

HOW DOES A SHARED OWNERSHIP LEASE EXTENSION WORK?



Ignore anything you see regarding “Statutory Lease Extensions” – these do not apply to shared ownership leases. When you ‘extend’ or increase the length of the lease – this is treated as a giving up the existing lease and being granted a new lease. In legal terms called a ‘Surrender and Re-Grant’. In order to register the document once it’s been done, the Land Registry will close down your existing leasehold title and open a new one. If you have a mortgage on your property, we will need to move it across to your new title (unless you are re-mortgaging and taking out a mortgage with a new lender).

(1) WORK OUT WHAT YOU NEED TO PAY


Work out how much your “Premium” is likely to be – this will still be subject to a formal valuation.

You can get a provisional figure by going onto the lease-advice.org website – the “Lease Extension Calculator” is a big red button in the top right hand corner.

When calculating the overall amount to pay, do add on the “Premium” (price/lump sum payable for the lease extension) and additional fees quoted to you by the Housing Association when calculating the overall amount for the whole transaction. These can include all of the following:

- An administration fee (for processing your application);
- Valuation fee (you can use your own valuer or use their recommended surveyor, however the surveyor needs to be a specialist in lease extension valuations);
- Housing Association’s solicitors fees for lease extension. This can vary from £500 - £1500!



 **Make a formal application to your housing association to start the process**

(2) VALUATION

Once you have had the valuation done, the price you need to pay has to be agreed between you and the housing association.

Ensure you instruct your solicitor as swiftly as possible – the “valuation” is normally only valid for a period of 3 months.



(3) INSTRUCT YOUR SOLICITOR

Have ready: Your identification documents and evidence of source of funding (i.e. where your monies are coming from – e.g. savings or a new mortgage offer). If you are applying for a new mortgage or further advance, the offer will need to arrive as swiftly as possible in order to complete the transaction within the 3 month time scale. If you have an existing mortgage that you are not re-paying, please ensure you provide your mortgage details (name of lender and account number). If you are provided with the Housing Association’s solicitors details directly from the housing association, please send to us so that we may contact their solicitors. We may be asked to provide an ‘undertaking’ to pay the Landlord’s solicitors fees on completion. In order to provide an undertaking, which is essentially a solicitor’s promise, we will need you to let us have the Landlord’s legal fees paid to our account before we can do this.



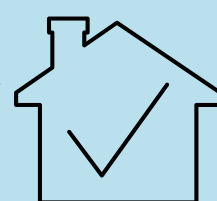
(4) THE LEGAL BIT



The draft documentation (including your mortgage offer may take some time to review). Once the final format has been agreed, the documents will be sent to you to sign and return. If you have a mortgage on your current title, but are not paying it off, we will need to contact your lender and arrange for you both to sign a ‘Deed of Substituted Security’ (replacement mortgage deed) in order to transfer the mortgage to the new title. The ‘signing’ documents part may take some time as the Housing Association will need it to be signed by the appropriate senior period and documents will need to go by ‘post’ to their solicitor. Lenders will also take time to sign and return documents. We will need all signed documents back before agreeing a completion date. Please ensure you are all up to date with your payments to the Landlord. When the completion date is agreed (minimum of 1 weeks’ notice is required), we will send you a completion statement setting out how much money you need to send us to conclude the transaction (including all legal fees).

(5) COMPLETING THE TRANSACTION

We arrange for monies to be sent to the Landlord’s solicitors. They confirm receipt of the same and we ‘swap’ copies of the signed Lease Extension document in the post. Once we receive the signed Lease Extension document in the post, we will arrange for the same to be sent to the Land Registry for registration. This part can take some time due to backlogs at the Land Registry.



A copy of the new title will be sent to you once received.