



Tenant's Leasehold Extension Flow Chart

Action	Advice	Cost	Time
1 You have checked that you are eligible under the Act to extend your lease, you can now proceed to the next step.	You can find this out by checking your lease and the date on which you purchased the property. Under the Act you must have owned the property for a minimum of 2 years before you qualify to extend your lease.	None Applicable.	1 - 2 Hours.
2 You should instruct an RICS surveyor to undertake a valuation of your property, this will set out the likely cost of the purchase of the premium.	You should select a surveyor who is well informed on the valuation process and is also knowledgeable on property transactions within your area.	£500 - £2,000 + VAT (dependent upon the surveyor you instruct).	3 - 5 Days (dependent upon the surveyor you instruct).
3 Once your surveyor has confirmed the likely cost of the premium, he should then advise you of a suitable premium to enter in the Section 42 Notice.	Your surveyor's report should give you a range of three figures: 1) The premium offered for entry into the tenant's Section 42 Notice 2) A realistic premium you can expect to agree the extension at 3) What you can expect the landlord's Section 45 Notice to be	This time should be included within your surveyor's report costs.	2 - 3 Days (dependent upon the surveyor you instruct).
4 You should instruct a Solicitor to serve your tenant's Section 42 Notice, this will set out your proposed premium offer to the landlord and formally commence the legal process for which you can extend your lease.	Make sure you select a solicitor who is well informed on the Notice requirements and who regularly serves them. An error at this stage can be costly and could see your Notice declared invalid which would mean a further 2 year wait before new Notice can be served becoming applicable.	£500 - £2,000 + VAT (dependent upon the surveyor you instruct).	3 - 5 Days (dependent upon the surveyor you instruct).
5 Section 42 Notice is served upon the landlord.			
6 Your landlord may serve a Notice on you within 21 days of receiving your tenant's Section 42 Notice. This Notice can request one or all of the following 1) A deposit of 10% of the premium you have offered 2) Proof of your legal ownership of the property 3) Access arrangements for the landlord's surveyor to visit the property to undertake their own Valuation	It would be prudent to have the 10% deposit amount on account with your solicitor prior to serving the Notice. This will ensure there is no delay in providing it to the landlord when requested.	10% of the premium.	Up to 21 days from receipt of the tenant's Section 42 Notice.
7 Landlord serves their Section 45 Notice upon you confirming their counter offer. This will likely be far higher than your offer and therefore naturally leads onto the next step.	Discuss the figure with your surveyor. Hopefully the existence of the surveyor's report means the counter offer hasn't come as a shock.	Your solicitor's costs in reviewing the Notice and confirming its validity £300 - 700 + VAT. Under the act you will also be responsible for the landlord's surveyor's valuation fee, £1,000 - £3,000 + VAT.	Up to 2 months after the service of the tenant's Section 42 Notice.
8 Negotiations Commence. The tenant's surveyor and the freeholder's surveyor will start negotiations and go through the process of agreeing a negotiated premium.	This process can be quite time consuming, you should request weekly updates from your surveyor to ensure that all is being done to secure the best premium in the most cost and time effective way possible.	Your surveyor's hourly rate will apply to all time incurred.	This can take up to 6 months (dependent on how negotiation progress between the respective surveyors).
9 The surveyors agree on a negotiated premium that both parties are happy with. They will now hand matters back over to the respective solicitors to agree the new lease and conclude matters.	Ensure your solicitor is aware of any time implications so that they ensure these are met.	Further solicitor's fees will apply, likely in the region of £500 - £1,500 + VAT. Under the act you will also be responsible for the landlord's solicitor's fees in responding and updating the lease, £1,000 - £3,000 + VAT.	2 - 6 weeks (dependent on how negotiation progress between the respective solicitors).
10 Solicitors agree all lease matters and the new lease is registered with the Land Registry.	The deal is done and the matter is closed.	Land Registry Fees.	2 - 8 weeks (dependent on how negotiation progress between the respective solicitors).



Total Time:

In practice the process will take in the region of 12 months.



Total Cost (Excluding the Premium):

You will be liable for all costs, aside from the landlord's surveyor's fees in negotiating the premium, in our experience this tends to be in the region of £8,000 - £20,000 + VAT.