

*Lease
extension*



Information Pack

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

What is a Lease Extension?

- Most Leasehold properties start off with a lease of either 99 or 125 years. The number of years remaining on the lease is known as the “term”.
- Each year the term reduces and eventually a Lease Extension will be required.
- If your lease has a term of less than 85 years, we strongly recommend that you consider taking steps to extend the term of the lease. Once a lease falls below 80 years you may find it difficult to Re-mortgage as some mortgage lenders will not lend on a short lease. This will impact on you if you want to sell your property.
- A lease extension grants an additional 90 years to the remaining term of a lease, by surrendering the old lease and granting a new one.
- We are able to accept applications from both Shared Owners (discretionary) and 100% Leaseholders.

For Example:

If your lease was originally granted for 99 years and has reduced to 75 years, by applying for a Lease Extension to add an additional 90 years, your new lease term would be 165 years.

Important Note:

We are unable to provide you with information as to how much the premium will be. We rely on the professional opinion of the surveyor to calculate the premium, which takes a number of factors into consideration following a full inspection of the property. You will therefore need to instruct a valuation for confirmation of the lease extension premium.

Extending the lease when selling your property:

As mentioned above a low lease term can have a significant impact on the sale of your property. A lease with less than 80 years remaining can be less appealing to any potential buyers, and it can cause problems when obtaining a mortgage against the property as some lenders will not lend on a property with a short lease. The lease term may also affect the value of your property when selling. In most cases Southern are able to accept an application to extend your lease simultaneously alongside the sale of your property.

Where can I get advice from before making an application to extend my lease?

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
T: 0207 3745373
W: www.lease-advice.org

A Statutory Right to extend the lease – Inside the terms of the 1993 ACT – Formal route

If you own your home outright at 100% and have done so for a minimum of 2 years, you may qualify for the statutory right to extend your lease. This is a legal process which enables you to buy an additional 90 years. It is a more complex process and we strongly recommend you seek the advice of a lawyer to make an application under the formal route. You can find out more information on the formal process at www.lease-advice.org.

A Voluntary Right to extend the lease – Outside the terms of the 1993 ACT – Informal route

Both 100% leaseholders and Shared Owners can apply to extend their lease through our informal process.

You can apply directly through Southern, and will benefit from:

- A simpler process in comparison to the formal route, and because of this the associated costs are usually less since you're not required to instruct a solicitor before the premium has been agreed.
- You will only need to pay for one valuation. Under the formal route, you're required to pay the freeholder's valuation fee as well as your own independent valuation.
- A flexible approach when agreeing a new lease term. For example where the Head-Lease does not allow for a full 90 year extension, we may agree a lower term.

There are no formal criteria and anyone may apply under the informal route, but since this is a discretionary process we reserve the right to refuse a lease extension.

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 and most cost-effective option.

Typical costs when applying to extend your lease:

Process	Fee
Valuation Fee (Payable in advance to the Surveyor)	£350 to £425 + VAT (Dependent on geographical area).
Southern Housing legal fees	£600 + VAT (Informal) £650 + VAT (Formal)
Southern Housing Administration fee	£250 + VAT
Premium	As per the valuation
Your legal fees	£400 + VAT and disbursements (Southern Panel*). Will vary when not instructing a member of panel.
Additional disbursements & Mortgage fees	Where required and will be confirmed by your solicitor during the transaction.

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

If your current lease requires that you pay a Ground Rent, (this is a yearly charge normally between £9 and £200, which only applies once you own 100% of the equity within 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, which will remain unaffected by the lease extension.

*We have negotiated a set rate with an independent panel of solicitors who specialise in Lease Extensions; their details can be found at the back of this information pack.

How do I apply? – The process:

The first step is to read through and understand this information pack, before making your application to extend the term of your Lease. You will be responsible for all costs when extending your Lease.

1. You should complete the enclosed application form, before sending to Sales.servicesenquiries@shgroup.org.uk (Please note we will be unable to accept incomplete application forms).
2. Once we have received the completed application form, we will instruct an independent surveyor who will contact you directly to arrange a convenient appointment to survey your home. The surveyor will also take payment from you in advance of the appointment, and this is non-refundable. Please note that the surveyor will be instructed to act on behalf of Southern, and you will not receive a copy of the valuation report. Southern rely on the professional opinion of the surveyor within their report, and we will not inflate the premium above this. The premium is determined using standard calculation methods.
3. Once we receive the valuation report we will write to you setting out the terms of the Lease Extension. If you agree to the terms outlined, you will need to appoint a solicitor to complete the legal work on your behalf before completing a “confirmation

to proceed form” and returning to Sales.servicesenquiries@shgroup.org.uk

4. Upon receipt of your confirmation to proceed we will instruct our solicitors to act on our behalf. They will manage the legal formalities, and draft a new lease before sending to your solicitors for approval. Please note that abortive costs will be payable from this point if you do not complete the transaction.
5. Following completion of the lease extension we will write to you confirming the new lease term and make any necessary adjustments to your account. Your solicitor will finalise the transaction by registering your new lease with Land Registry.

Panel of Solicitors

The solicitors on our panel all have specialist experience in dealing with shared ownership, as well as an excellent working relationship with our acting solicitor, Pennington's, to help your sale go as smoothly as possible and within the required timescales. We have also negotiated competitive rates to ensure you are receiving value for money. We carry out quarterly reviews with the solicitors on our panel to ensure you are receiving the best service.

Bennett Oakley Solicitors

Contact: Sarah Rowland
13 Mill Road, Burgess Hill
West Sussex, RH158DN
T: 01444 235 232
E: sr@bennettoakley.co.uk or
lawyers@bennettoakley.co.uk
W: www.bennettoakley.co.uk

Tinklin Springall Solicitors

Contact: Coralie Phelan
Devonshire House, Elmfield Road,
Bromley, BR1 1TF
T: 0208 402 6222
E: cmp@tinklinspringall.co.uk
W: www.tsconveyancingbromley.co.uk

Alexander JLO

Contact: Matt Johnson
The Northern & Shell Tower,
4 Selsdon Way,
London, E14 9GL
T: 0207 531 8828
E: quote@london-law.co.uk
W: www.london-law.co.uk

Direction Law

31 Watling Street
Canterbury
Kent
CT1 2UD
T: 01227 764141
F: 01227 781614
W: www.directionlaw.co.uk
E: canterbury@directionlaw.co.uk

Mortgage Specialist

The Mortgage specialist will provide free financial advice which includes a full financial assessment.

The Mortgage Specialist may charge a fee for their services where a Mortgage product is agreed. Fees are payable upon completion of the transaction.

Clark Marshall Associates

CMA House, 5 Summerhill Road,
Dartford, Kent DA1 2LP
T: 01322 223 331
T: 01322 223 332
E: info@clarkmarshall.co.uk
W: www.clarkmarshall.co.uk/

SRC Financial

4 Lords Court
Cricketers Way
Basildon SS13 1SS
T: 01268 280 096
E: info@srcfinancial.com
W: <http://www.srcfinancial.com/>

*The above providers are independent to Southern Housing Group

Lease Extension Application form

Applicant Details:

Name:
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Address:
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Post Code:
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Telephone:
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E-mail:
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Lease Details:

Current % share owned:
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Length of time as leaseholder:
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Remaining Lease length:
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Solicitor Details:

Name of Case Handler:
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Company:
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Address:
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Post Code:
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Telephone:
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E-mail:
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- 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 LeaseholdReform 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:

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Name/s:

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Date:

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Southern Home Ownership

Sales Services Team

Fleet House,
59-61 Clerkenwell Road,
London,
EC1M 5LA

0300 555 2171

www.shosales.co.uk

Sales.ServicesEnquiries@shgroup.org.uk



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