

## **GUIDE TO VOLUNTARY SHARED OWNERSHIP LEASE EXTENSIONS**

This guide is about Broadland Housing Association's voluntary shared ownership lease extension procedure.

Broadland Housing Association recognises that where a shared ownership lease has less than 80 years of the term remaining it can be difficult for leaseholders to sell their interest in their home, or re-mortgage. This is because lenders have requirements on a minimum lease term that they will consider to be adequate security for a mortgage.

Broadland Housing Association acknowledges that shared ownership leaseholders who have not staircased to 100% may not have a statutory right to an extension of their shared ownership lease. In accordance with Homes England guidance, Broadland Housing Association will, where possible, offer voluntary lease extensions of 125 years to shared owners in accordance with the procedure set out below.

Leaseholders who are eligible to do so may choose to follow the statutory lease extension procedure under The Leasehold Reform, Housing and Urban Development Act 1993 (the 1993 Act). The statutory lease extension process is available to long leaseholders of flats who have owned their home for the last two years, but it may not be available to shared owners who do not own 100% of their home. The law on statutory lease extensions may change, including as to the length of term, eligibility, and calculation of the lease extension premium if and when the Leasehold and Freehold Reform Bill is enacted. Further details of the steps involved in the process and more information on the potential changes to the law can be found on the website of The Leasehold Advisory Service [Leasehold Extension - Getting Started - The Leasehold Advisory Service \(lease-advice.org\)](https://leaseadvice.org/).

Leaseholders considering using the statutory lease extension route should seek legal advice.

### **Voluntary lease extension procedure step by step**

1. Notify Broadland Housing Association of your wish to extend your lease by completing the lease extension request form. This can be requested by contacting the Sales Team at email: [sales@broadlandgroup.org](mailto:sales@broadlandgroup.org) with your full name and address.
2. Upon receiving your completed lease extension request form, we will confirm whether you have a long lease that is capable of extension in accordance with this policy and whether the consent of Broadland Housing Association's lender or any other third party is required in order to proceed with the lease extension.
3. We will contact you to let you know whether your long lease is capable of extension in accordance with this policy. If it is, we will send you an offer letter with details of the premium payable for the extension.

4. The premium for a qualifying voluntary lease extension will be £1,000. This is a fixed and final figure and Broadland Housing Association will not enter into negotiation over the premium.
5. We will not charge you any administration fees in connection with the lease extension, however if you have any arrears under your lease, we may require you to clear those arrears before progressing with the lease extension process.
6. If you are happy with to go ahead on the terms of Broadland Housing Association's offer letter, then you must confirm to us in writing with details of your appointed solicitor who will deal with the legal aspects of your lease extension. Once we have your acceptance of the offer and details of your solicitor, we will ask our solicitors to contact yours with the lease extension documentation for agreement and signature.
7. You will need to pay our legal costs in connection with the lease extension. You will be responsible for Broadland Housing Association's legal costs from the point that solicitors are instructed whether or not the lease extension completes. For a straightforward lease extension, our current legal costs are £1,500 plus VAT.
8. The lease extension will take the form of a new lease of your home with an additional 125 years added to your existing lease term. If your lease was due to end in 2088, your new lease would end in 2213. The new lease will otherwise be the same as your existing lease. If your existing lease was granted before 2010, then you may benefit from the new lease being on more modern terms. If this applies, your solicitor should notify our solicitor. Additional legal costs may apply in these circumstances.
9. The lease extension must be completed within three months of our offer letter, but this period may be extended by Broadland Housing Association at our discretion.

## **FREQUENTLY ASKED QUESTIONS WHEN CONSIDERING LEASE EXTENSIONS**

### **Q: How long does a lease extension take?**

**A:** A voluntary lease extension could be completed in two to three months from the point of application, although this timeframe can be impacted by a number of factors.

### **Q: How much will a lease extension cost?**

**A:** You will need to pay:

- Broadland Housing Association's legal costs. These will vary depending on the complexity of the lease renewal but will start at £1,500 plus VAT. The leaseholder will be responsible for Broadland Housing Association's legal costs from the point that solicitors are instructed whether or not the lease extension completes.
- Your own legal costs.
- The premium for the lease extension. (£1,000).

### **Q: What happens if I start the process but decide not to go ahead with the lease extension?**

**A:** You can decide not to go ahead with the lease extension at any point prior to completion of your new lease. In that case, you would still be responsible for your own and Broadland Housing Association's legal costs.

### **Q: My home is a house, not a flat. Do I still need a lease extension?**

**A:** Leaseholders with a shared ownership lease of a house may not need to extend their lease if the lease allows for the leaseholder to acquire the freehold of the house on 100% staircasing. Where this applies, the leaseholder should discuss the specific circumstances with their solicitors and Broadland Housing Association.

### **Q: Can I extend my lease by more than 125 years?**

**A:** Broadland Housing Association's policy for voluntary lease extensions is to offer a fixed 125 year extension for a fixed premium as standard.

### **Q: Will a lease extension increase the value of my home?**

**A:** The lease extension may initially increase the value of the lease, and this may in turn affect the price of any future shares you may wish to purchase on staircasing. However, it should be remembered that market values can both increase or decrease.

**Q: How is the premium worked out?**

**A:** Broadland Housing Association has adopted a fixed premium of £1,000 for voluntary lease extensions for reasons of simplicity and to avoid leaseholders having to pay valuation fees.

**Q: We own 50% of our home. Do we have to pay 100% of the premium?**

**A:** Yes. The full premium is payable notwithstanding your percentage share in the home.

**Q: I have a mortgage. What do I need to do?**

**A:** If you have a mortgage, you may need to contact your mortgage lender and obtain their agreement to the lease extension. Your solicitor will be able to advise you and assist with this process. If you are obtaining a new mortgage or increasing the amount of borrowing and you have not staircased to 100%, Broadland Housing Association will need to approve the new mortgage or increased borrowing.

**Q: I am selling my home and the buyer has requested a lease extension. How will this work?**

**A:** If you are eligible for a voluntary lease extension, it should be possible to complete the lease extension and your sale at the same time, but it is important to start the lease extension process as soon as possible to avoid delays on the sale.

**Q: Is a ground rent payable following a lease extension?**

**A:** Ground rent is not the same as the rent payable under a shared ownership lease. Your rent will continue to be payable in the usual way. Not all leaseholders pay ground rent, but where it is payable, no further ground rent is payable following completion of the lease extension.

**Q: I've heard that the law on lease extensions is changing. Should I wait to extend my lease?**

**A:** The government has indicated an intention to legislate to reform the law around lease extensions, introducing a 990 year term and simplifying the formula used to calculate the premium, but it is not currently known whether or when this will become law. Leaseholders should take their own legal advice as to whether they should extend their lease now or wait for any new legislation.