

Why extend my lease?

When you buy a leasehold flat, you are only buying the right to occupy that property for the remainder of the lease term. This makes leasehold properties “wasting assets”, meaning that as the lease term reduces so does the value. When you invest a large amount of money in a property, you will certainly wish to do everything you can to maintain or even increase its value. A simple way of doing this is by extending the lease.

Quite often, people do not think to extend their lease until they come to sell their home or remortgage. Short lease terms make it difficult for potential buyers to secure mortgage finance for leases with less than 60 to 70 years remaining.

Under the Leasehold Reform, Housing and Urban Development Act 1993 (as amended), leaseholders were given the right to extend their leases by 90 years, in addition to the current remaining term at a nil rental. The Act also specifies the way in which the premium for extending the lease is calculated. The amount you pay to the landlord increases as the lease term remaining decreases.

For a leaseholder, extending the lease under the Act can also reduce ground rent to a so-called peppercorn rate – basically rent free.

Contact us now for further advice and a free initial consultation on telephone **020 8642 2999** or email **surveyor@arnoldandbaldwin.co.uk**

www.arnoldandbaldwin.co.uk

Why extend now?

As previously explained, if you are buying or selling a leasehold property, there can be difficulties in obtaining a mortgage as the lease term reduces.

In addition, if a lease has less than 80 years unexpired when you seek to extend it then, as part of the price, you will have to pay what is known as “marriage value” to the landlord. This will significantly increase the price of the extension, often by disproportionate amounts. Prior to this 80 year cut off date, no marriage value is payable. **This is a very important reason to extend your lease sooner rather than later.**

Do I have the right to extend my lease?

The Act allows the majority of leasehold flat owners to extend their lease. There are a number of requirements including:

- The original lease term exceeds 21 years
- You must have owned your flat for at least 2 years

What is the procedure for extending my lease?

Contact Arnold and Baldwin in the first instance for a free, no obligation consultation. We will be able to advise the best option available to you,

There are two ways by which you can extend your lease. The first is to negotiate with your landlord informally; the second is to serve a Notice under the 1993 Act requiring a lease extension. This Notice can then either be accepted by the landlord or he/she can serve a Counter-Notice with a different suggested premium.

If the informal route is chosen, this does not preclude service of formal Notice at a later date. Should formal negotiations stall, the matter will then proceed to the Leasehold Valuation Tribunal for a decision.

How can we help?

At Arnold & Baldwin we specialise in carrying out statutory valuations to calculate the premium payable in lease extension cases. Once a valuation is completed we can also undertake negotiations with the landlord to agree a premium. Should negotiations be unsuccessful we have the experience and knowledge to take the matter forward to the Leasehold Valuation Tribunal on your behalf as “Expert Witness”.

Buying your own home?

At Arnold & Baldwin we are delighted to offer expert advice on a full range of residential surveys, giving you peace of mind when purchasing your new home.

