

Right to Extend a Residential Lease

The Right to Extend allows a tenant to 'purchase' a longer lease term from the landlord at market price, provided certain conditions are met:

- The residential lease dwelling must be an apartment (different rules apply to houses on long leases).
- The tenant must have been a qualifying tenant for at least two years. A qualifying tenant is one who holds a long lease of a residential property exceeding 21 years. It is not a requirement that you live in the apartment.

The new lease will expire 90 years after the date on which the existing lease expires. The Right to Extend includes a right to reduce the ground rent to zero.

If possible, it is important to consider extending your lease before the lease term falls below 82 years. This is because the cost of extending your lease can increase significantly if the term falls below 80 years and it is wise to allow time to deal with the extension claim.

The Procedure

The tenant can begin the Right to Extend by serving a notice on the landlord. The tenant may be required to pay a deposit of £250 or 10% of the price proposed in the Notice of Claim. The landlord, in order to value his interest in the apartment, has a right of access to the apartment. The chart on the following page describes the possible outcomes:

- If no counter-notice is served, the tenant can apply to court to have the terms of the lease extension fixed and require the landlord to complete.
- A counter-notice may be served accepting the right to a lease extension, but disputing the terms (usually the price offered by the tenant).
- The landlord may dispute the right to a lease extension (this would be most unusual).

Once a qualifying tenant gives a valid Notice of Claim, the landlord is bound to grant a new lease to the tenant and the tenant is bound to accept it.

The Cost Elements

Costs for the tenants include:

- The 'purchase' price.
- The valuation and legal fees of the landlord, as well as your own valuation and legal fees.
- All amounts due under the lease.



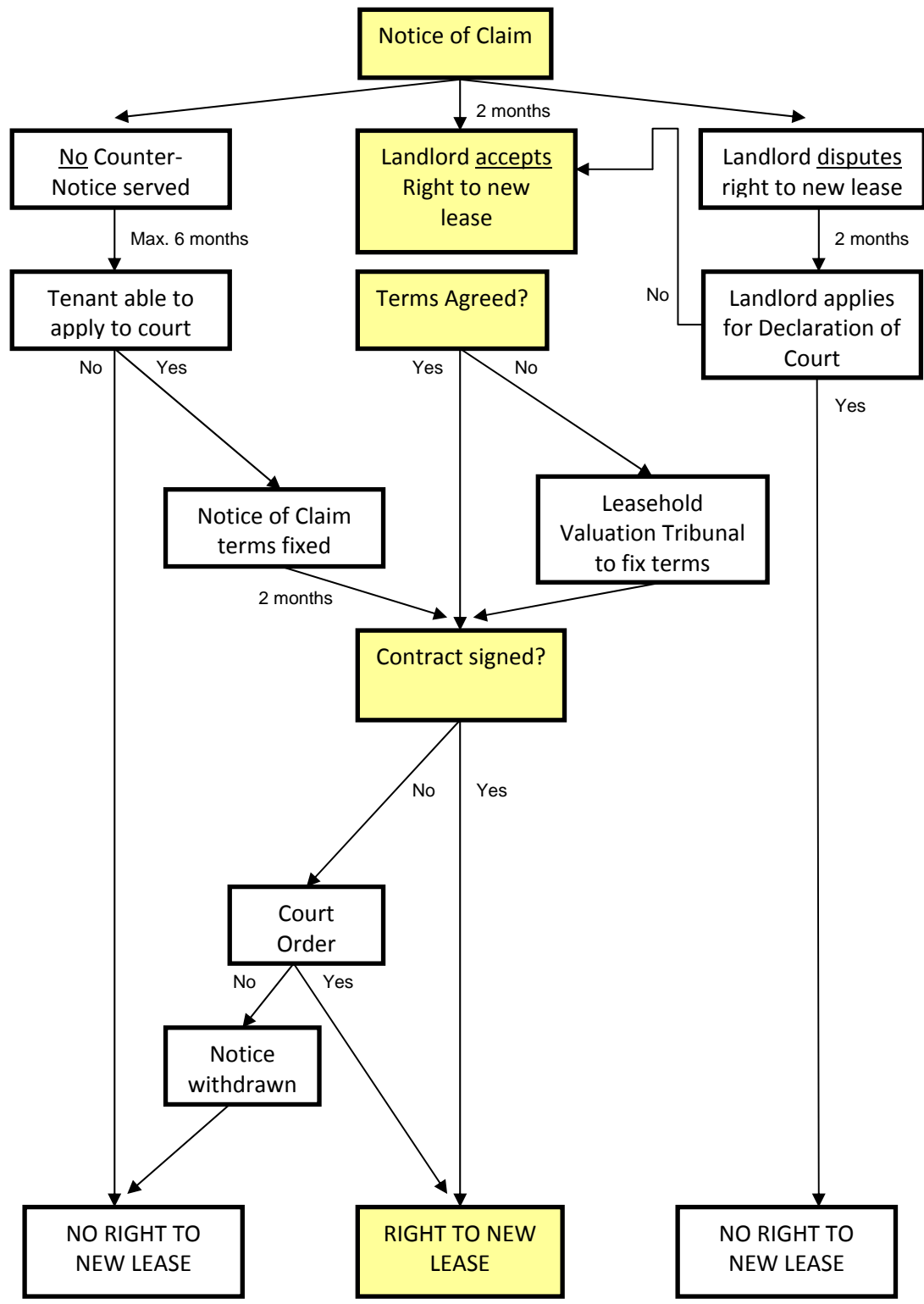
Michael Denmead is a commercial property expert, and has built up extensive experience of enfranchisement law

For further information on your Right to Extend your Lease or any other property related matters please contact Michael Denmead on 01223 417200 or email m.denmead@barrellison.co.uk

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Shaded boxes demonstrate the most usual route taken in Right to Extend proceedings



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