

## **Guide to Voluntary Lease Extension**

Hyde recognises that it can be difficult to sell a property with a lease term of less than 80 years and has introduced a Voluntary Lease Extension process for those Home Owners who cannot meet the qualifying criteria for the statutory process

### **Definition of a voluntary lease extension**

Is the process of extending the lease where the right to extend does not exist as defined by the Act (i.e. where the statutory criteria is not met). The process is at The Hyde Group's absolute discretion, and terms and timeframes of the statutory process do not apply. There are no changes to the terms of the lease, and the ground rent remains payable. Hyde only grants voluntary lease extensions for a period of 90 years plus the remaining term of the lease. In certain circumstances Hyde may make minor amendments to the lease as follows:-

- a) Modifications to take account of any alterations to the flat or building since the grant of the existing lease or
- b) To remedy a defect.

### **What if Hyde is not the Freeholder of my property?**

The lease extension is granted by the Freehold owner of the building. In most cases, Hyde owns the Freehold but if Hyde is not the Freeholder then any request to extend a lease will be passed on to the Freeholder.

It is entirely at the Freeholder's discretion whether they will grant a voluntary lease extension where there is no statutory right. Hyde will use its best endeavours to contact the Freeholder and pass on the request but the Freeholder is within their rights to refuse.

### **Eligibility**

The voluntary lease extension process is applicable to leaseholders who do not meet the statutory criteria or shared owners who have no statutory right.

The Hyde Group also allow Shared Owners to extend their lease if there is less than 90 years remaining on the lease term, and when requested as a simultaneous lease extension on completion of final staircasing. This is not however a legislative right.

### **Premium & Costs**

The costs to the applicant are made up of three elements – the Premium, Hyde's costs in administering the lease extension and other costs. Costs payable to Hyde must be paid upon application except for cases where Hyde is not the Freeholder in which case the administration fee only is payable until confirmation that the Freeholder consents to the voluntary lease extension.

- a) **The Premium**

The Premium is calculated on the Valuation and therefore cannot be estimated prior to the valuation taking place. The Valuation is made up of the following elements:

- Estimated financial loss to the Freeholder resulting from the loss of reversion of the property (entitlement to the flat at the end of the existing lease and any resulting loss)
- The marriage value if the lease is below 80 years. The marriage value is the potential for increase in the value of the flat arising from the grant of the new lease. The marriage value is divided equally between the Freeholder and the Home Owner.

b) **Costs payable to Hyde**

- Administration fee of £187.50 + VAT (£225)
- Hyde's solicitors costs of £1,000 + VAT (£1,200)
- Valuation fee of £450 + VAT (£540)

c) **Other costs**

- Legal fees to your own solicitor
- Stamp duty (only where the premium exceeds £125,000)

**NOTES:** Where a voluntary lease extension is completed and the ownership of the property is not 100% the Shared Owner will be charged 100% of the premium recommended by Hyde's valuer.

### **How to Apply**

Please complete the application form in full and send the following payment:-

**£1,125** (made up of Administration Fee of £225 + Hyde's solicitors initial legal fee of £360\* and a Valuation Fee of £540.00) by cheque made payable to **The Hyde Group**.

If you wish to pay by Debit Card, we will contact you upon receipt of the application form to take your payment.

We will arrange for a Valuer to contact you within 28 days after we have instructed our solicitors. Once the valuation is received, our solicitor will contact you or your solicitor and you will have 2 months to decide whether to proceed with the lease extension.

**\* The remainder of Hyde's legal fees will be collected via your own solicitor if you accept the valuation and proceed to completion.**

**Process**

<b>1</b>	<p><b>Initial Enquiries</b></p> <p>You must send a letter confirming an interest in a voluntary lease extension.</p> <p><b>The Hyde Group must respond to your letter within 10 working days.</b></p>
<b>2</b>	<p><b>Voluntary Lease Extension Application</b></p> <p>The process is started by you when you or your solicitor serves a Voluntary Lease Extension Application on the landlord (The Hyde Group) with the initial payment of £1,125.00.</p> <p>The completed Application and fee triggers the valuation which fixes the 'valuation date' as the date of the Application. The valuation date is when the variables affecting the price are set, for example, the remaining number of years left on the lease, the present value of the flat and its assumed future value.</p> <p>If the Application is not completed or the correct fee is not received we will write to you requesting the correct fee or the Application to be completed.</p>
<b>3</b>	<p><b>Landlords Valuation</b></p> <p>Upon receiving the Application we will instruct our Solicitors to act on our behalf. Our solicitors will instruct a qualified surveyor to carry out a valuation.</p> <p>The valuer will contact you to make an appointment and will carry out a valuation based on extending the lease. This is done to ensure a fair purchase price can be agreed. You will be responsible for payment of the valuation, which has been collected as part of the initial £1,125.00.</p> <p>The valuation will be arranged within 1 calendar month of the date you receive a letter from our appointed solicitors confirming they are instructed to act for us and an Offer will be made within 3 calendar months of receipt of the completed Application.</p>
<b>4</b>	<p><b>The Landlords Offer</b></p> <p>Our solicitors will serve the Offer within 3 calendar months of receipt of the completed Application.</p>

5	<p><b>Acceptance of the Offer / Withdrawal</b></p> <p><b>Accepting the Offer</b></p> <p>The Offer must be accepted within 2 months of date of issue or the Application will be deemed to be withdrawn. Once accepted the remainder of Hyde's Fees become payable and the legal formalities will be completed and a new lease granted.</p> <p>The process must be completed within 6 calendar months of the date of receipt of the Application or it will be deemed to be withdrawn.</p> <p>The applicant will be responsible for all reasonable costs Hyde incurs in granting the voluntary lease extension.</p> <p><b>Withdrawal of Application</b></p> <p>You can withdraw your Application any time before accepting the Offer. You will however be responsible for our costs up to that date.</p> <p>If the terms of the lease have not been agreed within 1 calendar of the date of service of the Offer we will serve a Withdrawal Warning Notice advising if the process is not completed within 6 calendar months of the date of receipt of the Application the offer will be withdrawn.</p> <p>If the process has not been completed by 6 calendar months after the date of receipt of the Application we will service an Offer Withdrawn Notice.</p> <p>The withdrawal cannot be appealed, and there is no recourse for application to the Residential Property Tribunal</p>
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