

Lease Extensions - A Guide

THE PROCEDURE

STEP 1: SERVICE OF THE INITIAL NOTICE

Whilst there is no statutory prescribed form of notice, the Notice must contain certain details, including but not limited to:

- The full name of the tenant and the address of the flat which the claim relates to, sufficient that the flat can be identified. Particulars of the existing lease sufficient to identify it will also need to be included, i.e. the date it was granted, the term it was granted for, the original parties etc.
- The premium the tenant proposes to pay. The premium must be a realistic one or the notice will be invalid and tenants will be advised to obtain a full valuation before serving any notice.
- The name of the person acting for the tenant in the lease extension claim (usually a solicitor) and an address for service in England and Wales. The counter notice must be served at this address.
- The date by which the counter notice must be served. This date must be at least two months after the initial notice is served on all of the landlords and the third parties. Failure to give at least two months from the date of service of the initial notice will invalidate it.

In addition, the Tenant will have the right to protect the notice by entering a notice against the Landlord's freehold title.

STEP 2 (OPTIONAL): DEDUCTION OF TITLE & INSPECTION

The Landlord will have the option, within 21 days of service of the initial notice, to require the Tenant to deduce title to the property (that is, to provide evidence of their ownership). In addition, the Landlord will be at liberty to inspect the flat, upon the giving of not less than 3 days' notice – a Landlord will usually use this right as a result of instructing their own valuation.

STEP 3: DEPOSIT

The Landlord may require the tenant to pay the deposit, in the sum above. The tenant must pay the deposit to the landlord's solicitor or licensed conveyancer as stakeholder within 14 days from when the notice to pay is given by the landlord. These funds will then be released to the Landlord on completion of the lease extension in the usual way.

STEP 4: COUNTER NOTICE

The Landlord will be obliged to serve a counter-notice, by the date specified in the tenant's initial notice. This notice must state whether the Landlord:

- Accepts the tenant's claim;

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- Does not accept the tenant's claim; or
- Refuses to grant an extension on the grounds of redevelopment.

NB: If the Landlord fails in serving the Counter-notice, the tenant will be at liberty to apply to the Court for a lease extension on the terms proposed in the tenant's initial notice

STEP 5: NEGOTIATIONS

If the Landlord accepts the tenant's claim, the Landlord and the tenant will then enter into negotiations in relation to the terms of the new lease. The new lease will, however, always include the statutory terms, as above.

STEP 6: COMPLETION

Once the final form of new lease has been agreed between the Landlord and the tenant, the same can be completed and the full premium will be payable to the Landlord. The original lease will be endorsed and the new lease should be registered by the tenant. The notice against the landlord's freehold title should also be removed.

CONTACT US

If you would like any further information or have questions about Lease Extensions do not hesitate to contact us on [01202 525333](tel:01202525333) or email property@ellisjones.co.uk.

OUR OFFICES

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