



Dickins Hopgood Chidley

SOLICITORS

To discuss this and to obtain more information contact:
Julian Dickins or Deborah Wason at Dickins Hopgood Chidley LLP,
 The Old School House, 42 High Street, Hungerford, Berkshire, RG17 0NF T 01488 683555

Lease extensions

If you have owned a leasehold property for over 2 years as a private individual, generally you will have a right to extend your lease (subject to qualifying conditions). This may be required when you are thinking of selling your flat or re-mortgaging, or you may wish to do it as an investment in your property for the future.

The new lease would be for a period of 90 years plus the original term at a peppercorn rent.

You should look at extending your lease if it has less than 90 years to run, as it can begin to devalue the property as the lease term shortens. When the lease drops below 80 years, the premium can increase significantly. Most mortgage companies will not accept leases of less than 30 years plus the proposed mortgage term.

The Procedure

Qualification

Was the lease originally granted for a term of more than 21 years?

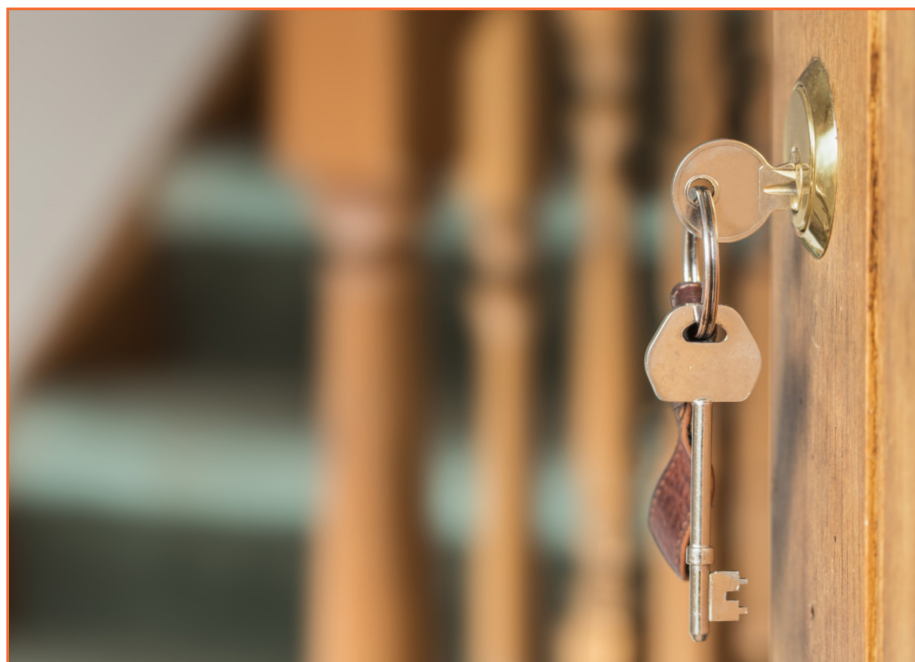
Have you held the lease for at least 2 years or had the benefit of the lease extension process assigned to you?

Valuation

A specialist valuer will prepare a valuation of the lease extension and give you a suggested premium, using a special formula set out in the legislation.

Notice of Claim

We will prepare a notice to inform the landlord of your intention to purchase a lease extension. This is served on the



landlord and any other parties to the lease (e.g. a management company).

Landlord's Counter-notice

The landlord has 2 months in which to serve a counter-notice, either accepting your proposed terms or proposing new terms, or denying your claim. During this time the landlord is likely to instruct its own valuation of the property and may require access for this. They may also ask for a 10% deposit from you.

Negotiations

Within 2 months of the date of the counter-notice, both parties have the opportunity to negotiate agreed terms.

First Tier Tribunal (Property Chamber)

If an agreement cannot be reached, an application must be made to the

Property Tribunal for a determination of the premium payable.

Completion

Once terms are agreed, or have been determined by the Tribunal, the landlord's solicitor will provide the new lease and this will be signed by all parties and completed. This is the point at which you must pay the premium and costs.

Costs

As part of the legislation, the tenant is responsible for paying the landlord's legal fees for service of the counter-notice and preparation of the new lease, and the landlord's valuation fees. These must be reasonable and if they are not agreed, an application can be made to the Tribunal for a determination of the amount payable.