

Guide to Acquiring Your Freehold Leasehold Enfranchisement Explained for house owners

Do you have less than 70 years remaining on your lease?

If you have owned the property for 2 years you have the right to purchase the freehold under the Leasehold Reform Act 1967. Often people decide to acquire their freehold if they are considering selling, remortgaging or if they wish to arrange their affairs in a more straight forward way. A buyer who requires a mortgage will find that lenders are reluctant to lend on leases with less than 70 years remaining.

If you decide to acquire the freehold, assuming time is not of the essence, the first stage is for you to enquire of your freeholder, usually through the agent who collects the ground rent, the terms they would propose for selling the freehold. When you have received their proposal, I can check on your behalf whether the price and terms proposed are fair and in accordance with your rights under current legislation. The Leasehold Reform Act 1967 requires the price you pay to be fair to both you and the freeholder. The Act provides for the freeholder to be compensated for the loss of ground rent and other future income, which he might have reasonably expected to receive if the lease had continued to the end of the term. In addition the Act requires you to pay the freeholders valuation and legal costs incurred in dealing with your application.

Each year as the lease diminishes the cost of acquiring the freehold is likely to increase. It is also likely that over the coming years, the prices of properties will increase. Both of these factors have a direct bearing on the price of the freehold and consequently, in the future, it is more than likely the cost of acquiring the freehold will increase. Please note: If you are selling your property and it is important to acquire the freehold as soon as possible, you are advised not to contact your freeholder and request terms, but to immediately serve a Notice of Claim. If time is of the essence and the freeholder is aware that you are selling your property and anxious to purchase the freehold, they may use delaying tactics in an attempt to use their position to frustrate you and often a higher price is secured by the freeholder because of time constraints.

I hope that the information that I have given you has been helpful and look forward to hearing from you if I can assist you further.

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