

Extending your Lease Procedure and Costs

PROVIDED you have owned your flat for at least 2 years (*but see **Note below***) you are entitled to extend your lease for a further 90 years. This will increase the value of your flat and make it a more marketable asset. In addition, the new term of the lease will be at a peppercorn ground rent, i.e. you will not have to pay any further ground rent.

ADVICE on the premium to be offered to your landlord for the new extended lease will be given by your valuer. We will then prepare and serve on your landlord a Section 42 Notice. Your landlord then has 2 months to respond by serving a Counter-Notice which will include the premium he is willing to accept.

IN addition to the premium, you will also have to pay your landlord's valuer's fees and certain of his legal costs. Experience has taught us these generally amount to £2,000 or so plus VAT.

UP to and including serving the Section 42 Notice the work carried out by Gregsons will include:

- Receiving instructions, obtaining copy title documents, checking up-to-date details of your landlord and carrying out a company search, if necessary.
- Liaising with your valuer with regard to the premium to be offered.
- Preparing the Section 42 Notice, obtaining your signature and effecting service on your landlord and/or any agents or appointed solicitors.
- Making an application to the Land Registry to register the Section 42 Notice against your landlord's title in order to protect your interest.

OUR charges for this work will be £650 plus VAT and Land Registry fees of £90 for obtaining copy title documents and registering the Section 42 Notice.

ONCE your landlord has served his Counter-Notice, your and the landlord's valuers then put their heads together to see whether they can reconcile their differences and agree a premium acceptable to both parties. If this is impossible, then an application to the Leasehold Valuation Tribunal (LVT) can be made by either party and the LVT will determine the premium.

DURING the period of negotiation and in the unlikely event the price cannot be agreed and it is necessary to make an application to the LVT (which is the exception rather than the rule), our charges will be calculated mainly by reference to the time we have to spend on your matter. For this work we charge at a fixed rate of £150 per hour plus VAT. We will also charge at this hourly rate in respect of any other additional work which we carry out for you and which is outside the terms of reference set out above.

ONCE the premium for the new lease has been agreed, there will be the additional conveyancing work required in agreeing the remaining terms of the lease, together with completing and registering the new lease. This will include dealing with all Inland Revenue and Land Registry requirements. Our conveyancing charges will be £650 plus VAT and Land Registry fees. If the completion monies have to be telegraphically transferred to your landlord's solicitors there will be a further charge of £30 plus VAT.

IF more than one flat owner in your building applies to extend their lease at the same time as you, then the costs and fees involved will reduce and make the whole process better value for each individual owner. Should this be the case, then please ask us for details of our reduced fees.

IF you are interested in extending your lease, therefore, it makes good sense to also talk to your neighbours and fellow flat owners.

Note

If you are considering buying a flat which has a short lease, your seller (provided they have owned the flat for at least 2 years) can serve a Section 42 Notice and then assign the benefit of this Notice to you on completion of the purchase. You will then be able to get a new extended lease even though you have not owned the flat for 2 years.