

Right of First Refusal to Buy your Landlord's Freehold

The Right of First Refusal allows tenants collectively to buy the freehold of their apartment block if the landlord wants to sell it, provided certain conditions are met:

- There must be two or more flats in the building.
- More than 50% of all the flats in the building must be held by 'qualifying tenants'.
- No more than 50% of the building is to be in non-residential use (excluding communal areas).
- The building must be a separate building, or divided vertically from another part.
- More than 50% of the qualifying tenants must accept the landlord's offer to sell the freehold.
- There are criminal sanctions for the landlord if the procedure is not adhered to.

The Procedure

Before completing a freehold sale of an apartment block, landlords must give the tenants at least two month's notice of their right to buy the freehold at the offer price. The landlord faces criminal sanctions if he does not adhere to the correct procedures. The chart on the following page describes the possible outcomes:

- If the tenants correctly serve an Acceptance Notice within time and appoint a Nominee Purchaser, then the landlord must sell the freehold to the tenants on the terms of notice.
- If an Acceptance Notice is not served within time, the right of first refusal lapses and the landlord is free to sell on the open market at no less than the price stated in the offer to the tenants.
- If the freehold is sold without the tenants being offered a right of first refusal, the tenants have the right to require the new owner to sell the freehold to them on the same terms.

The Cost Elements

Costs for the tenants include:

- The purchase price.
- All amounts due under the leases.
- Your own valuation and legal fees, and probably those of the landlord.
- The cost of setting up a company to own the freehold.



Michael Denmead is a commercial property expert, and has built up an extensive experience of enfranchisement and freehold sales



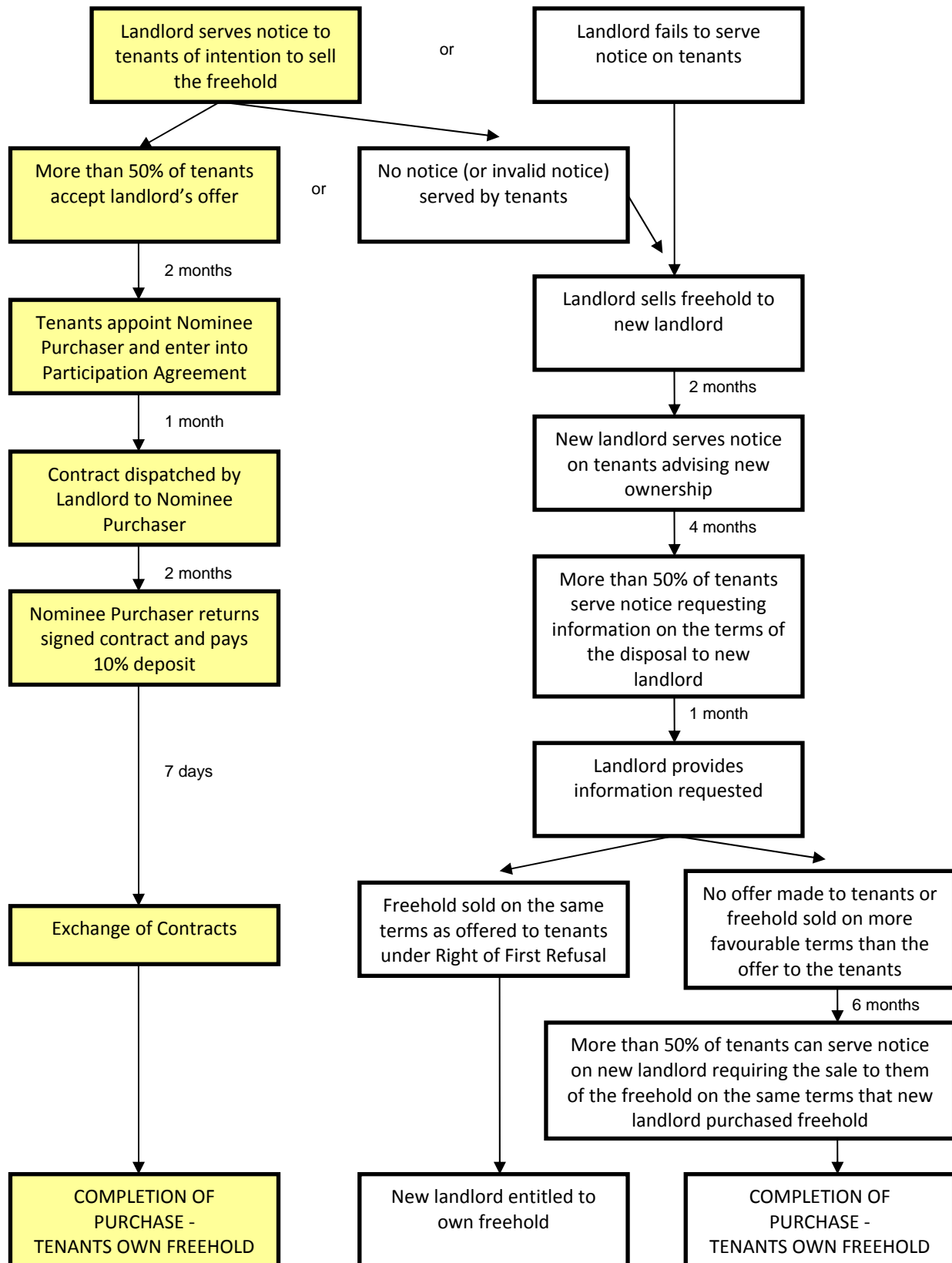
Alison Barr specialises in company and commercial work, and has considerable experience with enfranchisement transactions

For further information on your Right of First Refusal please contact Michael Denmead on 01223 417200 or email m.denmead@barrellison.co.uk

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Shaded boxes demonstrate the most usual route taken in Right of First Refusal proceedings



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