

OCTAVIA 

Abri 

# Extending your lease

This guide explains  
the process of extending  
your lease.



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## Introduction

When you purchased your property, you entered into a lease agreement. Lease agreements last for a certain number of years, after which ownership of the property reverts to your landlord. For this reason, it is very important to ensure you keep track of the remaining length of your lease.

### How can I find out the remaining length of my lease?

Your lease includes two key pieces of information: the commencement date and the length of the lease term. The commencement date is not always the same date as the date of the lease and should be clearly marked in the first few pages of the lease. The term is usually at least 99 or 125 years from the commencement date, meaning that the term comes to an end after the number of years stipulated in the lease.

If the lease has previously been extended, there will be a supplementary document called a Deed of Surrender which details the extension to the lease term. As an Abri customer, if you are looking at extending your lease due to the remaining length, it is highly unlikely to have been previously extended.

### Where can I get a copy of my lease?

We can provide you with a copy of your lease for a fee of £15 if the document is held on our system, or £30 if we need to source a copy on your behalf. You can also obtain a copy of your lease from the Land Registry, who will also hold copies of any other key documents such as a copy of the title register and title plan, as well as any charge deeds. The Land Registry charge a small fee per document which can be paid online.

You can also refer to your purchase report from when you purchased your home.

## How do I extend my lease?

There are two different routes to extending your lease. The first route is by exercising your statutory right to extend your lease (also referred to as the formal process). The second route is by using Abri's voluntary process (also referred to as the informal process).

There are some key differences between the two routes, so you must decide which route is best for you. Whichever route you take to extending your lease, the outcome is the same: an extension to the term of your lease.

### Statutory process – formal route to lease extension

The formal route for extending your lease is only available if you meet the following criteria:

- You own 100% of the property and are not a shared owner
- You have been the leaseholder for more than two years
- The original term of the lease exceeded 21 years

### Voluntary process – informal route to lease extension

The informal route for extending your lease is available to all Abri leaseholders and shared owners. It is therefore the best option for leaseholders wanting to extend their lease if they have not been the leaseholder for more than two years.

### Should I take the formal or the informal route? Which is the best option for me?

Individual circumstances will vary and you should seek independent legal advice before making a decision. We've included a brief summary of each process below.



## I would like to extend my lease under the statutory process, what are the next steps?

If you would like to extend your lease via the formal route, there are several steps required by law. Before considering the below, you should check your eligibility to make a statutory claim.

- You may wish to instruct a surveyor to provide you with a valuation for the cost of the lease extension (this is referred to as the lease extension premium).
- Decide how much you would like to offer to extend your lease. If you have obtained a valuation report you are not required to offer the exact amount estimated by the surveyor, but it should give you a general idea of an appropriate figure.
- Your solicitor will then draft and issue a Section 42 notice to us. The notice will include the figure of the premium you would like to pay to extend your lease, along with any requests for variations to the lease terms.
- We will pass the Section 42 notice to our solicitor, who will then contact your solicitor to obtain an undertaking. The undertaking is confirmation from your solicitor that you will cover all the relevant costs of the statutory lease extension.
- On receipt of the undertaking, we will instruct an independent surveyor to carry out our own valuation and you must allow access to your property if requested.
- Our solicitor will respond within two months of the Section 42, either agreeing to your offer or providing a counteroffer of a different premium or different terms.
- Both you and Abri have two months from the date of Abri's counteroffer to negotiate the premium and other terms. Negotiations will be carried out via solicitors.
- If the premium and other terms are not agreed within the two month window, you or Abri can apply to the FTT (First Tier Tribunal) for a ruling. This step is unusual as it is usually possible to agree a premium and terms that all parties are satisfied with.
- Once the premium is agreed, your solicitor will carry out the legal work in conjunction with our solicitor.
- On completion of the lease extension you will pay the premium and any other costs including yours and Abri's legal fees, the admin fee, and yours and Abri's valuation fee. The lease extension and any variations in the lease terms will come into effect.

## I would like to extend my lease under the voluntary process, what are the next steps?

If you would like to extend your lease under the informal process, the steps are outlined below:

- Contact us to confirm you would like to begin the voluntary process of extending your lease. We will collect payment for the lease extension valuation, along with our administration fee. Both payments are non-refundable.
- We will instruct the independent RICS surveyor to carry out a lease extension valuation.
- On receipt of the valuation report we will ask you to provide us with your solicitors details. Once these are received, we'll ask our solicitor to make contact.
- Our solicitor will set out the terms and premium included in the valuation report. Your solicitor will carry out the legal work in conjunction with our solicitor, including any variations to the lease terms. Variations can include (if applicable) updated provisions in relation to services and service charges including improvements to the property and/or communal areas.
- On completion of the lease extension, you will pay the premium and any other costs such as legal fees and any variations. Any new lease terms will come into effect.

Please refer to the next section of this guide for more details on costs.

## How much will a lease extension cost?

Before you begin the process of extending your lease it is a good idea to ensure you have enough funds to cover not only the lease extension premium but the other associated costs.

### Costs of a lease extension via the formal route

- The cost of the lease extension premium, which will be determined via negotiation with Abri.
- The cost of any valuations required. This means both the cost of any valuation carried out on your behalf, and the cost of the RICS valuation Abri will instruct. It is a legal requirement for you to cover the cost of a valuation carried out on Abri's behalf. Abri's chosen independent Valuer is Kempton Carr Croft, who charge £600 + VAT for a desktop valuation.
- Abri's administration fee of £42 (inclusive of VAT).
- Your own solicitor fees. Solicitor fees are generally higher for the formal route than the informal route but you should obtain quotes to ensure you are getting best value for money.
- The fees charged by Abri's solicitor. Our acting solicitor for statutory claims will vary depending on where you live. You can contact your Homeowner Services Officer to discuss this cost in more detail.
- Please note that all fees quoted are based on standard lease terms, and in some cases additional legal work may be required, such as protracted premium negotiations and variations to the terms of the lease, which will incur further legal costs. Please consult your own solicitor if you have any questions or concerns.

### Costs of a lease extension via the informal route

- The cost of the lease extension premium, which will be determined via valuation.
- The cost of any valuations required. This means both the cost of any valuation carried out on your behalf, and the cost of the RICS valuation Abri will instruct. It is a legal requirement for you to cover the cost of a valuation carried out on Abri's behalf. Abri's chosen independent Valuer is Kempton Carr Croft, who charge £600 + VAT for a desktop valuation.
- Abri's administration fee of £42 (inclusive of VAT).
- Your own solicitor fees. Solicitor fees are generally higher for the formal route than the informal route but you should obtain quotes to ensure you are getting best value for money.
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- Please note that all fees quoted are based on standard lease terms, and in some cases additional legal work may be required, such as variations to the terms of the lease, which will incur further legal costs. Please consult your own solicitor if you have any questions or concerns.

The Leasehold Advisory Service (LAS) provides further information on the associated costs of extending your lease. They also provide an online calculator for calculating an estimated premium. You can find more information on their website:

<https://www.lease-advice.org/advice-guide/lease-extension-getting-started/>

## Frequently Asked Questions

### How many years will be added to the term if I extend my lease?

On completion of a lease extension, 90 years will be added to the remaining term of your lease.

There are exceptions if Abri is not the freeholder and our headlease is not long enough to grant the full 90 years, but this is very rare and we will advise you of this earlier in the process if you are affected.

### How is the lease extension premium calculated?

The lease extension premium is calculated by the independent RICS surveyor taking into account the following factors:

- The remaining term of the lease.
- The reversion value i.e. the current market value, disregarding value added by any improvements made by the leaseholder.
- The reduction in the landlord's interest, which is usually a very small amount.
- The marriage value i.e. the increase in the value of the property following the lease extension, which must legally be shared equally between landlord and leaseholder.

To learn more about how surveyors calculate lease extension valuations, you can visit the Leasehold Advisory Service website.

### What if I begin the informal process and I'm not happy with the valuation?

The surveyor's opinion is binding, but we are happy to pass informal queries to the surveyor. Please gather the evidence you have to query the valuation figure and provide the information to our team, who will liaise with the surveyor. The most helpful evidence is details of other sales of similar properties in the local area. Only actual sold prices rather than marketing prices can be considered.

### What if I begin the formal process and we can't agree a premium?

If a premium cannot be agreed via solicitors, the next step is to apply to the First Tier Tribunal (FTT) to determine the premium. This will incur additional costs and has further statutory deadlines, so please ensure you speak with your solicitor if you are considering taking this step.

### What does 'variation to the lease terms' mean?

Varying the lease terms means changing some of the other terms of the lease at the same time the lease is extended. The word 'term' is used both to describe the length of the lease and the binding clauses of the lease itself, so if you are ever unsure which is being referred to, you can ask your solicitor to explain.

Please bear in mind that under the formal lease extension process there are limitations to which lease terms can be varied. Under the informal process, any variation of terms is considered and negotiated via solicitors.

### Will I continue to pay ground rent once my lease is extended?

Ground rent on completion of a lease extension will be reduced to a peppercorn.

#### Shared ownership leaseholders

Ground rent is not payable by shared owners. On staircasing to 100%, the ground rent will be reduced to a peppercorn in line with the lease extension.

### I own a shared ownership house, should I extend my lease?

Theoretically it is possible for the leaseholder of a shared ownership house to extend their lease. However, this is often not the most suitable course of action because on final staircasing the lease falls away and is replaced with the freehold transfer document. This means that there will no longer be a lease or lease term to take into consideration.

The decision is yours, but it is generally preferable to staircase to 100% ownership of a house and become the freeholder rather than extend the shared ownership lease.

### Is there anywhere I can obtain further advice before instructing a solicitor and incurring legal costs?

The Leasehold Advisory Service can provide free and independent advice on the lease extension process. Please bear in mind they are not able to act on your behalf and you will still also need to consult a solicitor for expert legal advice.

The Leasehold Advisory Service website: [www.lease-advice.org](http://www.lease-advice.org).

# Get in touch

If you wish to speak to us regarding the information in this leaflet, please contact us via one of the options below.

Tel: 0300 123 1567

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Email: [hello@abri.co.uk](mailto:hello@abri.co.uk)

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Visit: [www.abri.co.uk](http://www.abri.co.uk)

If you need this leaflet in another language or format please contact the number above.

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