

To all freehold & leasehold owners
Hightree Court

BY EMAIL ONLY

Our Ref: MBS.LE.Hightrees

21 November 2018

Dear All

Lease extension – Hightrees Court Manor Court Road London

Thank you for instructing this firm to handle your lease extension. I and the staff at kenneth elliott + rowe will do our best to see that everything proceeds as smoothly as possible.

I will deal with this matter and it is always my intention to keep you fully informed as to how matters are progressing. I will be happy to discuss any points which you may wish to raise with me either by letter, email, appointment or telephone.

I enclose our standard client information leaflet to be read in conjunction with this letter which together sets out the principles which this firm adopts when acting for its clients.

Charges and Expenses

We offer a fixed cost service for lease extensions.

The fees will be £750 per flat plus VAT for a deed and surrender and regrant.

I understand that the freehold company will contribute £200 plus VAT towards this cost and your will be required to pay the remaining £550 plus VAT of this fee.

There are in addition to the legal costs the following disbursements (per property) to pay:

- £6 for obtaining office copies of your title (copy of leasehold title);
- £3 for obtaining office copies of the lease; and
- £40 for registering the new lease at Land Registry.

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Our costs will cover:

- a review the titles and your leases;
- incorporation of agreed changes into your lease;
- drafting the new lease based upon the old lease (see below)
- The lease will be increased to the maximum period of 999 years and the rent is reduced to a peppercorn;
- obtaining consent from your mortgage lender * (this is needed to transfer the mortgage from the old leasehold title to the new title);
- arranging for signature by all parties;
- dealing with formal completion, stamp duty and registration requirements; and
- storage of the deeds post registration if required.

We will not carry out a full review of the title or carry out any searches for example local searches as you would expect. We do not provide tax advice.

* our costs cover obtaining consent from the first mortgage company only. If you have a second or subsequent charge on the property we will charge a further £100 plus VAT for dealing with the second lender. In addition, your lender they may charge an administration fee for consenting to this transaction (which can vary but are estimated to be in the region of £0-105 plus VAT).

Lease Changes

The Directors of Hightrees Court (Management) Company Limited have agreed a standard format of lease extension.

As may have been explained to you there are unusual arrangements for the leases in this building where the long leases of the flats are accompanied with a separate “amenity” lease which provides each flat owners right to use the Amenity Areas i.e. the forecourts, accessways staircases, landing and entrance hall of the building in which the flat is situated. The service charge is bound up into this amenity lease and the management company has agreed to maintain certain parts of the amenity areas – the roof and foundations and internal staircases being part of that.

From our experience this type of arrangement is not usual and as the amenity lease does not have a separate Land Registry title – you cannot therefore be clear whether the amenity lease was assigned correctly each time the flat was sold. This can cause problems for enforcement of those obligations between the flat owners and the management company.

Whilst the ideal solution would be to draft a new modern lease for each flat for this to happen (as all leases in the building must be consistent with each other) all the leases in the building would need to be completed on the same day. This would cause a logistical problem and it is the view of the freehold company that it would not be possible to organise all the tenants to do this at the same time.

The compromise proposed and agreed is that as well as extending the length of your lease to 999 years we also address the issues of the separate amenity lease by drawing in those key provisions and adding them into the lease extension deed. This will include the rights to use the amenity areas, the obligation on the company to maintain those parts of the structure which are outside the flats, the insurance of the amenity areas and service charge. This means that the old leases and new leases will have the same basic structure and there will be no conflict between the two types of lease.

Although there will be a lot of changes to your lease in the lease extension deed these merely mirror the provisions in the amenity lease. As these provisions will be bound into the flat lease the rights and obligations will run with the title to the property more easily on resale. It will also remove the need for the amenity lease at all and this will be formally surrendered as part of this process.

Conflict of Interest

Normally a single lawyer is not permitted to act in circumstances where a conflict of interest may arise. A grant of a lease between a Landlord and a Tenant is normally one of those circumstances however here we have a 'friendly' lease extension and no payment is being made to the landlord/freeholder.

In these circumstances we are prepared to act in this situation provided you agreed to waive any potential conflict for us acting for both the freehold company and you in the grant of the lease extension (you do this by completing the Lease Extension Questionnaire which contains a standard waiver within the terms). The obvious advantage to you is that you only pay one set of legal fees as invariably the tenant will pay the landlord's legal costs on any lease extension (whether free or otherwise).

However, this does not mean that you cannot instruct your own lawyer if you wish to act for you in this transaction. You will still be responsible for our legal fees for acting for the freehold company which will be the same as quoted above - in these circumstances if you wish to instruct your own lawyer to act for you then they will need to give us an undertaking for £750 plus VAT to cover our costs at the beginning of the matter.

If you want to use us to act for you please return the completed Lease Extension Questionnaire.

Obligations

What we must do - We will handle the preparation of the leases and arrange for your lenders to consent to this transaction where applicable. If we are also acting for your lenders, we will act in accordance with their instructions to us.

What you must do - You will be required to assist us by signing and returning documents in a prompt manner to assist us in co-ordinating this transaction. You must also make payments required in a timely manner for example for the consent of your lender. If you are likely to be away for a prolonged period of time during this process please let us know.

Timescale

We would normally complete a lease extension within around 2-3 weeks of receiving your completed questionnaire if you do not have a mortgage on your property. If you are dependent on mortgage lenders consent then a timeframe of 4-5 weeks is not unexpected.

Once the lease extension is completed it can take 2-3 months to register this at Land Registry because they are currently behind on these types of application. If however the matter is urgent because of a pending re-sale or re-mortgage then you can ask the Land Registry to expedite the process in which case the registration can be completed in 1-2 weeks. Please let us know if your matter is urgent and why so we can provide this information to the Land Registry.

Benefits

If we act for you in relation to your lease extension as an existing client we offer £50 plus VAT off our standard conveyancing sale charges – now or in the future. See www.convey-quote.co.uk for an instant quote. For example for a leasehold sale up to £300,000 the legal fee for the conveyancing is currently £675.00 plus VAT.

Next Steps

If you have not already done so to enable me to proceed please could you complete and return the enclosed Lease Extension Questionnaire as soon as possible.

Your continuing instructions will amount to acceptance of these terms of business. I hope that by sending this letter to you I have addressed your immediate queries about the day-to-day handling of your work and our terms of business. However, if you have any queries, please do not hesitate to contact me.

Yours faithfully



Mark Sadler
kenneth elliott + rowe