



## Extending your lease

Most shared ownership 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.

When the remaining term drops to 80 years, the property may become harder to sell and you may need to apply to us (as your landlord), to extend the term of your lease. You will need to pay for an increase in the term of your lease.

This guide explains the two ways you can extend the term of your lease with Clwyd Alyn, the difference between them, and what you need to do for each.

### Option 1 – Our voluntary lease extension scheme

Under our voluntary lease extension scheme, your lease can be extended by either an extra 30 years or an extra 90 years (on top of the existing term). If we do not own the freehold of your property you can only extend your lease by the extra years if Clwyd Alyn has enough years left on its main lease to allow for it.

The cost of extending the lease is decided by an independent valuation, which we will arrange and which is not negotiable. You will bear the cost of the valuation. It will cost you more to extend your lease for an extra 90 years than it will for an extra 30 years.

The independent valuer will carry out a valuation to find out what the current market value of your property is, and what its market value will be, once your lease has been extended. They will then be able to work out how much the lease extension will cost and what you will need to pay.

Examples of independent valuers or surveyors include a district surveyor or surveyors registered with the Royal Institute of Chartered Surveyors (RICS). This makes sure the valuation is fair and does not favour either you or us.

You will need to use a solicitor to complete the legal paperwork once the valuation has been carried out and you have agreed to go ahead with the lease extension.

If you would like to extend your lease through our voluntary lease extension scheme, please follow the steps below.

## Step 1

You need to write to us (either by letter or email) to let us know that you wish to extend your lease under this voluntary lease extension scheme.

## Step 2

We will send you a reply with details of the costs and a valuation instruction form. You must fill in the valuation instruction form and send it back to us with a cheque for the valuation fee and administration fee.

The valuation fees are currently up to £400 plus VAT.

We also charge an administration fee of £200 plus VAT.

If you do decide to go ahead with the lease extension, you will also need to pay a further amount of approximately £400 to cover our solicitors' fees.

## Step 3

When we have received your cheque and the completed valuation instruction form, we will contact a valuer to carry out the valuation. Once the valuation is completed, we will send you a copy. You must then decide whether you would like to go ahead with the lease extension.

If you do decide to go ahead, you will need to confirm in writing to us that you accept the valuation amount and that you want to extend your lease by either 30 or 90 years.

Please note you will have to pay for the cost of the valuation even if you change your mind about extending your lease.

## Step 4

Once we've received your approval of the valuation in writing, we will tell our solicitor to complete the lease extension. You must contact your own solicitor at the same time and instruct them to contact our solicitor.

Our solicitor will provide you with the extended lease to sign, which will be called the counterpart lease. A counterpart is a copy or a duplicate, of the original lease. The extended lease will also be signed and sealed by us. Your solicitor will need to arrange for us to register this before they can send it to the Land Registry to complete the lease extension.

## Other costs

As well as legal and valuation costs, you will need to pay an administration fee for our registration of the new extended lease and counterpart. You may also need to pay an extra administration fee to us if you need to increase your mortgage (if you have one) to pay for the cost of the lease extension if your lease requires your mortgage to be registered with us.

## Valuation Timescales

The valuation is valid for six months only, so you must complete the lease extension within that time. If you do not complete it within that time, we will need to arrange to value your property again, or get confirmation from the valuer that the valuation is still correct. You may have to pay an extra charge if we need to revalue your property.

## Other Issues

You must make sure you do not owe us any service charge or ground rent before we give you permission to extend your lease. We will let you know if you owe us any money before we arrange for the valuation to be carried out.

## Option 2a – your legal right to extend your lease of a flat under the Leasehold Reform, Housing and Urban Development Act 1993 (as amended by the Commonhold and Leasehold Reform Act 2002)

Under this law, you have a right to a new lease which is for a term of 90 years plus the remainder of the term of your current lease **if you have 100% equity in your flat**

As with our voluntary lease extension scheme, if we do not own the freehold of your property, you can only extend your lease through us, by the extra 90 years if we have enough years left on our main lease to allow for it. Otherwise, you may need to contact the freeholder directly.

You must have owned your flat for at least two years, but you do not have to have lived in it for all this time. You will need to instruct your own solicitor to write to us with an official notice, telling us that you want to extend your lease using your legal right, and how much you believe you should pay for the extra 90 years. It is extremely important that you use a solicitor who has full knowledge and experience of the legal requirements and steps that have to be taken which are found in the law quoted above.

You will have to get your own valuation to work out your offer price. Again, it is very important that you use a surveyor who has full knowledge and experience of lease extensions, as the valuation must be carried out as described in the legislation. We will also get our own valuation done. We will then work out what we think the cost of the lease extension will be.

If you are successful in your claim for a new lease, you will no longer have to pay ground rent. This could mean that the cost of extending your lease under the legal right could cost more than the cost of extending it under our voluntary lease extension scheme.

If you would like to extend your lease using your legal right, please seek independent legal advice but we have set out the basic steps below.

### **Step 1**

First of all you will need to get a valuation of your property carried out by a valuer or surveyor. Examples of independent surveyors include a district surveyor or surveyors registered with the Royal Institute of Chartered Surveyors (RICS). You will have to pay the cost of the valuation directly to your surveyor.

### **Step 2**

Once you have received a valuation for the lease extension, your solicitor will need to send a Tenant's Notice to us. Details of this notice are found in section 42 of the legislation. This notice needs to contain your full details and those of your flat, the price that you are offering to pay for the 90 year lease extension, the terms of the new lease, and the date by which we have to let you know whether we accept your offer (at least two months from the date of your notice).

### **Step 3**

Once we have received your tenant's notice, we will check the validity of your claim and if your claim is valid we will arrange our own independent valuation.

We will then write back to your solicitor with our counter-notice. Details of this notice are found in section 45 of the legislation. This will let you know whether we agree that you have the right to extend your lease, and whether we accept the price and terms that you have offered. If we do not agree that you have that right to extend your lease, our counter-notice will let you know why.

If we do not agree with the price that you have offered, we will offer another price based on our own valuation. You will then need to decide whether to accept our counter-offer, or ask your surveyor to negotiate with our surveyor to agree a price. Ultimately, you will decide the price you are willing to pay but should be guided by your surveyor.

### **Step 4**

If we cannot agree upon the price for the new lease, our respective surveyors will negotiate the price.

If the surveyors are not able to agree a price, either of us can then apply to the Leasehold Valuation Tribunal.

The Tribunal consists of a panel of two or three people who provide an unbiased, balanced view about disputes between residents and landlords under this legislation. The panel will make their decision after hearing from both parties and the price that they decide on may not necessarily be the same that either party has offered.

## Step 5

Once the terms of the new lease are agreed (however that point is reached) we will tell our solicitor to complete the lease extension. They will contact your solicitor and deal with the legal paperwork between themselves. This will result in a signed and sealed new lease and counterpart, which your solicitor will need to register with the Land Registry to complete the lease extension.

## Withdrawing your claim

You can, at any point, give a written notice to withdraw from the process.

If you decide to withdraw from the process, you cannot make another application for a new lease for a period of 12 months from the date of the notice.

## Costs

You will be responsible for our legal costs in dealing with your claim.

## Option 2b – your legal right to extend your lease of a house under the Leasehold Reform Act 1967 (as amended)

Under this law, you have a right to a new lease which is for a term of 50 years plus the remainder of the term of your current **lease if you have 100% equity in your house**, your rent is a low rent and your lease has not been extended in the past.

As with our voluntary lease extension scheme, if we do not own the freehold of your property, you can only extend your lease through us, by the extra 50 years if we have enough years left on our main lease to allow for it. Otherwise, you may need to contact the freeholder directly.

You must have owned your house for at least two years, but you do not have to have lived in it for all this time.

You will not have to pay a premium to us for the lease extension, but there will be a substantial increase in the ground rent.

You will need to instruct your own solicitor to advise you on your ability to make the claim and if you are able to make a claim your solicitor can write to us with an official notice telling us that you want to extend your lease using your legal right. It is extremely important that you use a solicitor who has full knowledge and experience of the legal requirements and steps that have to be taken which are found in the law quoted above.

If you would like to extend your lease using your legal right, please seek independent legal advice but we have set out the basic steps below.

### **Step 1**

First of all you will need to decide if you have a valid claim. You, or your solicitor, must then send an initial notice to us, which includes evidence to show that you qualify for a lease extension and the deadline for us to respond (should be at least 2 months from the date that we receive the initial notice).

### **Step 2**

Once we have received your notice, we will check the validity of your claim. We will then write back to your solicitor with our decision. If we agree that you have a valid claim, we will instruct our solicitors to send your solicitors a draft lease for completion.

### **Step 3**

If there is any disagreement about any terms of the new lease, either party can apply to the Leasehold Valuation Tribunal for a determination.

### **Withdrawing your claim**

You cannot withdraw a notice of claim for a lease extension of a house.

### **Costs**

You will be responsible for our legal costs in dealing with your claim.

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