

## **Introduction**

**We suggest you always seek independent legal advice.** You may find the following website helpful as it will provide you with a list of experienced practitioners in this niche area of the law and valuation: [www.alep.org.uk](http://www.alep.org.uk)

You can extend your lease whenever you wish but sometimes you will have to extend it because, for example, this is a requirement of your bank or building society or because you want to sell and your buyer is unhappy with the length of the lease.

There are two choices for extending your lease which we set out briefly below although you may wish also to review the information set out on the government funded website [www.lease-advice.org/article/lease-extension-of-leasehold-flats-the-two-routes/](http://www.lease-advice.org/article/lease-extension-of-leasehold-flats-the-two-routes/)

## **Statutory Route**

You may wish to extend your lease via the statutory route. You would be entitled to an additional 90 years to the existing term at a “peppercorn rent” (this means no ground rent is payable). For example, if the present lease had 70 years left to run the new, extended lease would be for 160 years. In addition to paying a “premium” you will also be required to pay the landlord’s legal and valuation fees as well as your own. The Landlord’s legal costs are typically £1,077 plus vat; and its valuation costs typically in the range £800 plus vat to £1,000 plus vat.

At the same time, you may be offered an alternative (based on the valuation under the “Informal Route”) which you may wish to consider with your legal and valuation advisors.

## **Informal Route**

The landlord may be willing to make an informal offer depending upon whether your lease is suitable. This would maintain the ground rent provision for the remainder of the existing lease before being reduced to a peppercorn for the additional term. The benefit to you is that the premium you would have to pay would be lower and the process is substantially quicker. The benefit to the landlord is it retains its ground rent income. Both parties would benefit from cost reductions.

If your lease is suitable for an informal offer the landlord will need to obtain a desktop valuation and you will be required to pay the valuation fee of £200.00 plus vat. The valuer is reliant on information provided by others or obtained from the internet. For further information regarding the informal route, please see our FAQs below.

## **Frequently Asked Questions**

1. Can the landlord give me an idea of the cost of a lease extension without a valuation?

A valuation is always required as each lease needs to be considered individually; the landlord is unable to give estimates or “ball park” figures but will offer dedicated terms following receipt of the valuation.

2. How do I arrange a desktop valuation?

Please send us the following: (i) the address of the property, (ii) your payment for £240.00 payable to E&J Estates (iii) your estimate of the value of the property once the lease has been extended and (iv) number of bedrooms. After we receive the valuation from the landlord’s valuer, we shall notify you of the landlord’s terms as soon as these have been received from the landlord. Generally, this process can be completed within 4 weeks.

### 3. Can you give me an idea of the landlord's terms?

- A new lease for 90 years in addition to the remaining term of your existing lease.
- Payment of a premium. This will be less than would have been the case if you decide to follow the statutory route.
- Payment of ground rent for the remainder of the existing lease.
- If you decide to accept the Landlord's offer you will become liable to pay for the Landlord's legal costs (as well as your own). £600 plus vat will be payable straight away with the balance of £477 plus vat payable on completion of the lease extension.

We have endeavoured to summarise below the differences between the two routes. We would strongly urge you, however, to seek independent advice.

	<b>Statutory</b>	<b>Informal</b>
<b>Statutory Notice</b> <b>"Notice of Claim"</b>	Ideally your solicitor should serve the formal notice which triggers the statutory process. Once the Notice is served the Landlord has 2 months in which to respond.	No Notices required.
<b>Valuation</b>	You are responsible for the Landlord's costs as well your own. The Landlord's cost will be in the region of £800 plus vat and £1,000 plus vat.	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £200 plus vat.
<b>Tribunal Hearings</b>	An application must be made no sooner than 2 months and no later than 6 months from the Landlord's Counter notice, if the parties want a Tribunal to determine any matters which may be in dispute. Generally, agreements are reached without recourse to a Tribunal.	No Tribunal involvement.
<b>Legal Fees</b>	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £1,077 plus vat.	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £1,077 plus vat.
<b>Length of time</b>	The average is approximately 7 to 9 months	The average is approximately 2 to 3 months
<b>Premium</b>	Based upon a likely Tribunal determination	Lower than a likely Tribunal determination
<b>Ground Rent</b>	None	Ground Rent unchanged for the remainder of the existing lease and then none.
<b>Total fees (not including the premium) payable by you</b>	Approximately £4,000 to £5,000, assuming your costs are the same as the Landlord's costs. You may have to pay other costs e.g. to mortgage providers. We strongly urge you to seek your own advice.	Approximately £3,500, assuming your costs are the same as the Landlord's costs.