caravan trailer mobile home or boat where the payload of such vehicle exceeds 780kg
- 3.28 The Leaseholder must not carry out any vehicle repairs or servicing at the Premises or on land belonging to the Landlord other than minor repairs to vehicles belonging to the Leaseholder or to the Leaseholder's household and any such minor repairs must be done at reasonable times and must not be capable of causing nuisance or annoyance to anyone in the locality
- 3.29 The Leaseholder must not block any roadway or other vehicular access and must keep them and car parking spaces clear of unroadworthy vehicles and other obstructions
- 3.30 The Leaseholder shall also observe all the above covenants in this Clause relating to any visitor parking spaces which he or she uses.

4 **LANDLORD'S COVENANTS**

The Landlord covenants with the Leaseholder as follows.

4.1 **Quiet enjoyment**

That the Leaseholder paying the rents reserved by this Lease and performing and observing the covenants contained in this Lease 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 **Insure**

At all times during the Term (unless such insurance shall be cancelled, invalidated or revoked by any act or default of the Leaseholder) to 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 and will in the event of the

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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 lay out the insurance monies in the repair, rebuilding or reinstatement of the Premises.

5 PROVISOS

The parties agree the following provisos.

5.1 Proviso for re-entry

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5.1.1 This Clause 5.1 (~~Proviso for re-entry~~*Proviso for re-entry*) shall apply where:

- (a) the Specified Rent shall be unpaid for 21 days after becoming payable (whether formally demanded or not); or
- (b) if any covenant on the part of the Leaseholder shall not be performed or observed.

5.1.2 Subject to the Landlord obtaining any court order required the Landlord may at any time re-enter the Premises or any part of them and terminate this Lease.

5.1.3 Clause 5.1.2 does not affect any right of action or remedy of the Landlord in respect of any earlier breach of any of the Leaseholder's covenants or the conditions contained in this Lease provided that (without prejudice to the Landlord's rights under this Lease):

- (a) the Landlord shall give notice to the Mortgagee or any mortgagee of the Leaseholder of whom the Landlord has received notice pursuant to Clause 3.21 (~~Register disposals~~*Register disposals*) (as the case may be) before commencing any proceedings for forfeiture of this Lease or proceedings for possession of the Premises; and
- (b) if within a period of 28 days (or within such other period specified in the Landlord's notice as the notice period, if longer) the Mortgagee or such mortgagee of the leaseholder of whom the Landlord has received notice (as the case may be) indicates in writing to the Landlord that it wishes to remedy such breach, and/or is going to take such action as may be necessary to resolve the problem complained of by the Landlord, the Landlord shall allow 28 days (or such longer time as may be reasonable in view of the nature and extent of the breach) to remedy such breach and take the action necessary to resolve such problem.

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5.2 Limitation of Landlord's Liability

The Landlord shall not be liable for any damage suffered by the Leaseholder or any member of the Leaseholder's family or any employee, servant or licensee of the Leaseholder through any defect in any fixture, tank, Service Media, staircase, machinery, apparatus or thing in the Premises or through the neglect, default or misconduct of any servant employed by the Landlord acting outside the Landlord's instruction in connection with the Premises or for any damage to the Premises due to the bursting or overflowing of any tank, boiler or Service Media in the Premises except insofar as any such liability may be covered by insurance effected by the Landlord.

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5.3 Landlord's power to deal with other Property

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 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 or other tenants or occupiers of the Premises.

5.4 Power to alter Communal Facilities

The Landlord shall have power at its discretion to alter the arrangement of the Communal Facilities provided that after such alteration the access to and amenities of the Premises are not substantially less convenient than before.

5.5 Party walls

Every internal wall separating the Premises from any other building shall be a party wall severed medially.

5.6 Suspension of rent in case of insured damage

If the whole or any part of the Premises are 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 Specified Rent or a fair proportion of it shall be suspended until the Premises are again fit for use.

5.7 Frustration clause

5.7.1 Subject to Clause 5.7.2, in the event of the repair, rebuilding or reinstatement of the Premises being frustrated by any reason beyond the control of the Landlord the Leaseholder will surrender to the Landlord this Lease in consideration of the Landlord paying to the Leaseholder a sum equal to the Acquired Percentage of any insurance monies received by the Landlord in respect of the Premises.

5.7.2 If at the time of such frustration (i) there is any Loan outstanding to a Mortgagee of the Premises and (ii) the Acquired Percentage is less than the Maximum Percentage then the consideration for such surrender shall be the amount referred to in Clause 5.7.1 plus the Mortgage Protection Claim (calculated on the basis that paragraph (h) in the definition of "Loss" in Schedule 6 (~~Defined Terms~~~~Defined Terms~~) is the amount referred to in Clause 5.7.1).

5.7.3 Any overpayment of insurance monies shall be a debt due from the Leaseholder to the Landlord and shall be payable on demand.

5.8 Expert determination

5.8.1 In this Lease, where any issue is required to be dealt with by, or submitted for the determination of, an independent expert, the following provisions of this Clause 5.8 (~~Expert determination~~~~Expert determination~~) are to apply but, in case of conflict with other provisions specifically relating to expert determination elsewhere in this Lease, those other provisions are to prevail to the extent of the conflict.

5.8.2 The expert is to be appointed by the parties jointly, or if they cannot or do not agree on the appointment, appointed by whichever of the following is appropriate:

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- (a) the president from time to time of the Royal Institution of Chartered Surveyors; or
- (b) the president from time to time of the Institute of Chartered Accountants in England and Wales,

or in either case the duly appointed deputy of the president, or other person authorised by him to make appointments on his behalf.

5.8.3 The person so appointed is to:

- (a) act as an expert, and not as an arbitrator; and
- (b) must afford the parties the opportunity within such a reasonable time limit as he may stipulate to make representations to him (accompanied by professional valuations, reports or other appropriate evidence in the relevant circumstances) and permit each party to make submissions on the representations of the other.

5.8.4 Neither the Landlord nor the Leaseholder may without the consent of the other disclose to the expert correspondence or other evidence to which the privilege of non-production ("without prejudice") properly attaches.

5.8.5 The fees and expenses of the expert, including the cost of his nomination, are to be borne as the expert may direct (but in the absence of such a direction, by the parties in equal shares), but (unless they otherwise agree) the parties shall bear their own costs with respect to the determination of the issue by the expert.

5.8.6 One party may pay the costs required to be borne by another party if they remain unpaid for more than 21 days after they become due and then recover these and any incidental expenses incurred from the other party on demand.

5.8.7 If the expert refuses to act, becomes incapable of acting or dies, the Landlord or the Leaseholder may request the appointment of another expert in his stead under Clause 5.8.2.

5.8.8 The determination of the independent expert, except in case of manifest error, is to be binding on the Landlord and the Leaseholder.

5.9 Cesser of Liability in respect of covenants

A party who was formerly the Landlord is to cease to be liable to perform and observe the covenants and conditions on the part of the Landlord contained in this Lease at and from the date of an assignment of the immediate reversion to this Lease.

6 MORTGAGE PROTECTION

6.1 If a Mortgagee enforces its security in respect of the Loan then (subject to the other provisions of this Clause 6 (~~Mortgage protection~~)) the Mortgagee is entitled to deduct the amount of the Mortgagee Protection Claim from monies that would otherwise be paid to the Landlord as the price for the Final Staircasing. There is no obligation on a Mortgagee to accomplish Final Staircasing.

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6.2 The deduction under Clause 6.1 is conditional upon the Mortgagee agreeing simultaneously with the deduction under Clause 6.1 that upon such deduction or, if later, promptly upon the Mortgagee recovering the whole of its Loss, the

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Mortgagee shall assign to the Landlord any guarantees, insurance policies and any other collateral security given to the Mortgagee or secured by the Mortgagee in respect of the Loan together with all other rights to enforce the same and all sums payable under them.

6.3 A claim may only be made to the extent:

- (a) the Mortgagee has made a Loss; and
- (b) the Mortgagee has obtained the Landlord's consent to the terms of each and every Loan; and
- (c) the disposal of the Leaseholder's interest in the Premises was made on an arm's length basis at the best price reasonably obtainable in the market at the time of sale. For the purpose of this Clause 6.3(c) the onus of proof is on the Landlord to show the sale was at an undervalue; and
- (d) the Leaseholder has not, prior to any default occurring under the Loan, accomplished Final Staircasing.

6.4 When applying for the Landlord's consent under Clause 6.3(b) the Mortgagee must provide full details of the terms of the proposed Loan. The Landlord must respond promptly to any request for consent and give its decision within 28 days. If such consent is given it must be given in writing, and must be retained by the Mortgagee. In addition such consent shall be deemed to be given in the event that the Landlord receives any amounts advanced by the Mortgagee which are applied in protecting, preserving or enforcing its security over this Lease (including any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or other sums payable under this Lease).

6.5 If the Landlord makes a payment to the Mortgagee or a deduction is made by the Mortgagee the Landlord shall be entitled to claim against the Leaseholder for any such amount together with interest on such sum calculated in accordance with the provisions of Clause 3.2 (~~Interest~~).

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6.6 The Leaseholder hereby authorises:

- (a) the Landlord to disclose to any Mortgagee of the Leaseholder from time to time personal information relating to the Leaseholder or to the provisions of this Lease (including details of any arrears of rent or other sums payable under this Lease); and
- (b) any Mortgagee from time to time of the Leaseholder to disclose to the Landlord such information as the Landlord may request regarding the Leaseholder and the Loan (including details of any arrears).

7 SERVICE CHARGE

7.1 Covenant to pay

The Leaseholder covenants with the Landlord to pay the Service Charge during the Term by equal payments in advance at the same time and in the same manner in which the Specified Rent is payable under this Lease.

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7.2 When calculated

The Service Provision in respect of any Account Year shall be calculated before the beginning of the Account Year and shall be calculated in accordance with Clause 7.3 (*How calculated*).

7.3 How calculated

The Service Provision shall consist of a sum comprising the expenditure estimated by the Authorised Person as likely to be incurred in the Account Year by the Landlord for the matters specified in Clause 7.4 (*Service Provision*) together with:

7.3.1 an appropriate amount as a reserve for or towards the matters specified in Clause 7.4 (*Service Provision*) as are likely to give rise to expenditure after such Account Year being matters which are likely to arise either only once during the then unexpired term of this Lease or at intervals of more than one year (the said amount to be calculated in a manner which will ensure as far as is reasonably possible that the Service Provision shall not fluctuate unduly from year to year); but

7.3.2 reduced by any unexpended reserve already made pursuant to Clause 7.3.1

7.4 Service Provision

The relevant expenditure to be included in the Service Provision shall comprise all expenditure reasonably incurred by the Landlord in connection with the repair, replacing, resurfacing, cleaning and maintenance of those parts of and Communal Facilities which form part of the Retained *Land* and any landscaped open and/or garden areas forming part of the Retained Land and which does not form part of the curtilage of a dwelling including:

7.4.1 the costs of and incidental to compliance by the Landlord with every notice, regulation or order of any competent local or other authority in respect of the Retained Land (which shall include compliance with all relevant statutory requirements);

7.4.2 all reasonable fees, charges and expenses payable to the Authorised Person, any solicitor, accountant, surveyor, valuer, architect or other person whom the Landlord may from time to time reasonably employ in connection with the management or maintenance of the Communal Facilities and/or the Retained Land including the computation and collection of service charge (but not including fees, charges or expenses in connection with the effecting of any letting or sale of any premises) including the cost of preparation of the account of the Service Charge and if any such work shall be undertaken by an employee of the Landlord then a reasonable allowance for the Landlord for such work;

7.4.3 any Outgoings assessed, charged, imposed or payable on or in respect of Retained Land and/or in the whole or any part of the Communal Facilities

7.4.4 and insurance in respect of public liability and employer's liability taken out by the Landlord in connection with the Retained Land and Communal Facilities; and

7.4.5 any administrative charges incurred by or on behalf of the Landlord including but not limited to:

7.4.6 the grant of approvals under this Lease or applications for such approvals;

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- 7.4.7 the provision of information or documents by or on behalf of the Landlord;
- 7.4.8 costs arising from non-payment of a sum due to the Landlord; and/or
- 7.4.9 costs arising in connection with a breach (or alleged breach) of this Lease.
- 7.4.10 maintenance of Communal Facilities;
- 7.4.11 maintenance of roof gutters;
- 7.4.12 annual service of communal heating system;
- 7.4.13 staining of exterior window frames;
- 7.4.14 staining and maintenance of boundary fences which adjoin the Communal facilities;
- 7.4.15 repair and maintenance of the bridge on the Landlord's Estate;
- 7.4.16 such provision as the Landlord believes appropriate (acting reasonably) in respect of contributions towards major/cyclical repairs provision.

7.5 **Adjustment to actual expenditure**

As soon as practicable after the end of each Account Year the Landlord shall determine and certify the amount by which the estimate referred to in Clause 7.3 (*How calculated*) shall have exceeded or fallen short of the actual expenditure in the Account Year and shall supply the Leaseholder with a copy of the certificate and the Leaseholder shall be allowed or (as the case may be) shall pay immediately following receipt of the certificate the Specified Proportion of the excess or the deficiency.

7.6 **Landlord to contribute to reserve in respect of unlet parts**

The Landlord will for the period that any dwellings on the Retained Land are not let on terms making the tenant liable to pay a service charge corresponding to the Service Charge payable under this Lease provide in respect of all such flats a sum equal to the total that would be payable by the tenants of such flats by way of contribution to the reserve referred to in Clause 7.3(a) and the said reserve shall be calculated accordingly.

7.7 **Declaration re Landlord and Tenant Act 1985**

The parties agree that that the provisions of sections 18 to 30B of the Landlord and Tenant Act 1985 and of Part V of the Landlord and Tenant Act 1987 all of which regulate service charges shall apply to the provisions of this Lease.

8 **STAMP DUTY CERTIFICATE AS SHARED OWNERSHIP**

For the purposes of paragraph 4 of schedule 9 of the Finance Act 2003 the Landlord and the Leaseholder confirm that the premium obtainable on the open market for the Premises (by reference to which the Premium is calculated) is the Initial Market Value and the minimum rent payable is the Minimum Rent and that the Leaseholder intends stamp duty land tax to be charged in accordance with the said paragraph 4 of schedule 9 by reference to the Initial Market Value and the Minimum Rent.

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9 **NOTICES**

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) as follows. 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 prepaid and by first class recorded delivery in an envelope addressed to them at such address.

10 **LANDLORD AND TENANT (COVENANTS) ACT 1995 DECLARATION**

For the purposes of the Landlord and Tenant (Covenants) Act 1995 the covenants on the part of the Landlord and on the part of the Leaseholder under this Lease are not personal covenants.

11 **VALUE ADDED TAX**

Sums payable under this Lease for the supply of goods and services are exclusive of value added tax which is to be payable, if applicable, in respect of and at the same time as each sum falls due for payment.

12 **LEASEHOLD REFORM ACT 1967 DECLARATION**

Pursuant to paragraph 3(2)(g) of Schedule 4A to the Leasehold Reform Act 1967 the Landlord declares that in its opinion this Lease is excluded from the operation of Part 1 such Act.

13 **[CHARITY CLAUSE]**

[Charity clause if applicable.]

Delivered as a deed on the date of this document.

Schedule 1
The Premises

- 1 All that land together with the dwelling house and parking space(s) known as Plot [], Lydden Meadows, Buckland Newton, Dorset edged red on the Plan
- 2 The Premises include:
 - (a) all buildings, erections and structures on the Premises from time to time;
 - (b) the Service Media within and exclusively serving the Premises; and
 - (c) appurtenances, fixtures, fittings and rights granted by this Lease, and improvements and additions made to, and fixtures, fittings and appurtenances in, the Premises.

Schedule 2
Easements, Rights and Privileges

- 1 The benefit of the rights granted in the registers of the above-mentioned in so far as the same are capable of benefitting the Premises.
- 2 A right of lateral and subjacent support and protection for the Premises by and from the other properties on the Landlord's Estate.
- 3 A right of entry upon reasonable notice (except in the case of emergency when no notice shall be required) upon adjoining properties on the Landlord's Estate in order to inspect maintain or renew any part of the Premises.
- 4 A right of passage of water gas electricity sewage and other services through the service installations within the Landlord's Estate.
- 5 A right to use the visitor parking spaces marked with a letter "V" on the Plan on a first come first served basis one private motor vehicle not exceeding a payload of 780 kilograms with a maximum stay of 24 hours and no return within 12 hours.
- 6 Rights of way with or without vehicles over the roads on the Landlord's Estate.

Schedule 3
Exceptions and Reservations

- 1 Those rights reserved in the registers of the above-mentioned title.
- 2 There is excepted and reserved out of this Lease to the Landlord and the owners or occupiers of properties on the Landlord's Estate the right for the Landlord and its surveyors or agents with or without workmen and others at all reasonable times on notice (except in the case of an emergency where not notice shall be required) to enter the Premises for the purpose of carrying out its obligations under this Lease.
- 3 A right for the Landlord its successors in title and all others authorised by it for the passage of water gas electricity sewage and other services through any service installations which may fall within the Premises.

Schedule 4 Rent Review

1 Definitions

In this Schedule 4 (~~*Rent Review*~~~~*Rent Review*~~):

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"**A**" means the monthly figure shown in the Index published for the Relevant Month in the year of the immediately preceding Relevant Review Date or (if none) in the year of the date of the Commencement Date.

"**B**" means the monthly figure shown in the edition of the Index for the Relevant Month in the year of the Relevant Review Date.

"**Index**" means the all items retail prices index published by the Office for National Statistics.

"**Relevant Month**" means [the calendar month which is two calendar months before¹] the Relevant Review Date.

2 Gross Rent review

With effect from each Review Date the Gross Rent for the purposes of this Lease shall be the reviewed Gross Rent (as agreed or determined in accordance with this Schedule 4 (~~*Rent Review*~~~~*Rent Review*~~)).

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3 Upwards only rent review

(a) The reviewed Gross Rent is to be the greater of:

(i) the Gross Rent under this Lease immediately preceding the Relevant Review Date x 1.005; and

(ii) (the Gross Rent under this Lease immediately preceding the Relevant Review Date x $\frac{B}{A}$) x 1.005.

(b) If the Index is re-based after A is published, but before B is published, then an appropriate adjustment shall be made in the calculation to ensure that both B and A are calculated on the same basis.

(c) If the Index ceases to be published then there shall be substituted in the calculation in paragraph 3(a)(ii) such other index as the Landlord shall (acting reasonably) determine as being a generally respected measure of the general increase in retail prices.

(d) If, because of any change after the date of this Lease in the method used to compile the Index or for any other reason it becomes impossible or impracticable to calculate fairly the fraction referred to in paragraph 3(a)(ii) by reference to the

¹ The RPI is normally published two months after the month to which it relates, so practical difficulties could arise if "Relevant Month" was the same as (or only one month before) the month in which the Review Date occurs. If the RPI for a specific month (say September) is used in all of the Landlord's leases, then the words in square brackets should read "[the September which is at least two clear calendar months and no more than 14 clear calendar months]"

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Index, or if any dispute or question arises between the parties to this Lease with respect to any such calculation pursuant to paragraph 3(a)(ii) or with respect to the construction or effect of this provision, then such dispute or question shall (if it is not resolved within 3 months of the Relevant Review Date) be referred to an independent expert pursuant to Clause 5.8 (~~Expert determination~~~~Expert determination~~).

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4 Specified Rent Review

With effect from each Review Date the Specified Rent reserved under this Lease shall be reviewed to an amount equal to the Unacquired Percentage of the Gross Rent as at that Review Date as agreed or determined in accordance with the terms of this Schedule.

5 Time

Whilst the parties are encouraged to act promptly and reasonably in order to resolve disputes as soon as possible, in agreeing or determining the reviewed Gross Rent, the reviewed Specified Rent or in appointing an expert, no rights or obligations are extinguished by the passage of time.

6 Rental Adjustments

- (a) If the reviewed Specified Rent payable from a Review Date is not agreed or determined in accordance with the provisions of this Schedule 4 (~~Rent Review~~~~Rent Review~~) before the Relevant Review Date, then until the reviewed Specified Rent has been so agreed or determined, the Leaseholder will continue to pay on account Specified Rent at the rate payable immediately before the Relevant Review Date.
- (b) Within 14 days after the time that the reviewed Specified Rent has been agreed or determined the Leaseholder will pay to the Landlord all arrears of the reviewed Specified Rent which have accrued in the meantime[, with interest equal to the base rate of Barclays Bank PLC on each of the instalments of the arrears from the time that it would have become due if the reviewed rent had then been agreed or determined until payment becomes due from the Leaseholder to the Landlord under this paragraph 6(b)].

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7 Notice of Review

Immediately following each Review Date the Landlord shall serve written notice on the Leaseholder, substantially in the form set out in Appendix 2 specifying the amount of the reviewed Gross Rent and the amount of the Specified Rent then payable.

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Schedule 5 Staircasing

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- (a) 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. The provisions of this Schedule 5 (~~Staircasing~~~~Staircasing~~) shall also be exercisable by any mortgagee of the Leaseholder of whom the Landlord has received proper notice pursuant to Clause 3.21 (~~Register disposals~~~~Register disposals~~).
- (b) 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 1(a) (upon which the price of acquisition will be based) within 14 days of receipt of the Leaseholder's notice (or, if later, within 14 days of the Valuer's appointment) and shall notify the Leaseholder of the amount of the Valuer's determination in writing within 7 days of receipt of the said determination.
- (c) At any time within 3 months of the Valuer's determination the Leaseholder may pay for a Portioned Percentage in accordance with the provisions of paragraph 1(d).
- (d) The Leaseholder may pay for a Portioned Percentage by paying to the Landlord a sum equal to that Portioned Percentage of Market Value (as agreed or determined under this Schedule 5 (~~Staircasing~~~~Staircasing~~)) plus any unpaid sums under paragraph 1(e) and as from the date of such payment (a) the Portioned Percentage so acquired shall form part of the Acquired Percentage and (b) the Specified Rent payable under this Lease shall be a sum equal to the Unacquired Percentage of the Gross Rent.
- (e) On completion of the payment for a Portioned Percentage in addition to the sum or the price payable for the Portioned Percentage the Leaseholder shall pay any arrears of rent and any other sums due to the Landlord under this Lease including any unpaid costs under paragraph 2. The Landlord and the Leaseholder shall, save as provided in paragraph 2 pay their own costs and expenses in connection with such payment or purchase.
- (f) Whenever the Leaseholder completes the payment for a Portioned Percentage the Landlord and the Leaseholder shall forthwith execute and deliver to the other (to be attached to the original and counterpart of this Lease) a memorandum substantially in the form set out in Appendix 1 specifying the Portioned Percentage paid for and the Specified Rent then payable.
- (g) If the provisions of this Schedule 5 (~~Staircasing~~~~Staircasing~~) are exercised by any mortgagee under paragraph 1(a) then provided that the Premises are being sold by the mortgagee on an arm's length basis at the best price reasonably obtainable at the time of sale:
- (i) the Market Value shall be deemed to be the price at which the Premises are being sold by the mortgagee on the assumption that the Acquired Percentage is the Maximum Percentage;
 - (ii) the relevant Portioned Percentage shall be calculated on the basis of that deemed Market Value; and
 - (iii) if so requested by the mortgagee, the Landlord shall co-operate with the mortgagee to ensure that there occurs simultaneously (A) the payment to the Landlord of the relevant Portioned Percentage under paragraph 1(d),

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(B) delivery by the Landlord to the mortgagee of the memorandum under paragraph 1(f), and (C) completion of the sale of the Premises by the mortgagee.

- (h) Where the Leaseholder serves a notice under paragraph 1(a) the Landlord must not act in a way that would unreasonably delay the acquisition by the Leaseholder of the Portioned Percentage he proposes to acquire.
- 2 The costs of any determination by the Valuer pursuant to the provisions of this Schedule 5 (~~Staircasing~~*Staircasing*) shall be paid by the Leaseholder to the Landlord on demand.
- 3 The parties agree that the decision of the Valuer shall be final and binding on the parties to this Lease.

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Schedule 6 Defined Terms

In this Lease:

"**Acquired Percentage**" means the percentage figure equal to the aggregate of the Initial Percentage and any Portioned Percentage or Portioned Percentages paid for pursuant to Schedule 5 (*Staircasing Staircasing*).

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"**Communal Facilities**" means communal gardens, party walls, fences, gutters, drains, roadways, pavements, entrance ways, staircases, lavatories, accessways, passages, lifts, escalators, turntables, courtyards, external pavements, car parks and service or loading areas, service roads and other such amenities which are or may be used or enjoyed by an occupier of the Premises in common with any other person or persons.

"**Default**" means:

- (a) the existence of arrears of at least 3 months' payments in respect of the Loan; or
- (b) any other breach by the Leaseholder of the terms applicable to the Loan.

"**Enforcement Date**" means the date on which the Mortgagee commences its enforcement of any of the security for the Loan by reason of a Default.

"**Final Staircasing**" means the purchase by the Leaseholder from the Landlord of such Portioned Percentage that increases the Acquired Percentage to the Maximum Percentage.

"**Landlord**" includes all persons from time to time entitled to the immediate reversion to this Lease.

"**Landlord's Estate**" means the land which is or was formerly comprised in the title number DT361776.

"**Lease**" includes any documents supplemental to this lease.

"**Leaseholder**" includes the Leaseholder's successors in title and assigns in whom this Lease may for the time being be vested.

"**Loan**" means the loans made by the Mortgagee to the Leaseholder (after first obtaining the Landlord's written consent to each and all such loans) and which loans are secured by a valid and binding first ranking mortgage over the Premises. For the purposes of this definition repayments of capital shall not reduce the Loan.

"**Loss**" means the amount by which the aggregate of:

- (a) a sum representing the Loan advanced for the purchase of the Initial Percentage share in the Premises;
- (b) the Loan made (if any) to accomplish Final Staircasing in the Premises as part of the enforcement process or as a result of further Loan being made;
- (c) Loans for other sums in relation to the Premises or any other purpose;
- (d) interest accruing at the rate applicable to the Loan;

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- (e) costs incurred in relation to the enforcement of the Loan or any security for it (including advances to cover arrears of rent and/or other sums payable under this Lease) provided that costs of actual disposal shall not exceed 3% of Market Value at the time;
 - (f) costs incurred in relation to the protection or preservation of the Loan or any security for it; and
 - (g) any other sums due to the Mortgagee in respect of the Loan made to the Leaseholder,
- (less any repayments which have been made), exceeds the aggregate of:
- (h) the gross sale proceeds to be received from a disposal (including a surrender) of the Leaseholders interest in the Premises; and
 - (i) all amounts (if any) received by the Mortgagee as a result of the enforcement by the Mortgagee of all (if any) security which the Mortgagee may have including, without limitation, all security, guarantees and insurance policies given to the Mortgagee.

"Market Value" shall at the date of this Lease 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 seller and on the assumption that the Unacquired Percentage is nil and disregarding the following matters:

- (a) any mortgage of the Leaseholder's interest;
- (b) any interest in or right over the Premises created by the Leaseholder;
- (c) any improvement made by the Leaseholder or any predecessor in title of his; and
- (d) any failure by the Leaseholder or any predecessor in title to carry out the obligations contained in Clause 3.5 (~~Repair~~*Repair*) and Clause 3.6 (~~Decoration~~*Decoration*).

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"Minimum Rent" means One peppercorn per month (if demanded).

"Mortgagee" means a lender who shall have made available to the Leaseholder a Loan (which expression includes its successors and assigns and also any persons for whom the Mortgagee is acting as agent or trustee).

"Mortgagee Protection Claim" means the Loss capped at a maximum of the aggregate of:

- (a) an amount equivalent to interest on the Loan for a period of 18 months from the Enforcement Date at the interest rate applicable to the Loan immediately before the Enforcement Date;
- (b) the Loan;
- (c) any amounts advanced by the Mortgagee and applied in discharging any arrears of rent and/or other sums payable under this Lease; and

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- (d) any costs and fees incurred in enforcing the Mortgagee's security for the Loan (capped at 3% of Market Value at the time of such enforcement).

"Outgoings" means (in relation to the Premises) all existing and future rates, taxes, charges, assessments, impositions and outgoings whatsoever (whether parliamentary or local) which are now or may at any time be payable, charged or assessed on property, or the owner or occupier of property.

"Particulars" means the Particulars set out in this Lease.

"Portioned Percentage" means at any relevant time (including for the avoidance of doubt on the Final Staircasing) the percentage interest in the Premises which the Leaseholder proposes to acquire (or has already acquired) under the provisions of Schedule 5 (~~Staircasing~~ *Staircasing*), being a portion of the then Market Value of the Premises up to the Maximum Percentage, each Portioned Percentage being at least 10% and no more than 25%, and so that the Portioned Percentage which accomplishes Final Staircasing shall be at least 10%.

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"Premises" means the premises described in Schedule 1 (~~The Premises~~ *The Premises*).

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"Retained Land" means the land comprised in the above title except for the Property.

"Section 106 Agreement" means an agreement dated 10 April 2008 made between West Dorset District Council (1) the Landlord (2) and any variation thereof.

"Service Media" means drains, sewers, conduits, flues, gutters, gullies, channels, ducts, shafts, watercourses, pipes, cables, wires, mains, electrical risers, aerials and any other conducting media.

"Standard Conditions of Sale" means the Standard Conditions of Sale (Fourth Edition).

"Term" means the term of 125 years from and including the Commencement Date.

"Transfer" means a transfer dated 10 April 2008 made between Graham House, Rosemary Ann House (1) the Landlord (2).

"Unacquired Percentage" shall mean the percentage figure equal to 100% less the Acquired Percentage.

"Valuer" means an independent expert who is an associate or fellow of the Royal Institution of Chartered Surveyors 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.

"Valuer's Certificate" means a written certificate from an associate or fellow of the Royal Institution of Chartered Surveyors confirming the amount of the Market Value for the purposes of clause 3.20.4.

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EXECUTION PAGE

Executed as a deed by **BUCKLAND**)
NEWTON COMMUNITY PROPERTY)
TRUST LIMITED acting by:)

Director

Director/Secretary

Executed as a deed by **[•]** in the presence)
of:)
)

Executed as a deed by **[•]** in the presence)
of:)
)

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Appendix 1
Memorandum of Staircasing
(Number [●])

Premises :
Date of Lease :
Leaseholder :
Landlord :

THIS IS TO RECORD THE FOLLOWING:

On the day of 20 on the payment of £[●] (the "**Premium**") being [●] % of the Market Value of the Premises as assessed by the Valuer on the 20 the Leaseholder purchased a Portioned Percentage of [●] %.

The total share in the Premises now owned by the Leaseholder is [●] %

The Specified Rent (the rent payable) as from the day of 20 (date of payment of the Premium) is £[●] per annum (subject to review).

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

Appendix 2 Example of Notice of Rent Increase

To: Leaseholder

[insert details of the Premises] ("the Premises")

The next Rent Review Date under your shared ownership lease of the Premises is [●] [20].
The rent which you currently pay is [●] per month.

The rent which you must pay on and after [●] [20] is [●] per month.

The new figure of [●] per month is calculated as follows:

- RPI Index for [●] [20] was [●] (this was the Index on which the rent review in [●] [20] was based);
- The Gross Rent fixed at the rent review in [●] [20] was [●] per month;
- RPI Index for [●] [20] is [●] (this is the Index on which the rent review in [●] [20] is being based);
- The reviewed Gross Rent as at [●] [20] is therefore [●] per month (being (£[●] x $\frac{[●]}{[●]}$) x 1.005)

But because your share of the Premises is currently [●%] and our share is [●%], the rent which you must actually pay is only [●%] of [£●], which is the sum of [£●] per month.

WORKED EXAMPLE:

The notice set out below would have been given in relation to a rent review in November 2008 in the following circumstances:

- The Lease had Rent Review Dates on 30 November in 2007 and 2008;
- As at November 2008, the Leaseholder's share in the Premises was 45%;
- The Gross Rent in November 2007 had been £100 per month (based on the RPI in September 2007), and so the actual rent payable would have been £55 per month (being 55% of £100).
- The RPI was 208.0 in September 2007, and 218.4 in September 2008.

The next Rent Review Date under your shared ownership lease of the Premises is [30 November 2008]. The rent which you currently pay is [£55.00] per month.

The rent which you must pay on and after [30 November 2008] is [£58.04] per month.

The figure of [£58.04] per month is calculated as follows:

- *RPI Index for [September 2007] was [208.0] (this was the Index on which the rent review in [November 2007] was based);*
- *The Gross Rent fixed at the rent review in November 2007 was [£100.00] per month;*
- *RPI Index for [September 2008] is [218.4] (this is the Index on which the rent review in [November 2008] is being based);*
- *The reviewed Gross Rent as at [30 November 2008] is therefore [£105.52] per month (being (£100 x $\frac{218.4}{208.0}$) x 1.005)*

But because your share of the Premises is currently [45%] and our share is [55%], the rent which you must actually pay is only [55%] of [£105.52], which is the sum of [£58.04] per month.

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Appendix 3

Key Information for Shared Owners

This note is intended as a brief guide for Leaseholders (i.e., shared owners) of the key provisions of the Shared Ownership Lease.

All Leaseholders should carefully consider the terms of this note and the attached lease and discuss any issues that arise with his or her solicitor before entering into the lease.

1 HOW DOES SHARED OWNERSHIP WORK?

Under a shared ownership lease, the Leaseholder buys a 'share' of the property and pays rent on the remaining share of the property (which remains in the ownership of the Landlord).

The Leaseholder can buy further shares in the property (up to the Maximum Percentage in Protected Areas) at the market value of those shares at the time of purchase. Buying further shares is referred to as 'staircasing'. Normally, when the Leaseholder owns 100%, he or she can acquire the freehold in the property for no charge, but that does not apply to properties in Protected Areas.

As the Leaseholder buys further shares, the rent will be reduced proportionately to reflect the fact that the Landlord's interest in the property has reduced.

2 STANDARD LEASE OBLIGATIONS

Although initially the property is not owned outright, the Leaseholder does have the normal responsibilities of a full owner. This means, for example, that the Leaseholder will be obliged to pay 100% of the outgoings relating to the property and to keep the property in good and substantial repair and condition.

The lease also contains other 'standard' obligations on the Leaseholder. For example, the Leaseholder will:

- if applicable, need to contribute towards the costs incurred by the Landlord in providing services;
- need to seek the Landlord's consent before making certain alterations; and
- if applicable, comply with regulations relating to the management of the estate of which the property forms part.

3 RENT REVIEW

The rent will be reviewed periodically at the times set out in the lease. Typically, the rent will be reviewed every year. The reviewed rent will be increased in line with any proportionate increases in the retail prices index (RPI).

The rent will be reviewed on an 'upwards only' basis. This means that the level of rent will not go down when it is reviewed. However, any increase in the rent will be capped at a figure representing the RPI increase plus 0.5%. This means that where the RPI is zero or negative the most the rent can increase by is 0.5%.

A worked example demonstrating how the rent is recalculated at review is set out in Appendix 2 of the lease.

4 **DISPOSALS OF OR DEALINGS WITH THE LEASE**

Assignment or Transfer

If the Leaseholder assigns or transfers the lease before he or she staircases to 100% ownership of the property (80% in Protected Areas), the Landlord can require the Leaseholder's purchaser to pay for (at market value) all remaining shares in the property. This is often referred to as 'back to back' staircasing.

However, back to back staircasing will not be required by the Landlord:

- if the lease is transferred or assigned as a result of the divorce or death of the Leaseholder;
- if the Leaseholder gives the Landlord notice that he or she wishes to sell its interest in the lease and either the lease is assigned to a person nominated by the Landlord, or, the Leaseholder surrenders (or returns) the Lease to the Landlord (in both cases for a price that is no more than the market value of the Leaseholder's share of the property);
- if the Landlord fails to nominate a purchaser, the nominated purchaser fails to purchase the Leaseholder's share or completion of the surrender of the Lease does not take place.

Subletting

The Leaseholder is not permitted to sub-let or part with possession of the property in any other way until the Leaseholder staircases to 100% ownership of the property (80% in Protected Areas).

5 **LANDLORD'S RIGHT OF FIRST REFUSAL**

With a view to ensuring that the property remains in the ownership of people in need of shared ownership units, there are restrictions on the transfer, assignment and subletting of the property after the Leaseholder staircases to more than 80% ownership.

If, at any time after the Leaseholder staircases to more than 80% ownership of the property, the Leaseholder gives the Landlord notice that he or she wishes to sell the Lease, the Landlord can require the Leaseholder either to transfer the Lease back to the Landlord or to a person nominated by the Landlord. In both cases the price will be no more than the market value of the Lease with vacant possession.

The Landlord's right of first refusal does not apply if the Lease is transferred or assigned as a result of the divorce or death of the Leaseholder.

6 **MORTGAGEE PROTECTION PROVISIONS**

Loans from banks and building societies to Leaseholders would often require Leaseholders to take out mortgage indemnity insurance or other forms of additional security which would increase the expense to the Leaseholder of acquiring a shared ownership interest in the property. So with the aim of cutting down or avoiding such expense arising (so that mortgage indemnity insurance is not required and encouraging banks and building societies to lend to shared owners), the Landlord agrees that if the Leaseholder defaults the Landlord will compensate the Lender for some part of any loss incurred if the proceeds from the sale of the Leaseholder's share of the property are insufficient. For this reason the Leaseholder's lender will

need to obtain the consent of the Landlord to the terms of the Leaseholder's mortgage.

If the Landlord has to cover some of the mortgage debt in this way the Leaseholder will become liable to pay the Landlord back. In such cases the Landlord will be able to pursue the Leaseholder to recover its loss and may also enforce any other security guarantees or insurance that were originally granted to the Lender.

To assist the Landlord and the Lender in operating these compensation provisions, by signing the lease the Leaseholder authorises the Landlord and the Lender to exchange personal information relating to the Leaseholder in relation to various matters, including the terms of the lease, details of any arrears and any loan secured against the property.

7 **IMPORTANT NOTICE REGARDING PAYMENT OF THE RENT AND LEASE OBLIGATIONS**

You need to be aware that if the Leaseholder fails to pay the rent reserved by the Lease and/or fails to observe and perform his or her obligations in the Lease the Landlord may be entitled to terminate the lease (subject to the Landlord obtaining any necessary court order. If the lease is terminated the Leaseholder will lose (and will not be entitled to any compensation for), any shares in the property which he or she had acquired.

8 **VARIATIONS TO THE STANDARD FORM LEASE**

Paragraphs 1 to 7 above summarise the key terms of the standard form Shared Ownership Lease issued by the Homes and Communities Agency.

The Landlord summarises below the terms of the lease that materially depart from the standard form:

[•]

This guidance note does not form part of the Lease and is not to be taken into account in the interpretation of any provision in the Lease. It is important that the Leaseholder gets legal advice before entering into the Lease.

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