

## Common Pitfalls in Title splitting



PLANDOME

ADAPTIVE REUSE LIGHTHOUSE

# ABOUT 'PLANDOME'

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Plandome specializes in delivering in-depth planning analysis reports that offer tangible and actionable insights for successful project execution. Our comprehensive reports include detailed layout plans and work breakdown structures, including Gross Development Value (GDV) analysis. These deliverables empower clients with the information needed to make informed decisions, mitigate risks, and optimize return on investment.

Our user-friendly reports translate complex planning regulations into clear, actionable steps, making the development process straightforward and accessible. Each report features a clear planning statement that outlines the development process, ensuring clients fully understand the path forward and can confidently navigate their projects.

## Our Services

At Plandome, we provide a range of services to streamline the planning process and support our clients in achieving their property development goals. Our services include:

**Loft Conversions:** Transform loft space into functional, stylish living areas, maximizing property value and space.

**Commercial to Residential Conversions:** Assist in converting commercial properties into residential spaces, aligning with market demands and maximizing investment potential.

**Residential Extensions:** Design and manage custom rear and side extensions to expand living spaces and enhance property aesthetics.

**Planning Permission Services:** Handle the complexities of planning permission, managing compliance and paperwork to secure timely approvals.

**Garage Conversions:** Convert garages into usable living areas, adding valuable space and functionality to homes.

**Permitted Developments:** Guide projects that fall under permitted development rights, expediting approval processes.

**Prior Approval Applications:** Manage the application process for projects requiring prior approval, ensuring regulatory compliance.

**Construction Drawings:** Provide accurate and detailed construction drawings to guide builders and support successful project completion.

**Kitchen Extensions:** Design beautiful kitchen extensions that add functionality and value to properties.

**Conservatories:** Plan and manage conservatory installations, creating bright, versatile spaces within homes.

Title splitting can be a beneficial process for property owners seeking to maximize the value of a property by dividing it into multiple units. However, it comes with a set of challenges and potential pitfalls that can lead to complications if not properly managed. This guide provides a comprehensive overview of **common pitfalls in title splitting** and offers practical tips for avoiding these challenges.

## 1. Common Pitfalls in Title Splitting and How to Avoid Them

### 1.1. Inadequate Planning Permission

- **Pitfall:** Proceeding without obtaining the necessary **planning permissions** can result in legal action, fines, or an order to reverse the changes.
- **How to Avoid:**
  - **Consult Local Authorities:** Before starting the title split process, check with the **local planning department** to determine if planning permission is needed.
  - **Apply for Permission Early:** Submit applications early in the process to account for potential delays, which could take **8-12 weeks** or longer.

### 1.2. Non-Compliance with Building Regulations

- **Pitfall:** Failing to meet **building regulations** can lead to significant issues, including enforcement action by the local council, affecting safety and legal compliance.
- **How to Avoid:**
  - **Hire a Qualified Architect/Surveyor:** Make sure the split complies with building regulations, including **fire safety, soundproofing, and structural stability**.
  - **Schedule Building Inspections:** Coordinate with **building control** to inspect and certify different phases of the work.

### 1.3. Mortgage Complications

- **Pitfall:** Existing mortgages can complicate the title split, leading to issues such as a refusal from the mortgage lender or expensive fees for early repayment.
- **How to Avoid:**
  - **Lender Consent:** Notify your existing lender of the title split and obtain their written consent.
  - **Mortgage Restructuring:** Consider restructuring the mortgage. This may involve splitting it into separate loans or switching to **buy-to-let** or **commercial mortgages** for rental units.

### 1.4. Incorrect Valuation of New Units

- **Pitfall:** Incorrectly valuing the newly split units can lead to underestimating potential profits, over-borrowing, or difficulties in selling the property.
- **How to Avoid:**
  - **Professional Valuation:** Hire an experienced **chartered surveyor** to assess the value of each newly created unit. Ensure that valuations account for rental income potential and market demand.
  - **Market Analysis:** Conduct a local market analysis to understand the value trends for similar properties.

## 1.5. Legal and Administrative Errors in Documentation

- **Pitfall:** Errors in legal documents, such as inaccurate boundaries or missing permissions, can delay registration or even void the title split.
- **How to Avoid:**
  - **Work with a Solicitor:** Engage a **conveyancer** or **property solicitor** with experience in title splitting. Ensure they thoroughly review and prepare all documents.
  - **Check Land Registry Requirements:** Ensure all forms, such as **API** (application to change the register) and **TPI** (transfer part of the title), are completed accurately and submitted with supporting evidence to **HM Land Registry**.

## 1.6. Shared Services and Utility Disputes

- **Pitfall:** Problems can arise if newly split units still share utilities or services (e.g., heating, electricity) without proper separation, leading to disputes between unit owners or tenants.
- **How to Avoid:**
  - **Install Separate Utilities:** Ensure that each unit has separate utility connections for **electricity, water, gas, and internet**. Arrange for individual meters to be installed.
  - **Service Agreements:** Where services must be shared, establish a clear **service charge agreement** outlining maintenance and usage responsibilities.

## 1.7. Potential Disputes Over Communal Areas

- **Pitfall:** Disputes can arise regarding access and maintenance responsibilities for **communal areas**, such as hallways or gardens, especially in shared freehold scenarios.
- **How to Avoid:**
  - **Management Company:** Set up a **management company** to handle communal areas and maintenance. Ensure every unit owner has an equal stake in the decision-making process.
  - **Define Responsibilities:** Clearly define communal responsibilities in the lease agreements, including how maintenance and repairs will be funded and managed.

## 1.8. Tax Implications Not Considered

- **Pitfall:** Title splitting can trigger tax liabilities, such as **Capital Gains Tax (CGT)** or **Stamp Duty Land Tax (SDLT)**, which may impact profitability.
- **How to Avoid:**
  - **Consult with a Tax Advisor:** Engage a **tax professional** to evaluate potential tax implications and create a tax-efficient plan for the title split and subsequent sales.
  - **Account for SDLT:** Understand that SDLT may apply if transferring or selling one of the newly created units. Calculate these costs in advance.

## 1.9. Failing to Register the New Titles Properly

- **Pitfall:** Delays or errors in registering the new titles with **HM Land Registry** can cause legal issues down the line, including difficulties in selling or mortgaging the units.
- **How to Avoid:**
  - **Submit Correct Documentation:** Ensure that all necessary forms, deeds, and supporting documents are accurately completed and submitted.
  - **Hire a Solicitor for Registration:** A solicitor can assist with ensuring the registration is completed without errors.

## 1.10. Poor Communication with Tenants or Potential Buyers

- **Pitfall:** Failure to communicate effectively with tenants or buyers about the status of the title split can lead to confusion or loss of trust.
- **How to Avoid:**
  - **Provide Clear Information:** Inform tenants or potential buyers about any changes due to the title split, such as modifications to leases or shared services.
  - **Update Agreements:** Issue new lease agreements if the title split affects current arrangements

## Conclusion

Title splitting can be a lucrative way to unlock the value of a property, but it comes with several potential pitfalls. Failing to adequately plan, comply with regulations, or address financial and legal complexities can lead to significant issues. By following best practices—such as obtaining planning permission, working with experienced professionals, separating utilities, and ensuring proper documentation—property owners can avoid these common challenges and ensure a successful title split.

Remember to engage key professionals, such as **property solicitors, surveyors, tax advisors**, and your **mortgage lender**, early in the process to navigate the complexities of title splitting effectively. Proper preparation and clear agreements will help avoid many of the pitfalls that can make the process challenging.



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