

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

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/

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 £995 plus vat; and its valuation costs typically in the range £490 plus vat to £750 plus vat.

At the same time, you will 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 is willing to make an informal offer. This would include a ground rent provision as opposed to the statutory route which extinguishes your current ground rent. 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.

In order to make you an offer the landlord will need to obtain a desktop valuation and you will be required to pay the valuation fee of £185.00 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 cheque for £222.00 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 200 years to replace 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 a ground rent. In return for accepting a lower premium, the landlord will ask you to pay an annual ground rent which increases in line with the Retail Prices Index
- 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). £500 plus vat will be payable straight away with the balance of £495 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.

	Statutory	Informal
Statutory Notice "Notice of Claim"	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.
Valuation	You are responsible for the Landlord's costs as well your own. The Landlord's cost will be in the region of £490 plus vat and £750 plus vat.	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £185 plus vat.
Tribunal Hearings	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.
Legal Fees	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £995 plus vat.	You are responsible for the Landlord's costs as well your own. The Landlord's costs are £995 plus vat.
Length of time	The average is approximately 7 to 9 months	The average is approximately 2 to 3 months
Premium	Based upon a likely Tribunal determination	Lower than a likely Tribunal determination
Ground Rent	None	Ground Rent with review provisions
Total fees (not premium) payable by you	Approximately £3,800 to £4,500, 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 £2,950, assuming your costs are the same as the Landlord's costs.