



## **ARMA WELCOMES CLARITY OF LEASE –WORDING CHANGES**

ARMA – the Association of Residential Managing Agents – has welcomed changes to the rules concerning the wording of leases as a new system introduced in June makes leases clearer.

ARMA’s John Mills says: “Land Registry rules were altered by regulations such that, from June 2006, all new leases that require registration must have a set of standard details at the start of the lease. Failure to include the prescribed standard details means the lease may not be registered and so ownership of title will not be guaranteed.” ARMA believes that the new rules will speed up registration by the Land Registry, and provide uniformity of leases as well as clarity.

The prescribed clauses under the new system are:

1. Date of lease
2. Title number(s) (both that of the landlord and any other titles affected by matters in the lease e.g. easements);
3. Parties-landlord and leaseholder and management company if in the lease
4. Property details
5. Prescribed statements (e.g. in connection with a charity);
6. Term
7. Premium and VAT (there is no requirement to specify the rent itself)
8. Restriction on disposals
9. Rights of acquisition (e.g. option to renew)
10. Restrictive covenants given by the landlord governing land other than the demised premises
11. Easements;
12. Estate rent charges;
13. Restrictions in standard form;
14. Declaration of trust (eg for joint tenants).

The new rules apply to leases of more than 7 years for all property but not to the sale of existing leases.

“We welcome the changes,” says Mills. “Under the previous rules one was obliged to read through all of the lease – often amounting to between 30-50 pages in length - to find the relevant parts. This will be of value to ARMA Members as restrictions on assignment will appear in the prescribed clauses. These restrictions are important to managing agents

and conveyancing solicitors who have to deal with resales relating to the assignment of leases. Making sure the restriction is dealt with correctly is important, as otherwise delays are caused with registering the resale. The prescribed clauses should also be helpful to the lay person leaseholder”.

~ENDS~