



LEASE EXTENSION GUIDE



WEALD LIVING

BY SAXON WEALD

WHAT IS A LEASE TERM AND WHY WOULD I NEED TO EXTEND IT

Each lease has a 'term' specified when the property is originally purchased. The term granted can vary but is usually for a minimum period of 99 years.

Although properties may change hands several times from the original point of sale, the terms and length of the property lease do not change, resulting in the length of the lease reducing over time.

WHY DOES THIS MATTER?

- Once there are less than 80 years left on a lease, the cost of a lease extension increases due to 'marriage value' (which is the increase in value of the flat once a lease extension has been completed).
- Having a shorter lease can have an adverse effect on the value of your property if you are looking to sell, as purchasers will take the cost of extending the lease into consideration when making you an offer.
- It can be difficult to sell a property with a short lease, as buyers who need a mortgage may find their lender will insist upon a minimum length term. Typically, when there is less than 85 years remaining on a lease, mortgage companies will insist on an extension before they are willing to lend.
- If you are looking to re-mortgage, you may also find it difficult to find a lender when the remaining term is short.



WHAT ARE THE DIFFERENT OPTIONS FOR EXTENDING MY LEASE?

If you have owned your property for at least two years, you may have the right to a statutory lease extension. This gives you the right to add an additional 90 years to the existing term of the lease and means that you will no longer need to pay ground rent. Please note that this right does not apply to shared owners.

Alternatively, we can offer you a voluntary lease extension. In this case, we will offer you a new lease which will also add an additional 90 years to the term and reduce the ground rent to zero.

WHAT ARE THE DIFFERENCES BETWEEN A STATUTORY AND VOLUNTARY LEASE EXTENSION?

The statutory route is generally a more lengthy and costly procedure. It involves two valuations being carried out which increases the overall cost to the leaseholder. The legal fees can often be higher as well, as it requires more work on behalf of the solicitor that you instruct.

If you opt for the voluntary route, a fixed price will be charged for the valuation and legal costs in relation to the new lease.

IS THERE A REASON WHY I MAY NOT BE ELIGIBLE FOR A VOLUNTARY LEASE EXTENSION?

In some cases, although your lease may be with Saxon Weald, we may not be the

freeholders of the building you live in. In those cases, we may not be able to offer a lease extension at all or it may be for a more limited term.

We will not agree to a voluntary lease extension if you are in breach of the terms of your lease e.g. if you are not up to date with payments due.

HOW WILL THE LEASE EXTENSION WORK?

A statutory lease extension starts with the leaseholder instructing a valuer and a solicitor. The valuation gives a guide price for the cost of the lease extension (also known as the premium). On the basis of this, the solicitor will serve Saxon Weald with an S42 notice under the Leasehold Reform Housing and Development Act starting the whole process.

Saxon Weald will then arrange a second valuation and instruct our solicitor to respond to the notice which will start the process of negotiation. The leaseholder is responsible for both parties' legal and valuation costs.

With a voluntary lease extension, you won't need to instruct a valuer. Saxon Weald will instruct an expert to assess the value of the premium payable. You will still need to instruct your own solicitor to carry out the conveyancing of the new lease once it has been drawn up by our solicitors.

STEPS IN A VOLUNTARY LEASE EXTENSION

1. Complete the application form and return it to Saxon Weald. Once we receive your form we will send you an invoice for payment of the valuation fee and administration charge.
2. Saxon Weald instructs a valuation and writes to you detailing the premium payable.
3. You write to us confirming your acceptance of the premium. We will then instruct our solicitors to draw up a new lease and send a draft to your solicitors.

4. On completion of the new lease, you will need to pay the premium and the legal fees detailed in the table below. In addition to this, you will be responsible for paying your own legal fees.

COSTS

- Valuation fee - £595 + VAT
- Legal fee - £500 + VAT + disbursements
- Administration fee - £180 + VAT
- Premium - Assessed by valuer

ADVICE

Free independent advice is available from:

Leasehold Advisory Service
31 Worship Street
London
EC2A 2DX

Tel: 0207 374 5380

Website: www.lease-advice.org

Email: info@lease-advice.org

We also advise you to seek legal advice from a solicitor.

TERMS & CONDITIONS

1. The valuation of the premium will remain valid for six months from the date that we write to you with the formal offer to accept. Should you not accept within this time, the offer will expire, and a new valuation will be required to proceed.
2. The lease extension must be completed within 12 months of the date of the formal offer being issued. Should it not be completed within this time, Saxon Weald reserve the right to withdraw the offer. An updated valuation would be required in order for Saxon Weald to issue a new offer. Additional valuation and legal fees may be payable.
3. If you withdraw from the process before completion you will be responsible for the legal costs incurred to date.

INFORMATION CORRECT AS OF APRIL 2024

Weald Living
Saxon Weald House
38-42 Worthing Road
Horsham, West Sussex
RH12 1DT

t: 01403 226060
e: info@wealdliving.com

www.wealdliving.com



WEALD LIVING

BY SAXON WEALD