

COLLECTIVE ENFRANCHISEMENT PROCEDURE



TO QUALIFY

1



the building must be a self-contained building or part of a building

2



at least 2/3rds of the flats in the building must be let on long leases

3



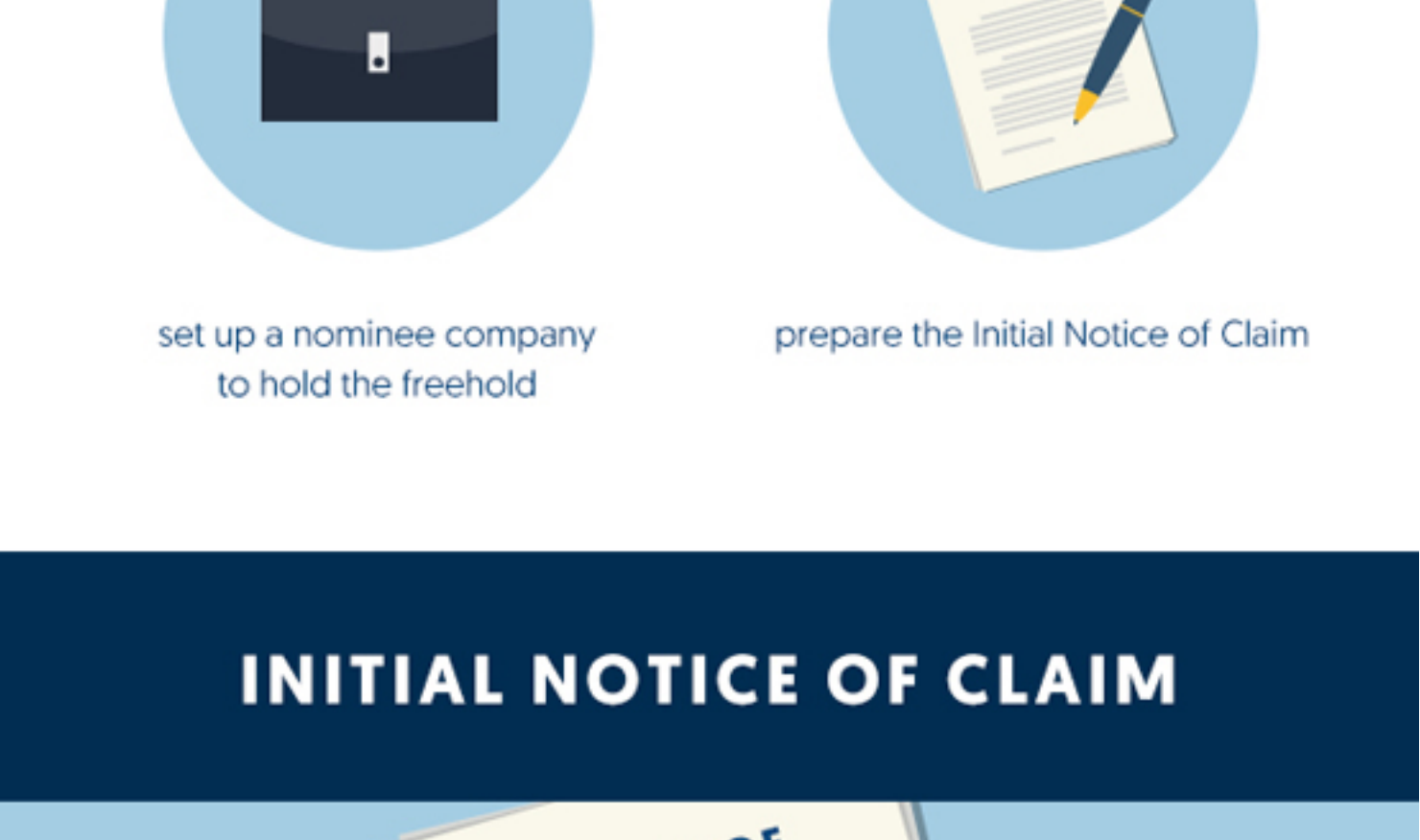
at least half of the flats must participate

4



if there are any commercial units, the floor space must not exceed 25% of the building (excluding common parts)

VALUATION



YOU WILL OBTAIN A VALUATION FROM A SPECIALIST VALUER TO:

1. Advise you of the expected premium to be paid for the freehold
2. Advise you of the initial offer price to be put forward to the freeholder
3. To ensure you pay a fair premium for the freehold

PRE-NOTICE LEGAL WORK

THE SOLICITOR WILL:

1



carry out an investigation of the freeholders title and all other titles, leases and deeds affecting the building

2



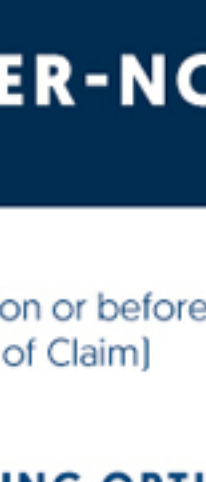
prepare a Participation Agreement between the participants to set out their obligations relating to the claim

3



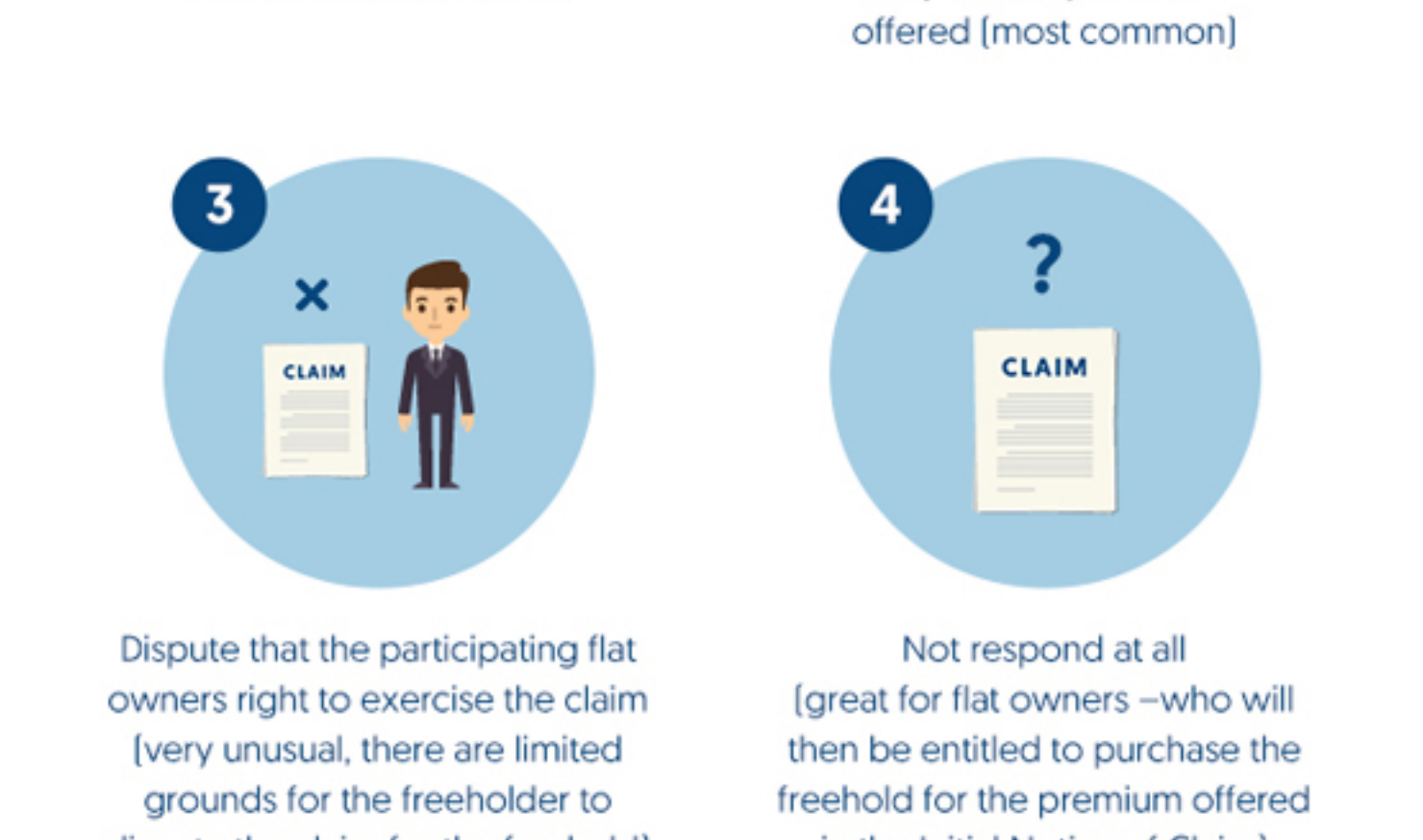
set up a nominee company to hold the freehold

4



prepare the Initial Notice of Claim

INITIAL NOTICE OF CLAIM



The notice commences the claim and is signed by or on behalf of all participating flat owners and served on the freeholder. Service of the notice fixes the valuation date and sets a deadline for the freeholder's Counter-Notice (which is two months after the service of the Initial Notice).

FREEHOLDER'S RESPONSE TO INITIAL NOTICE

Before responding formally to the Initial Notice, the freeholder is entitled to:

1



Inspect the flats

2



Request copies of the land registry titles and leases of all flats in the building

3



Instruct its own valuer to carry out a valuation of the premium to be paid

FREEHOLDER'S COUNTER-NOTICE

[the Freeholder must serve a Counter-Notice on or before the deadline specified in the Initial Notice of Claim]

THE FREEHOLDER HAS THE FOLLOWING OPTIONS:

1



Accept the claim and the offer in the Initial Notice

2



Accept the claim but dispute the premium offered (most common)

3



Dispute that the participating flat owners right to exercise the claim [very unusual, there are limited grounds for the freeholder to dispute the claim for the freehold]

4



Not respond at all [great for flat owners –who will then be entitled to purchase the freehold for the premium offered in the Initial Notice of Claim]

DETERMINING THE PRICE AND CONVEYANCING



The majority of claims proceed on the basis of [2] above. The flat owner's Valuer will then negotiate the premium to be paid and their solicitor will negotiate and agree terms of the Transfer Deed and any Leaseback(s) required.

THE TRIBUNAL



For claims where the premium or terms of the Transfer Deed and any Leasebacks are not agreed, an application may be made to the First-Tier Tribunal for determination of the terms in dispute. There is a four month window to make the application. The application must be made no later than six months after the date of the freeholder's Counter-Notice otherwise the claim is "deemed withdrawn". Protective applications to the Tribunal are not unusual.

COMPLETION

To take place once all terms are agreed or determined by the Tribunal. The nominee purchaser will sign completion document and the participating flat owners will transfer funds to their solicitor for completion. There is maximum period of four months for completion to take place once all the terms are agreed or determined by the Tribunal.

OTHER USEFUL INFORMATION

TIMESCALES

1

A typical claim will take between 6-12 months

2

Service of the Initial Notice fixes the valuation date. If there is a delay in agreeing the premium or terms of the acquisition the premium will not increase as a result of the delay

FREEHOLDER'S COSTS

1

Once the Initial Notice of Claim is served the flat owners are liable for the freeholder's cost in obtaining its own valuation of the premium (not its negotiation costs) and its legal costs in connection with investigating the claim, serving the Counter-Notice and the conveyancing process. The costs must be reasonable otherwise the Tribunal may determine the costs

2

The freeholder's costs in connection with proceeding to Tribunal are not recoverable

LEASEBACKS

If any of the flats or commercial units are not let on long leases, the freeholder has the option to take a 999 year lease back of those flats/units.

APPURTENANT LAND

The statutory provisions allows the participating flat owners to claim appurtenant land in addition to the actual building. Often appurtenant land includes gardens, car parking spaces, garages and common paths and forecourts used by the flat owners.

FOR MORE INFORMATION VISIT ASHLEYWILSON.CO.UK

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