

Who we are

Mullis & Peake is a large and well established firm of solicitors with offices in Romford and Chadwell Heath and strong links with the local area. We are specialists and experts in residential landlord and tenant work including lease extensions and enfranchisement.

We can advise you about your rights and options, whether you are a leaseholder or a freeholder. We can advise you as to whether you meet the required criteria for extending your lease and explain the procedure to you.

It is our practice to consider the specific and individual circumstances of each case, identify our client's needs, explain the available options and put forward appropriate recommendations. We deal with all aspects of the transaction from the original negotiations through to the conclusion of the sale or purchase.

Mullis & Peake also has a well respected residential property department who can assist you if you are buying, selling or re-mortgaging your property.

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Mullis & Peake LLP is a limited liability partnership registered in England and Wales, number OC339711. A list of members' names is available for inspection at our registered office 8-10 Eastern Road, Romford, Essex RM1 3PJ. Authorised and regulated by the Solicitors Regulation Authority.

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Residential Lease Extension and Enfranchisement

Your rights explained



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Better advised

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Owning leasehold property

Leasehold property is a popular, low maintenance alternative to owning freehold property. However, many leaseholders are unclear or unaware of their rights and obligations. The legislative framework which governs the Landlord and Tenant relationship is complicated yet offers dissatisfied tenants and struggling Landlords a solution to their problems.

Lease Extensions

For the leaseholders, one of the most commonly encountered problems occurs when the lease is close to expiring and it becomes increasingly difficult to sell or secure a mortgage over the property. By law, leaseholders are entitled to claim a lease extension of 90 years in addition to the unexpired term, and in doing so reduce the ground rent to a nominal sum.

However, if a lease has less than 80 years to run, the leaseholder will have to pay an additional premium known as "marriage value", if they choose to extend their lease. This means it is highly advisable to obtain a lease extension before the existing lease falls below this threshold.

To qualify for this right, amongst other qualification criteria, the leaseholder must have owned the property for more than 2 years. However, if you do not meet this criterion we can assist you in negotiating terms with your Landlord to obtain a lease extension on an 'informal basis'.

Collective Enfranchisement

Collective enfranchisement occurs when the tenants in a block join together to purchase the freehold from the Landlord. Leaseholders can use collective enfranchisement to grant themselves long leases

without a further premium and also take over the management of the block.

Collective enfranchisement is subject to qualification criteria dependent on the nature of the building, the number of tenants within the block and the number participating with the enfranchisement. The enfranchisement is usually completed by a company set up solely for that reason (Right to Enfranchise "RTE" Company) and which can then be used as a vehicle for managing the block.

Once the purchase has been completed the tenants can reduce or eliminate ground rent, rectify any defects and modernise their leases.

Generally, properties are more saleable when they are sold with a share of the freehold, as it allows leaseholders to have more control over the management of the block.

If you own a leasehold house, you may also be entitled to purchase the freehold.

Right to First Refusal

If a freeholder is selling a property which is subject to long leases, he is legally obliged to serve a notice on the leaseholders who can, collectively or individually, purchase the freehold.

If you receive such a notice, it is important that you act quickly as the offer may expire and allow the freeholder to sell the freehold property on the open market.

Right to Manage

Tenants are often dissatisfied with the management of their flats. The freeholder may be absent or the leaseholders may disagree about the appointment of managing agents.

The right to manage is subject to qualifying criteria, and

allows the tenants to set up a company (Right to Manage "RTM" Company) to take on the management of the block.

Taking on the management of flats by the tenants can often result in the reduction of service charges and as there is no premium or valuation required, the procedure offers an inexpensive and prompt solution.

Mortgaged Property

Having a mortgage on your leasehold property will not prevent you from exercising the rights referred to in this brochure. However, mortgage lenders will need to be involved and may have additional requirements to ensure that their security is maintained and protected.

Absent Landlords

On occasion, tenants do not know the whereabouts of their Landlord, but this does not bar you from exercising the rights.

Freeholders and management companies

The problems associated with residential leasehold properties do not only affect the tenants. The freeholder may also experience difficulties in dealing with leaseholders, especially if they are looking to exercise these rights. Current legislation states that a failure to respond to or serve an appropriate notice will result in a default judgement. This may mean you are forced to sell the freehold or grant a lease extension on unfavourable terms.

If you are selling a freehold property which is subject to leases or tenancies, there are specific requirements to serve notices before and after the sale. You are at risk of a criminal record if you do not comply with these requirements.

Mullis & Peake can advise you as to the required action whether selling the freehold or dealing with leaseholder's requests. Our Litigation Department can also assist with ground rent and service charge arrears.