



Extending your lease

If you're an RHP homeowner, you may need or want to extend your lease.

A lease with a term of 80 years or less will affect the value of your home and make it difficult to sell or re-mortgage. We can offer you an extension for a further 90 years. Meaning if your lease has 80 years remaining, the extension will give you a lease of 170 years.

There are two ways to extend your lease with RHP - the formal (statutory) route or the informal route.

If you're a shared owner, you don't have a statutory right to extend, but we're still here to help with the informal route.

Formal route



Solicitors instructed
+ s42 notice served
on RHP



Valuation takes
place by RICS
surveyor



Counter Notice is
served and Premium
is agreed



Draft lease
drawn up



Completion

Informal route



Valuation takes
place by RICS
surveyor



Customer decides
if they want to go
ahead



Give RHP your
solicitor's details



Draft lease
drawn up



Completion



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The costs

- ▶ Valuation fees: max. £500
- ▶ Our administration charges: £250
- ▶ Our legal costs: approx £700
- ▶ Your solicitor's costs: variable, between £700 - £1,250

Actual cost of premium: the Leasehold Advisory Service has a great calculation tool, which can be found at www.lease-advice.org/calculator

The jargon

Premium: the amount of money a leaseholder pays a freeholder to extend a lease, calculated by a RICS accredited valuer.

RICS: The Royal Institute of Chartered Surveyors, the professional body for qualified surveyors.

Which route should I choose?

With both routes, your ground rent will reduce to £0 on completion of your extension, and both offer you 90 additional years on top of your current lease term. The main differences between the routes are:

- ▶ Within the formal route you will need to serve the s42 notice on RHP to start the process. This guarantees that RHP will agree to the Extension (providing you meet the qualifying criteria). The formal route takes slightly longer as a result of the Notices, and carries slightly higher legal fees as a result.
- ▶ There are no notices to serve in the informal route and so the process is quicker and the legal fees are cheaper. However, there is no negotiation on the premium whereas there is a small amount of negotiation possible under the formal route, via RICS valuers.



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Criteria for extending your lease

You no longer have to have owned your home for 2 years to extend your lease.

The only qualifying criteria to complete a formal lease extension is to not be in breach of your lease. This means, for example, that you shouldn't be in arrears or have action taken against you for anti-social behaviour.

We would apply this criteria to informal lease extensions too, with all arrears required to be paid upon completion of the lease extension.

We recommend that you seek independent legal advice before starting your extension.'

The Leasehold Advisory Service is a source of expert, impartial advice: visit www.lease-advice.org.uk to find out more.

If you're a shared owner, you don't have a statutory right to a lease extension: but you can still get an informal lease extension, so long as RHP is the Freeholder and you're not in breach of your lease. The cost of the premium will be based on the full premium rather than the equity share you own. Your rent and service charge amounts will not be affected by the length of your lease.



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