

Havebury
Housing Partnership

Lease extension - Home Ownership Guide



About this guide

This guide is intended to give you an outline of the process involved if you are looking into the possibility of extending your lease.

It is strongly advised that you seek your own legal advice, and instruct a solicitor to guide you through the process.

It is often the case that the less time left on the lease, the less valuable the property becomes. Because of this, the law gives you, as a leaseholder, the right to extend your lease.

The right is to add 90 years to what is left on the existing lease, and the inclusion of a 'peppercorn rent' to the unexpired term. A peppercorn rent means that no ground rent is paid after the lease is extended. You will still be liable to continue to pay service charges.

We follow the formal (statutory process) for lease extensions.



Qualification

You must have been the owner, or lessee, of the leased property for a period of at least 2 years.

If you own a Shared Ownership home, you will also need to own 100% of the property.

Costs

There will be various costs you will need to consider:

- **Valuation fees** - a qualified RICS (Royal Institute of Chartered Surveyors) valuer is required to assess the premium you would pay to extend your lease. Havebury and yourself would appoint independent valuer's separately to assess, you will be required to pay both your own and our valuation fees
- **Legal fees** - It is advisable to use a solicitor to deal with the process for you, so you will have legal costs to pay. You will also be required to pay our legal costs
- **Premium** - This is what you will pay to us once it has been assessed and agreed upon through the valuation process

How to start the process to extend your Lease

- The formal process contains time frames under the legislation. Once it has been confirmed that you are eligible to extend your lease, you will first be required to serve a notice to us to confirm you want to start the process. The notice is referred to as a Section 42 notice, and usually, your solicitor would serve it. The notice can be a letter or an email, and must contain the following details:

- 1. Your full name and address of the leasehold property**
- 2. Evidence of your ownership of the lease (usually this would be with a copy of the original lease or formal transfer document if you're not the original lessee).**
- 3. Your proposed premium to pay for the lease extension (you would usually ascertain this by obtaining a valuation)**
- 4. Any terms you would like considered within the extended lease**
- 5. The name of your solicitor who will act for you in your application to extend your lease**
- 6. The date the counter-notice (our notice in response) is to be served by. The date must be at least 2 months after your notice is served**

What happens next?

- We initially have 21 days to ask you for further evidence of ownership if required. You would have 21 days to provide further information
- We have 2 months from the date of your notice, to serve the counter-notice. During this time we will also need to arrange for a valuation to be completed, you will be responsible for paying our valuer's fees. You would need to allow our valuer to inspect your property for the purposes of the valuation
- Once the counter-notice is served on your solicitor, there is then a period of time for negotiations, usually between the surveyors who completed the valuations to agree on the premium you will pay to extend your lease

NB: Once you have served the Section 42 notice, you would become liable to pay for our costs (as well as your own). You will also be required to pay a deposit within 14 days, this may be 10% of the premium you proposed in your notice or £250, whichever is more.

If you decide to withdraw your application, you would be required to meet costs up to the point you withdraw.

When we serve the counter-notice, it will either be to:

- Admit your claim, and specify which proposals we agree to
- Not admit your claim and give reasons for this
- Refuse to grant the lease extension if there are proposals to redevelop the area/building where you live. (This only applies to applications where the remaining period of the lease is less than five years from the date of your notice)

If we do not serve a valid counter-notice, you would be entitled to apply to the court for an order to grant a new lease on the terms proposed in your Section 42 notice.

Once an agreement is reached, the time period to extend your lease can take between 3-6 months.

For further queries please contact;

Home Ownership Team,
Havebury Housing Partnership,
Havebury House,
Western Way,
Bury St Edmunds
IP33 3SP

Tel: 0300 3300 900

Email: homeownership@havebury.com

You can also visit the [Leasehold Advisory Service website](http://www.lease-advice.org), which contains some useful details that may be of help to you.
(www.lease-advice.org)

The section regarding lease extensions can be found [here](#).