

Moormead Estate – Discounted Group Rates for Lease Extensions

1 Summary

The Central Group is made up of volunteers interested in achieving cost savings for residents in the St Margaret's area wishing to extend their leases.

The central group will assist Owen Grainger (surveyor) in coordinating the administrative aspects of the process. This will reduce his costs. Solicitor Claire Allan of HPLP has dealt with a number of cases working closely with Owen and is familiar with the landlord, Northumberland & Durham.

2 Conditions to Obtain Group Discount

Group benefits are only applicable where negotiations proceed at the same time and where each stage falls into a given timescale. Where individuals do not respond within a given timeframe they will revert to fees as per individual price structure.

This document is based upon discussions with Owen Grainger and is our understanding of how collaboration as a group will reduce the valuation and negotiation costs when purchasing either a lease extension or collective enfranchisement.

3 Lease extension versus collective enfranchisement

- It is far better to avoid fall-outs with neighbours when management issues occur (better to fall out with a distant landlord).
- Landlords benefit from economies of scale with the insurance companies – cases in the area where properties have been affected by subsidence this has been covered by healthy insurance policy that only the landlords would have obtained.
- Less responsibility and administration – let the landlords handle it.
- Another 90 years on your lease just as good as collective enfranchisement benefits, no ground rent.

4 Voluntary negotiations versus statutory Section 42 notice

The Central Group's recommendation is that the group process proceed by way of voluntary negotiations with Northumberland & Durham rather than by the serving of a statutory Section 42 notice.

With voluntary negotiations the solicitor will have to contact your mortgage lender (while this is not necessary for statutory Section 42 process). This is included in solicitor's costs quoted below.

Section 42 notice forces a time stamp but is the more expensive method. From past experience N&D have been responding within a reasonable timeframe.

5 Costs

The costs are set out in the following table.

Individual negotiations and additional work conducted not included as part of the group process will be charged at the standard rate of £220 per hour plus VAT.

OWEN GRAINGER ASSOC.	INDIVIDUAL	DISCOUNTED GROUP RATES (PER PERSON)
Valuation	£760+ VAT	£600+ VAT (min 15 people)
Lease Negotiations (Collective Enfranchisements)	£220 per hour	Fixed fee <ul style="list-style-type: none"> £750 (£1,125 for collective enfranchisement)+ VAT and disbursements (<u>min 15 transactions all proceeding with negotiations at the same time</u>) £625 (£937.50 for collective enfranchisement)+ VAT and disbursements (<u>min 25 transactions all proceeding with negotiations at the same time</u>)
Land registry	£50	£50
Valuation (Collective Enfranchisement)	1 st £760+ VAT 2 nd £380+VAT	£980+VAT
SOLICITOR – Claire Allan	Section 42 notice	Without Section 42 notice
	<ul style="list-style-type: none"> c£1,100+VAT (minimum of 15 people) standard fee per person £1,400+VAT+ 	£700+VAT+ (minimum of 15 people) standard fee per person £995+VAT+
N&D	Individual	Group saving
Valuation	£600+VAT	NONE
Legal	<ul style="list-style-type: none"> Voluntary basis no section 42 £500/£600 +VAT With Section 42 £750+VAT 	NONE

6. Process

OWEN GRAINGER ASSOCIATES (OGA)	CENTRAL GROUP	INDIVIDUAL
←	Names and Addresses + contact 'phone numbers and e-mail addresses	
Instructions and confirmation to clients		→
←	Ensure confirmation letters and cheques for 50% of valuation cost returned within timeframe	Individual responds to OGA
Contact Landlord	Write to Landlord to notify of central group and numbers wishing to proceed (include cheques for valuation)	Individual delivers cheque for 50% N&D valuation
←	Arrange appointments to inspect properties (block bookings to keep costs down) allow up to 30 minutes per property	Convenient times or arrangements for keys
Cheque received for documents	Obtain copies of leases, deeds of variation and licences to alter within timescale	Provide documentation to central group. If not available provide cheque for Land Registry search
←		→
Cheque received for initial valuation		Send valuation cheque to OGA
←		
Write and send report (To lead tenant if Collective Enfranchisement) and ask for "go ahead" to negotiate	Central to receive summary	→
Cheque for initial valuation banked		
←	Group to coordinate (individuals who have not responded within deadline will not benefit from group savings)	Confirm negotiations to proceed Yes/No
Contact Landlords Valuer and negotiate	Report to central group if successful	→
←	Coordinate	Accept Yes/No
Confirmation to Landlords and instruct Lessees' (common) Solicitors		Will be contacted by solicitors
←	Coordinate collection of funds	Pay Surveyor final costs Pay Landlords