Lease extension information sheet

Extending Leases under the Formal Route

Overview

- If you are seeking to obtain a lease extension of your flat, there is a statutory right for those who qualify to for a lease extension under the Leasehold Reform Housing and Urban Development Act 1993 (as amended) (the Act). If successful, you will acquire a new lease for a term of 90 years plus the present unexpired term with the ground rent payable reducing to a peppercorn.
- This guide sets out details of how to apply for a statutory lease extension 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 a lease extension.

Eligibility

- The Act grants a qualifying leaseholder of a flat the right to apply to their landlord for a lease extension.
- In general terms, the right arises once the leaseholder satisfies the following criteria:
  - (a) the lease was granted for a fixed term initially for at least 21 years; and
  - (b) the lease has staircased up to 100%, if the lease was a shared ownership lease.

Application process under the Act

- You must make a formal request to us before your original lease ends. 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 contain certain information, including:
  - (a) a statement that it is a "tenant's notice" under section 42(3) of the Act;
  - (b) your name and address;
  - (c) details of your lease;
  - (d) the name and address of your appointed representative;
  - (e) your proposed premium;
  - (f) details of any intermediate landlord or third party to the lease;
  - (g) an address in England and Wales where the counter-notice is to be served;
  - (h) the deadline for Riverside to respond (at least two months from service of the notice); and
  - (i) the notice also needs to be signed personally by you or by a duly authorised person on your behalf.
- If you wish there to be further variations to the lease, they must be set out.

- Our solicitors will respond to your notice within the time period.
- Our solicitors will also request a deposit (being 10% of the premium you have proposed or £250 whichever is the greater) as prescribed in the Act, from you and our valuers will require access to your property in order to prepare their valuation report. A counter-notice will then be served on you confirming whether or not you have a right to acquire a lease extension and will either accept your proposals or will set out our counter-proposals.
- If you accept our counter-offer, you must confirm your agreement in writing.
- If you do not accept our offer, both parties' surveyors may negotiate the premium payable. If, after two months of our counter-notice the premium (or the new lease terms) are not agreed, either you or we can refer the dispute to the First Tier-Tribunal Property Chamber (the **Tribunal**).
- When the premium payable and the terms of the new lease are agreed or determined by the Tribunal the matter can then proceed to completion. On completion you will be liable to pay our reasonable legal and valuation fees incurred in dealing with the matter together with any service charge or ground rent arrears you owe (these are currently £850 plus vat and disbursements and £600 plus vat respectively). You will also be liable to pay our administration fee of £189 plus vat.

Extending Leases Informally (Voluntary)

- We, the Riverside Group Limited **(Riverside)**, considers requests from leaseholders, including shared ownership leaseholders, who do not qualify for a lease extension under the Act. This is not a legislative right however and it is at our sole discretion, acting reasonably, as to whether to allow the lease extension on a voluntary basis. If we allow the lease extension to take place on a voluntary basis, we will generally agree to grant a new lease on the same terms as the existing lease but for a term for an additional 90 years plus the present unexpired term.
- 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 a lease extension, you must submit a written request. Your request must contain the following information:

    (a) your name and address;

    (b) details of your lease;

    (c) the name and address of your appointed representative (if applicable); and

    (d) your proposed premium (if you have obtained a valuation).

- We will consider your request and at our sole discretion, acting reasonably, as to whether to allow the lease extension on a voluntary basis subject to obtaining our own valuation. We will write to you explaining that you will need to pay £549.00 plus vat up front to cover our administration fee and valuation fee.

- Once the fees from you are received in cleared funds, we will instruct our surveyor and on receipt of surveyor's report we will provide you a copy of the summary with written confirmation of the premium proposed and other terms to be offered.
- You will then have 28 days in which to provide us with a written acceptance letter. If accepted, you should provide us 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. The legal fees are currently £650.00 plus vat. If you do reply or accept in writing within the timescale, we will treat the request as rejected or withdrawn.