

SHARED OWNERSHIP LEASE EXTENSION POLICY

1. Introduction

1.1 English Rural Housing Association's shared ownership leases have been granted for a term of either 99 or 125 years. Typically when there are 80 years or less remaining on the lease it is known as being "short" and when this is the case, it affects the value of that lease and may create difficulties if you wish to sell or re-mortgage.

1.2 Shared owners do not have a statutory right to extend their leases, but the Regulator recommends that registered providers consider granting extensions to shared ownership leases where possible, and the Association recognises the benefits of voluntary lease extensions for our leaseholders and offers an informal process.

1.3 Leaseholders should note that English Rural cannot provide legal or financial advice, and that it is recommended that leaseholders seek this externally.

2. Extension of Shared Ownership Leases

2.1 The Association requires a leaseholder who wishes to extend their lease to have owned their property for at least 2 years.

2.2 The leaseholder must then request an extension of the lease in writing, either by email or by letter. The Association will then provide details and a copy of this policy to the Leaseholder.

2.3 Leases may be extended via Route A or Route B below. Leaseholders who are being charged a variable rent under their lease (generally those whose lease commenced from 2011) will proceed via Route A below, other leaseholders may proceed via either Route A or Route B. English Rural will confirm the route(s) available at the time of any application for lease extension.

3. Route A - Extension by 90 Years

3.1 This route involves extension of the lease by 90 years. A Leasehold Valuation will be instructed by the Leaseholder at their own cost, with a RICS registered surveyor carrying this out in order to ascertain the current commercial value of the lease, taking into account that it is a lease with a restricted staircasing provision. It will also need to detail any uplift in value for the property were the lease to be extended by 90 years.

3.2 On receipt of the valuation, and its approval by the Association, an offer is made to the Leaseholder. The uplift in the value of the Leaseholder's share will be calculated and half of this uplift will be payable to the Association. If the Leaseholder agrees the offer they will provide the Association with their legal advisor's details, and the Association will instruct our solicitors to handle the transaction, with reasonable legal and professional costs also being paid by the Leaseholder.

3.3 Upon completion of the extension, the Leaseholder will continue to pay rent and other sums (service charge and buildings insurance) at the same levels and with the review mechanism for these remaining unchanged.

4. Route B - Extension back to Term of Original Lease

4.1 This route is only available to shared owner not currently paying a variable rent, calculated on the unsold equity of the property.

4.2 If taking this route, the lease will be extended back to its original term. A Leasehold Valuation will be instructed by the Leaseholder at their own cost, with a RICS registered surveyor carrying this out in order to ascertain the commercial value of the lease, taking into account that it is a lease with a restricted staircasing provision.

4.3 On receipt of the valuation, and its approval by the Association, an offer is made to the Leaseholder. No premium will be paid to the association, but the Leaseholder will have to pay a variable rent in addition to service charge and buildings insurance, which will replace the existing ground rent. If the Leaseholder agrees the offer they will provide the Association with their legal advisor's details, and the Association will instruct our solicitors to handle the transaction, with reasonable legal and professional costs also being paid by the Leaseholder.

4.4 Upon completion of the extension, the Lease will be varied in order to reflect the extended term and the variable rent will be calculated in the usual way (which may be varied from time to time by the Association).