

A Guide to Collective Enfranchisement



**For the freeholder of
a block of flats**

For advice and guidance please contact:



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Collective Enfranchisement



The first notice that comes to the attention of a freeholder that the lessees of a block intend to enfranchise may be the receipt of a Section 13 Notice, (Initial Notice).

That notice will state a date by which a counter-notice must be served, which has to be no less than 2 months after the date of the Initial Notice.

A solicitor can check, whether or not the notice is valid and that all the signatories to the notice are qualifying tenants.

Once it has been established that the nominee purchaser has the right to serve a Section 13 Notice, the landlord has to serve the Counter Notice within two months, including the price which the freeholder believes should be paid for the freehold.

On behalf of the landlord, Kirkby Diamond can inspect as many of the properties within the block that are available to inspect and prepare a valuation under the terms of the Act.

The valuation is made up of three different sections being:

- A** Diminution in the value of the freeholder's reversionary interest
- B** The valuation of Marriage Value (only where there is less than 80 years unexpired).
- C** The valuation of loss of any compensation for any other losses i.e. loss of potential for development, loss of the potential to earn income from placing insurance policies etc.



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Once a Section 13 Notice has been served, the nominee purchaser is statutorily responsible for the landlord's reasonable legal and valuation fees, in preparing the valuation for the purpose of the Counter Notice.

This however does not cover the fees relating to negotiation or attendance at a First Tier Tribunal (Valuation Tribunal) should the sums be disputed.

Once the counter-notice is served, Kirkby Diamond can act on behalf of the freeholder in negotiating the premium to be paid for the freehold.

If it is not possible to agree with the leaseholder's representative, an acceptable negotiated settlement, the recourse is to the First Tier Tribunal (Valuation Tribunal), who will settle the figure and any disputed terms of the sale.

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