

Your guide to
LEASE EXTENSION

Southern
Home
Ownership



Part of Southern Housing Group

Extending your lease

WITH SOUTHERN HOME OWNERSHIP

This guide is designed to assist you as a leaseholder in understanding how you can extend the term of your lease.

- **Most leasehold properties start off with a lease of either 99 or 125 years.** The number of years left on a lease is known as the 'term'.
- **Over the years this term reduces and eventually a new lease,** or extension of a lease will be needed.
- **If your lease has a term of less than 85 years, we strongly recommend that you consider taking steps to extend the term.** Southern Home Ownership are here to help.



The first step is to read and understand this booklet, and then make your application to us to extend the term of your lease.

Costs vary, but you will need to pay for the increase to your lease term.

Leases are normally granted for 99 or 125 years and as time goes by the term reduces. Once a lease reaches below 80 years remaining the resale value of the lease starts to reduce.

A lease extension is adding an additional 90 years to the remaining term by surrendering the old lease

and granting a new one.

For example

If your lease was originally for 99 years and now has only 75 years remaining you could buy a lease extension and add 90 years to your lease so that your new lease will run for 165 years.

You're also able to extend your lease through a statutory (legal) route, under the Leasehold Reform, Housing and Urban Development Act 1993 (as amended by the Commonhold and Leasehold Reform Act 2002).

WHERE CAN I GET ADVICE FROM?



It is very important to obtain independent advice before commencing an application to extend your lease. You can obtain free and independent advice on the legal procedure from:

Leasehold Advisory Service

31 Worship Street, London, EC2A 2DX
 Tel: 0207 374 5380
 Fax: 0207 3745373
 Email: info@lease-advice.org Website:
www.lease-advice.org

Your Statutory Right

INSIDE THE TERMS OF THE 1993 ACT

If you own your home outright you may qualify for the statutory right to extend your lease. This is a legal process which enables you to buy the same additional 90 years. It is a more complex process and is best explained to you by a lawyer.

You can find out more information about this process at the **Leasehold Advisory Service**, www.lease-advice.org.uk.



Our Voluntary Process

Almost all our owners can apply to extend their lease through this process.

You simply need to fill out the lease extension application form and return it to
sales.servicesenquiries@shgroup.org.uk

If you live in a house as a shared owner, staircasing to 100% ownership and acquiring the freehold of your home is probably the best option and for this reason we do not tend to offer lease extensions on houses.

Legal and valuation fees

In order to provide as much clarity as possible to the voluntary process, Southern Home Ownership has negotiated fixed legal and valuation fees as follows:

Process	Fee
Valuation fee (payable in advance to the surveyor)	£425 + VAT
Legal & administration fee (payable on completion of transaction)	£1000 + VAT + disbursements
Nominal legal fee towards the cost of rewriting the shared ownership lease (for shared owners only)	£100 + VAT
Any Consent to Deal fee charged by any Mortgagee to whom Southern Home Ownership has charged the property	To be advised during the transaction
Premium	Determined by independent specialist Chartered Surveyor



With the exception of the valuation fee, all costs are payable at completion of the transaction.

Therefore, the only variable costs in this process is the **premium** payable for the lease extension and any Consent to Deal fee charge by the Group's Mortgagee (if applicable).

The premium has to be determined by an **independent specialist Chartered Surveyor** using standard calculation methods.

Subject to the agreement of the premium and an undertaking to pay the fixed legal and administration costs, Southern Home Ownership, in principle, will extend your lease on the same terms as your current lease for a term of 90 years on top of the remaining term of the existing lease.

If your current lease requires that you pay a Ground Rent, (this is a one off yearly charge normally of between £9 and £200, that only applies once you own 100% of the equity in your home), this will fall away and be replaced by a requirement to pay a peppercorn.

Shared Owners will still be required to pay their monthly rent.

We would advise you to take independent legal advice for the level of premium to be paid for the lease extension and the terms to be included in the new lease. We also advise you to visit the Leasehold Advisory Service website **[www. lease-advice.org](http://www.lease-advice.org)** for an explanation of how the lease extension process works when conducted outside the terms of the Act.

WHAT IS THE PROCEDURE?



As long as you have owned your home for 6 months or more you can apply to extend your lease by completing our lease extension application form.

1. **We will instruct the valuer** who will contact you directly to make an appointment to survey your home. Please note that the valuer will be instructed on behalf of Southern Home Ownership to advise upon the premium for a lease extension. This is not a joint instruction and you will not receive a copy of the valuation report.

2. **Payment for the valuation** should be made directly to the surveyor. The valuation fee is non-refundable should you decide not to go ahead with the lease extension.

3. **Once the we receive the valuer's report** we will write to you setting out the terms on which Southern Home Ownership will offer to extend your lease. If you agree to the terms, you will need a solicitor to complete the legal work on your behalf.

4. **Once the premium has been agreed** we will instruct solicitors to draw up a draft lease and you will have to pay the other costs outlined on page 5 plus VAT along with any disbursements on completion of the transaction.

Please note that should you decide not to proceed you will still be liable for our solicitor's fees to cover work already undertaken.

WHAT HAPPENS NEXT?

If you wish to proceed with an application to extend your lease please complete the form overleaf and return it to us via the following:

Sales Services

**Southern Home Ownership
Fleet House
59-61 Clerkenwell Road
London
EC1M 5LA**

or e-mail:

sales.servicessenquiries@shgroup.org.uk

Lease Extension Application form

Applicant Details:

Name: _____

Address: _____

Post Code: _____

Telephone: _____

E-mail: _____

Lease Details:

Current % share owned: _____

Length of time as leaseholder: _____

Remaining Lease length: _____

Solicitor Details:

Name of Case Handler: _____

Company: _____

Address: _____

Post Code: _____

E-mail: _____

Telephone: _____

- I have read the Lease Extension information booklet provided by Southern Home Ownership
- I am aware of the fees associated with extending my lease term.
- I confirm that this application to extend my lease is outside of the terms of the Leasehold Reform Housing & Urban Development Act 1993.
- I am aware that the payment for the valuation is payable directly to the surveyor, and this will be taken when the appointment is arranged, and that this is not refundable.
- I am aware that the valuation is being carried out for, and on behalf of Southern Home Ownership.
- I understand Southern Home Ownership are not committed to agreeing to extend my lease, and that my request may be declined.

Once you have read and understood the above terms and conditions, please sign below and return the form to Sales.ServicesEnquiries@shgroup.org.uk

Signature/s: _____

Name/s: _____

Date: _____

Sales Services Team, Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA. T:0300 555 2171
Sales.ServicesEnquiries@shgroup.org.uk



 **0207 553 6453**
 **sales.servicesenquiries@
shgroup.org.uk**
 **www.shosales.co.uk**

Southern Home Ownership

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