

## LEASE EXTENSION GLOSSARY

The requirement for a Lease Extension of a leasehold property is becoming more frequent as many original lease terms are decreasing in years. This area of law is very specialised due to the strict statutory procedures set out in the legislation and can be daunting for leaseholders. At Johnson & Gaunt we provide specialised legal advice and representation on all lease extensions. Whilst we strive to ensure all clients fully understand the legal procedures and are closely guided throughout, the various legal terms and references commonly used may be unfamiliar to you.

We hope you find this Glossary of terms useful. It includes a selection of words and references commonly used during lease extension transactions. We hope this will aid your understanding of the process and will enhance our Client/Solicitor communication during the course of your transaction.

### GLOSSARY

Assignment of Application	This occurs where the leaseholder sells the flat having already started the lease extension application. The benefit of the application is assigned to the new owner, without them having to meet certain criteria
Competent Landlord	This is usually the owner of the Freehold, but can include other landlords who have an interest of at least 90 years in the property
Counter Notice	This is served by the Competent Landlord on the Leaseholder in response to a Section 42 Notice (see below). The Counter Notice sets out whether the Landlord agrees with the Premium (see below) suggested by the Leaseholder or proposes an alternative. It also sets out whether the Landlord agrees that the Leaseholders claim to a lease extension is valid
Deposit	Once a Section 42 Notice (see below) has been served the Landlord can insist that the Leaseholder pay a deposit, which can be 10% of the Premium proposed or £250.00, whichever figure is the greatest
First Tier Tribunal (Property Chamber)	Is the place where disputes concerning the amount of the premium and/or the terms of the new lease will be heard and decided, when they cannot be agreed between the leaseholder and the Landlord
Intermediate Interest	This refers to the other interests in the land which are between that of the Freehold owner and the Leaseholder. Normally they will be for shorter terms than the main interest and are sometimes referred to as sub-leases. The Intermediate Landlord is entitled to a share of the Premium and is included in the meaning of Competent landlord. (See above)
Long Leasehold	A lease which is granted for a term of years which is greater than 21 years from when it started

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Marriage Value	This is the likely increase in the value of the property as a result of the lease extension. It is only relevant when the lease has under 80 years left to run
Peppercorn Rent	This basically means that no rent will be collected or needs to be paid
Premium	This must be a reasonable figure for the cost of the lease extension and is calculated by a Surveyor or Valuer. The calculation normally comprises of a lower and higher figure, and the premium proposed is a reasonable figure based on a number of factors, including the value and location of the flat
Qualifying Tenant	In order to be entitled to apply for a lease extension the Leaseholder must have been the owner of the flat on a long lease for 2 years before the application is made. (see Assignment of Application above and note that there are also exceptions for Personal Representatives of a Deceased's Estate)
Section 60 Costs	These are the Competent Landlords reasonable costs, which include their legal costs and other expert costs, such as Surveyors and Valuers that have been incurred from the service of the Section 42 Notice (see below). These costs are payable whether you complete the application or not
Section 42 Notice	This is the Tenant's Notice which starts the Statutory procedure under The 1993 Act (see below). It is served on all Competent Landlords and it starts the strict timetable set under the 1993 Act. It is an extremely important document and we advise you take legal advice as certain errors in the Section 42 Notice can make the entire application invalid and you can be prevented from re-applying for 1 year
Statutory Right	This refers to the Leaseholders right under The 1993 Act (see below) to apply for a lease extension. It requires both the Competent Landlord and the Leaseholder to follow very strict procedures as set out in The 1993 Act. It is different to an informal lease extension, which is not subject to the requirements of The 1993 Act
The 1993 Act	Refers to the Leasehold Reform Housing & Urban Development Act 1993 which sets out the requirements and procedures in respect of all lease extension applications
Valuation Date	This is an important date as it is the date on which the value of the lease extension is fixed and it is the same date as the date in the Section 42 Notice when the years left on the lease and the value of the property are noted