

Appendix 1

Enfranchisement information sheet – for leaseholders of houses

1 Overview

- 1.1 If you are seeking to acquire the freehold of your house, there is a statutory right for those who qualify to buy their house under the Leasehold Reform Act 1967 (the **Act**). If successful, you will acquire the freehold of your home.
- 1.2 This guide sets out details of how to apply under the Act and the process involved. This is not legal advice and we suggest that you obtain independent legal and valuation advice prior to making any formal request for enfranchisement of your house.

2 Eligibility

- 2.1 The Act grants a qualifying leaseholder of a house the right to apply to their landlord to acquire the freehold of their house.
- 2.2 In general terms, the right arises once the leaseholder satisfies the following criteria:
- 2.2.1 the property is a house;
 - 2.2.2 you have held your lease of the house for at least two years;
 - 2.2.3 the lease was granted for a fixed term initially for at least 21 years; and
 - 2.2.4 the lease has staircased up to 100% (if the lease was a shared ownership lease).
- 2.3 We, the Riverside Group Limited (**Riverside**), will consider requests from leaseholders, (excluding shared ownership leaseholders who have not staircased to 100%), who do not qualify to acquire the freehold of their house under the Act. This is not a legislative right however and it is at our sole discretion as to whether to allow the freehold purchase on a voluntary basis.

3 Application process under the Act

- 3.1 It is advisable to obtain advice from a solicitor and a valuer about the application and how to draft the formal notice required by the Act. In brief, the notice must be in the prescribed form stipulated by the Act and contain certain information including:
- 3.1.1 whether you wish to purchase the freehold or extend the lease of your house;
 - 3.1.2 the name and address of the person on whom it was served and of any other recipient;
 - 3.1.3 if applicable, it must show that the financial limits have not been exceeded where the valuation method proposed is under s9(1) of the Act; and
 - 3.1.4 it must be signed by you or your appointed legal representative (with the appropriate authority);

- 3.2 Our solicitors will respond to your notice within the time period provided for under the Act.
- 3.3 Our solicitors may also request a deposit from you (being £25 or three times your ground rent, whichever is the greater) as prescribed in the Act. Our surveyor may require access to your property in order to prepare their valuation report. A notice in reply will then be served on you confirming whether or not you have the right to acquire the freehold of your house.
- 3.4 If you accept the terms contained in our notice in reply, you must confirm your agreement in writing.
- 3.5 If you do not accept our terms, both parties' surveyors may negotiate the purchase price payable. If, after two months after the date of service of our notice in reply, the purchase price is not agreed, either you or we can refer the dispute to the First Tier-Tribunal Property Chamber (the **Tribunal**).
- 3.6 When the purchase price payable and terms of the transfer are agreed (or determined by the Tribunal) the matter can proceed to completion. On completion you will be liable to pay our reasonable legal fees (in the region of £1,250 - £1,500 plus VAT and disbursements) and valuation fees (in the region of £600 plus VAT) incurred in dealing with the matter together with any service charge or ground rent arrears that you owe. You will also be liable to pay our administration fee of £189 plus vat.

4 Application process for acquiring freehold of your house

- 4.1 If you are unsure as to whether you have the statutory right to extend your lease and/or how much you are likely to pay, it is advisable to obtain independent advice from a solicitor and a valuer. If you do not qualify for a lease extension under the Act but still wish to request purchase the freehold, you must submit a written request. Your request must contain the following information:
- 4.1.1 your name and address;
 - 4.1.2 details of your lease;
 - 4.1.3 the name and address of your appointed legal representative (if applicable);
and
 - 4.1.4 your proposed purchase price (if you have obtained a valuation).
- 4.2 We will consider your request and at our sole discretion, acting reasonably, as to whether to allow the purchase on a voluntary basis subject to obtaining our own valuation. We will write to you explaining that you will need to pay our administration fee and valuation fee up front. These fees will be confirmed following receipt of your request but are likely to be in the region of £600 plus VAT for the valuation fee and £189 plus VAT for our administration fee.
- 4.3 Once the fees from you are received in cleared funds, we will instruct our surveyor and on receipt of our surveyor's report we will provide you a copy of the report with written confirmation of the purchase price proposed and other terms to be offered.

4.4 You will then have 28 days in which to provide us with a written acceptance letter. If accepted, you should provide us with details of your solicitor. You will be required to pay our legal fees up front or your solicitor will need to provide an undertaking to cover our costs. If you do reply or accept in writing within the timescale provided, we will treat the request as rejected or withdrawn.

5 Process following agreement of purchase price

5.1 We will then provide a draft transfer for you and your solicitor to review and provide comments.

5.2 Once the transfer is agreed, we will proceed to completion and you will need to ensure that funds are available to make payment of the completion funds stipulated in the completion statement that will be provided to you.

5.3 Following completion you will be responsible for registering the transfer at the Land Registry.