



Lease Extension Guide

Lease Extensions

Dear Resident

Thank you for enquiring about extending your lease. The homeownership team are here to help you through the process.

Lease extensions are taking around 6 months to process; we ask that residents and their solicitors are patient with us during this time.

Unfortunately, if you are in arrears- we are unable to agree to a voluntary lease extension.

If you have any questions or need support, please don't hesitate to get in touch on via MyHastoe or our website.

Warm Regards
Meghan Rank
Homeownership Manager

What is a lease extension?

As your lease gets shorter, the value of the lease decreases and in turn this can affect the value of your home. It may also cause issues when you re-mortgage, as lenders are often reluctant to lend on a lease with less than 80 years left on it.

The same issue will arise for purchasers, if you are trying to sell your home. By extending the term of your lease, lenders are likely to be more willing to agree a mortgage on your property, and your home will also be more desirable to purchasers. It is necessary to have a specialist valuation undertaken for this process.

Before you get started, it is important for you to think about what type of lease extension you want to do. There are two types of lease extensions, statutory- which is a more formal route under the Leasehold Reform, Housing and Urban Development Act 1993 and voluntary – which is an informal route between you and Hastoe.

Both routes have their own pros and cons, so it is a good idea to understand what they mean for you. This could mean getting legal advice.

We are not able to give any advice on the route to take.

Fees

As part of the lease extension process, you will incur some fees- these are over and above the premium payable. Below is a guide to the fees you can expect to pay if you go forward with a lease extension. It is important to note that if you choose to no longer pursue a lease extension once Devonshire's have been appointed- you will still be liable for some or all of the fees.

Fees are taken on completion and are subject to change.

Hastoe Fees	Solicitor Fees	Valuation Fees
<ul style="list-style-type: none"> £300 for a lease extension (any route) £200 if aborted part way 	<ul style="list-style-type: none"> £720 plus VAT for voluntary lease extensions £750 plus VAT for statutory lease extensions If aborted part way- fees apply 	<p>Company dependent and paid directly to the appointed company</p>

1

Valuation

The first step is to obtain a valuation from a RICS Surveyor. Until we have received the valuation, we are not able to assist you.

It is your responsibility to arrange and pay for a valuation. This must be done by an accredited RICS surveyor. The report should be sent to Hastoe directly by the surveying company.

Recommendations

While we cannot recommend any company specifically, Hastoe have worked considerably with McDowells on lease extensions. We are not affiliated with them and cannot guarantee a level of service. Their details can be found below.

Valuation benchmarking

Where we have received a valuation that is lower than expected, we will benchmark the figure against similar properties in the area. We may counter offer or request another valuation is obtained.

2

Agree a premium and appoint a solicitor voluntary route

Step 1- Once Hastoe has received your valuation report, we will benchmark it against similar size and builds in the area.

Step 2- We will then write out to you letting you know the premium we will accept.

Step 3- If you accept the premium, you should confirm so to us in writing. If you do not accept the premium, you can choose to close the query down.

Step 4- Once accepted, should then appoint a solicitor to handle the lease extension on your behalf. Once you have appointed them, they should email solicitorsenquiries@hastoe.com. Please be advised this email address is only used to respond to solicitors. Residents must not use this address.

Step 5- We will refer your appointed solicitors to our solicitors who handle lease extensions on our behalf.

Step 6- We then leave it with our solicitors who will correspond with us directly on matters.

Valuations are only valid for 6 months.

2b

Agree a premium and appoint a solicitor

statutory route

Step 1- Once you have your valuation, you should appoint a solicitor experienced in lease extensions.

Step 2- You or your solicitor should serve a Section 42 Notice which must include:

- Property details
- Terms of the existing lease
- Proposed new lease terms
- Premium offer

Step 4- Hastoe then has 2 months to respond to the formal notice. We will appoint our solicitors to handle the lease extension on our behalf.

Step 5- Hastoe, or its solicitors will respond with a Section 45 notice advising that we will either:

- Accept the offer
- Reject and propose counter terms

2b

Agree a premium and appoint a solicitor statutory route

Step 6- Agree a premium or go to the First Tier Tribunal to get a determined valuation.

Step 7- We then leave it with our solicitors who will correspond with us directly on matters.

Valuations are only valid for 6 months.

3

Completion

- Once all the paper work is in order, our solicitors will provide a completion date to your solicitors.
- On the completion date, all fees need to be settled.
- Once the matter has gone through completion, your solicitors will provide the documents to the land registry.
- If Hastoe has agreed to remove the ground rent element from your lease (also known as peppercorn rent), we will ask our rents team to carry out the adjustment.

Please be advised that during busy periods, completion may take longer.

