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Background

Get familiar with how a cross-lease works. When you buy a cross-lease house, you won't own all of the underlying land (only an undivided share of it e.g. ½, ⅓, etc) but you will exclusively lease your flat (house) for a very, very long time - 999 years! You can use your flat and the land that comes with it, but there may be some parts of the property that everyone (all the owners together) have to take care of e.g. shared driveway. You also have to follow some rules about how you can use your flat and the land that comes with it.

Further Cross-Lease Resources

Cross-Lease Flow Chart

Cross-Lease Fixable with Written Consent of Cross-Lease Neighbour

Example 1: Click here to see an example with a deck.

Example 2: Click here to see an example with a deck and shed.

Cross-Lease is Defective and Requires the Flats Plan to be Updated

Cross-Lease Title Review

👨‍⚖️ HouseMe Legal	👫 Client	🙋‍♀️ Cross-Lease Neighbour	🙋‍♂️ Current Cross-Lease Owner

So, you want to buy a property with a cross-lease title?

When	Action	Want to know more?	Who is involved?	Done?✓
Open home/due diligence stage.	Understand key cross-lease terminology: Flat = The outline of the house Common area = Area you jointly own with your cross-lessor/lessee	Talk to your lawyer. Read the cross-lease. Look at the title.	👨‍⚖️ 👫	☐

	Cross-lessor/lessee = the other party (your neighbour) whom you share cross-lease obligations with as lessor and lessee.	Click here to see what a cross-lease title review looks like		
Open home/due diligence stage.	Make sure you do not sign the contract before your lawyer has reviewed the title. Your lawyer will tell you about the status of the title, the lease, and the obligations between flat owners.	Talk to your lawyer.		☐
Open home/due diligence stage.	Ask the current owner about their relationship with the cross-lease neighbours. At the open homes, knock on the cross-lease neighbour's door and introduce yourself to get both sides of the story. For a cross-lease, you need permission from the neighbours (whom you own part of the underlying title with) to make changes to the outside of your flat (your house). If the neighbours are hard to deal with, it can make putting up a garage or deck harder.	Get knocking on doors!		☐
Open home/due diligence stage.	Check the layout of the property. Make sure the dimensions of the flat you're buying match the title plan. If not, fixing it can be expensive and take months. Check there are not any structures on the restricted area.	Talk to your lawyer. Defective title example. Fixable title example. Defective title #2 example.		☐
Open home/due diligence stage.	Make sure the current owner has permission for any structures not connected to their flat. If they don't have permission, you (as the new owner) may have to get your cross-lease neighbour's permission or even remove the structure. Common examples include decks, sheds, sleepouts, and garages.	Talk to the seller and the neighbour.		☐
Open home/due diligence stage.	If you choose to do nothing and buy the property subject to any issues, they will become your problem when you come to sell the property. The other owners may also pursue actions against you for a breach of covenant under the cross-lease and e.g. they could force you to deconstruct your new sleepout and return it to how it was.			☐
Open home/due diligence stage.	If there are any issues, you need to disclose these to your insurer and lender. Because of these issues, you may not get insurance or finance.			☐

Open home/due diligence stage.	Understand the cross-lease rules (the covenants) about how you can use the property. Your neighbours have to follow the same rules.	Read the registered cross-lease. Your lawyer will give you a copy.		☐
Open home/due diligence stage.	Understand your obligations for common areas like shared driveways.	This information is contained in the registered cross-lease. Your lawyer will give you a copy.		☐
Open home/due diligence stage.	Understand what a defective cross-lease title is and how it can be fixed. A defective cross-lease title means there is an encroachment outside of your leasehold estate.	Defective title example. Defective title #2 example.		☐
Open home/due diligence stage.	Research converting your cross-lease title to a fee-simple title. Talk to a town planning expert.	Check out this blog on how to convert your cross-lease to fee simple.		☐
When you own the property.	Want to do any future renovations? Most cross-leases require the other cross-lease owners to provide their written consent to any alterations which cannot be unreasonably withheld. Remember, it is best to be proactive and talk to your cross-lease neighbours as early as possible. You do not want to end up in a costly argument about what is and what is not reasonable.	Get knocking on doors!		☐