



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **LON/00AS/LAM/2015/0028**

Property : **24 (24A and B) Coldharbour Lane,
Hayes, Middlesex EB3 3EW (“the
Property”)**

Applicants : **(i) Miss Simonetta Idili (flat 24A)
(ii) Mrs Angela Lewis (flat 24B)
(lessees)**

Representatives : **None**

Respondent : **Mr Shabir Padhani
(landlord)**

Representative : **None**

Type of Application : **Appointment of a Manager**

Tribunal Members : **Miss A Seifert FCI Arb
Ms S Coughlin MEICH
Mrs R Turner JP**

venue : **10 Alfred Place, London WC1E 7LR**

Date of Hearing : **17th April 2015**

DECISION

Summary of the tribunal's decision

- (1) The tribunal finds that there are grounds for the appointment of a manager under section 24 of the Landlord and Tenant Act 1987 ("the 1987 Act") and that it is just and convenient to make the order.
- (2) The tribunal appoints Mr Lawrence Freilich as manager for the Property under section 24 of the 1987 Act in the terms of the order served with this decision.
- (3) The tribunal makes an order under section 20C of the Landlord and Tenant Act 1985 (the 1985 Act") that the costs incurred by the lessor in connection with these proceedings are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the applicant lessees.
- (4) The tribunal makes no order in respect of re-imbusement of fees.

Reasons for the tribunal's decision:

The application

1. A preliminary notice was served on the respondent under section 22 of the 1987 Act dated 3rd November 2014,
2. In an application to the tribunal dated 5th December 2014 and stamped received on 17th December 2014, the appointment of a manager of the Property under section 24 of the 1987 Act was applied for.
3. The property comprises a three storey purpose built block with two flats, 24A and 24B on the first and second floors and a chemist shop on the ground floor which is owned and run by the respondent lessor, Mr Padhani. Miss Idili is the lessee of 24A and Mrs Lewis is the lessee of 24B. A copy of the lease of flat 24A dated 11th November 1988 ("the lease") was provided in the applicants' bundle. The tribunal has assumed that the lease of 24B is on similar terms.
4. It was proposed that Mr Lawrence Freilich, of Moreland Estates Management, be appointed Manager of the Property under section 24 1987 Act.
5. An oral case management hearing took place 22nd January 2015. This was attended by Miss Idili and Mr Padhani.
6. The tribunal issued directions dated 22nd January 2015. This included an order that Mrs Lewis be joined in the proceedings as second

applicant. Mrs Lewis had made a written request to be joined as an applicant dated 19th December 2014.

7. The lessees also applied for an order under section 20C of the 1985 Act, that the costs of and in connection with the proceedings should not be treated as relevant costs to be taken in account in determining the amount of the service charge.

The Hearing

8. A hearing was held on 17th April 2015 at 10 Alfred Place London WC1E 7LR.
9. The hearing was attended by Miss Simonetta Idili. She confirmed the contents of her witness statement dated 26th March 2015. She gave oral evidence and made submissions. Mrs Lewis did not attend the hearing.
10. Mr Laurence Freilich, the proposed Manager, attended the hearing and gave oral evidence. Mr Freilich is the Managing Director of Moreland Estate Management Limited, 5 Sentinel Square, Hendon, London NW4 2EL.
11. Mr Shabir Padhani attended the hearing, gave oral evidence and made submissions.
12. The tribunal did not consider that an inspection of the Property was necessary in order to determine the issues.

The Issues

13. The issues were identified by the tribunal at the directions hearing and were stated in the directions order.
 - (a) Is the preliminary notice compliant with section 22 of the 1987 Act?
 - (b) Have the applicants satisfied the tribunal of any ground(s) for making an order, as specified in section 24(2) of the 1987 Act?
 - (c) Is it just and convenient to make a management order?
 - (d) Would the proposed Manager be a suitable appointee and, if so, on what terms and for how long should the appointment be made?
 - (e) Should the order extend to the commercial part of the Property?

(f) Should the tribunal make an order under section 20C of the 1985 Act, to limit the lessor's costs that may be recoverable through the service charge and/or for the reimbursement of any fees paid by the applicant?

The lessor's covenants

14. The Fifth Schedule to the lease contains covenants on behalf of the lessor.

Paragraph 4 of the Fifth Schedule: *The Lessor will maintain and keep in good and substantial repair and condition:*

- (i) *the main structure of the Estate including the principal internal timbers and joists and the exterior walls and the foundations and the roof thereof with its main water tanks main drains gutters and rain water pipes (other than those included in this demise or in the demise of any other flat in the Estate)*
- (ii) *the interior main walls (except any part thereof which forms part of the premises comprised in individual leases of any other flats in the Estate) dividing an individual flat in the Estate from (a) any other flat or (b) from any part of the Estate not comprised in such leases*

Paragraph 6 of the Fifth Schedule. *To insure and keep insured the Estate (unless such insurance shall be vitiated by any act or default of the Lessee.....against loss or damage by fire explosion storm tempest earthquake aircraft and with such modifications and subject to such excess and such other risks (if any) as the Lessor shall deem expedient or desirable on some insurance Office of repute in the joint names of the Lessor and in such sum which in the opinion of the Lessor represents the full reinstatement value thereof including an amount to cover professional fees and other incidental expenses in connection with the rebuilding and reinstating thereof and to insure the fixtures and fittings plant and machinery of the Lessor against such risks as are usually covered by a Flat Owner's Comprehensive Policy and to insure against third party claims made against the Lessor in respect of the Estate or any part therefor being damaged or destroyed by fire or any other insured risks as soon as reasonably practicable to lay out the insurance monies in the repair rebuilding or re-instatement of the promises so damaged or destroyed subject to the Lessor at all times being able to obtain all necessary authorities in this respect.....*

The Estate is defined as: *the land now or formerly comprised in the title mentioned*

The lessor's registered title number mentioned in the lease was for the Property, 24 Coldharbour Lane, Hayes, Middlesex.

15. Schedule 6 of the lease provides for the mechanism for the calculation and charging of the service charge.

Under paragraph 1(2) "the Service Charge" was defined to mean 'one third of the Total Expenditure'.

1(3) "the Interim Charge" meant such sum as to be paid on account of the Service Charge in respect of each accounting period as the lessor or its managing agents shall specify at their discretion to be a fair and reasonable interim payment.

1(4) "the Accounting Period" meant a period commencing on the 1st day of October in each year and ending on the 30th September in the following year.

The lease provided for the payment of the Interim Charge. If the Service Charge in respect of any Accounting Period exceeded the Interim Charge paid, the balance would be payable within 28 days of the service on the lessee of the certificate required to be served under paragraph 6 of the Sixth Schedule.

Evidence, Findings and Conclusions

Issue (a). Is the preliminary notice compliance with section 22 of the 1987 Act?

16. A preliminary notice under section 22 of the 1987 Act dated 4th November 2014. Miss Idili has served an amended notice dated 2nd February 2015, a copy of which was contained in the applicants' bundle. Copies of the notices were included in the Applicants' bundle at Divider 2.
17. Mr Padhani said that the initial grievance was in respect of the insurance policy, and that he had supplied a copy of the latest insurance policy at the mediation at the tribunal on 10th March 2015.
18. He said that since the section 22 notice the external staircase has been renewed, and that that work was completed two weeks before the hearing. The slabs had been removed, waterproofing carried out and new slabs installed. He said that this work was carried out by Deline Construction. He did not produce an invoice for the work as this was at his shop. Mr Padhani said that he was not intending to charge the lessees in respect of the work to the external staircase.

The tribunal's decision in respect of issue (a)

19. The tribunal is satisfied that the preliminary notice dated 4th November 2014 / amended notice dated 2nd February 2015 is compliant with section 22 of the 1987 Act. Alternatively, taking into account all the circumstances of the case, the tribunal considers that it should make an order in the exercise of its powers under section 24(7) of the 1987 Act.
20. Under section 24(7)

In a case where an application for an order under this section was preceded by the service of a notice under section 22, the tribunal may, if it thinks fit, make such an order notwithstanding –

- a. that any period specified in the notice in pursuance of subsection (2)(d) of that section was not reasonable period, or*
- b. that the notice failed in any other respect to comply with any requirement contained in subsection (2) of that section or in any regulations applying to the notice under section 54(3).*

Issue (b). Have the applicants satisfied the tribunal of any ground(s) for making an order, as specified in section 24(2) of the 1987 Act and Issue (c). Is it just and convenient to make a management order?

21. The tribunal may appoint a manager in circumstances including the following:

Section 24(2) - where the tribunal is satisfied

(a)(i) that any relevant person either is in breach of any obligation owed by him to the tenant under his tenancy and relating to the management of the premises in question.

(ii)

(iii) that it is just and convenient to make the order in all the circumstances of the case..... or

(b) where the tribunal is satisfied that other circumstances exist which make it just and convenient for the order to be made.

A "relevant person" is a person

(a) on whom a notice has been served under section 22, or

(b) on the case of whom the requirement to service a notice under the section has been dispensed with by an order under section (3) of that section.

Breach of insurance obligations

22. In her evidence, Miss Idili said that the lessor had failed to provide access to the full building insurance policy for the past 13 years. She submitted that the lessor is in breach of section 164 of the Commonhold and Leasehold Reform Act 2002 and paragraph 8 of the Schedule to the 1985 Act in failing to provide adequate building insurance for the whole building and provide access to the full policy for the same period.
23. Miss Idili submitted that this failure has prevented her from re-mortgaging and selling flat 24A. She stated that the last attempted sale highlighted that the building insurance did not mention 24A or 24B, as the address on the policy was 24 24 Coldharbour Lane. She was concerned that the whole of the building was not fully insured and stated that the policy did not cover the list of items set out in her witness statement which were required by the buyer's lender in item 'A' at divider 3 of the applicants' bundle.
24. Miss Idili provided a copy of the last insurance provided by Mr Padhani (Divider 4 of the applicants' bundle). She also provided a copy of the other insurance document she had received from Mr Padhani in 2009. She stated that the original document had many sections removed. Both insurances were related to the chemist shop. She claimed that it took 5 months to receive a copy of the insurance from Mr Padhani during the last unsuccessful sale and cost her £816 in fees. She stated that Mr Padhani had refused to provide the full policy and amend the address to include flats 24A and 24B. She claimed that this resulted in the failure of the sale of the flat for the second time. She provided statements from Paul Daniel dated 18th December 2014 and Mark Armstrong dated 19th December 2014 of Peter Rolfe, the estate agents for the proposed sale (Divider 6, D of the applicants' bundle).
25. Miss Idili referred to a copy of a letter dated 6th January 2015 from NPA Insurance to Mr Padhani headed 'Pharmacover insurance policy 24/24A/24B Coldharbour Lane UB3 3EW' which referred to his instructions to renew the insurance with effect from 15th January 2015 and that the 'premium for the buildings sum insured was calculated at £729.50'. Previously the address of the property insured had been stated to be '24 24 Coldharbour Lane, Hayes UB3 3EW' and the premium had been 'Buildings - £336.43'. Documents were included in the applicants' bundle at Divider 4. She submitted that this supported the view that the Property had not been properly insured.
26. Mr Padhani said that he had always sent a copy of the insurance documents to the lessees who contribute towards the cost. This is insured with the National Pharmaceutical Association. He had supplied the current insurance policy at the mediation at the tribunal on 10th March 2015.

27. Miss Idili said that she was given a 'couple of booklets', but was not provided with a schedule.

Breach of the lessor's repairing obligations

28. Miss Idili also claimed that Mr Padhani had ignored her requests on the telephone and in writing to carry out repairs to the gutters. She stated that this had resulted in extensive damp damage to the interior of flat 24A. She provided an example dated 23rd September 2010 of her communications complaining to Mr Padhani (Divider 8, Z, of the applicants' bundle).
29. Miss Idili also provided photographs of the damage to the Property at Divider 9 of the applicants' bundle. The photographs were date stamped 4th February 2015. In her oral evidence at the hearing she identified the areas to which the photographs related, and gave further detailed evidence in respect of the disrepair.
30. A survey had been carried out in 2004 for the purpose of re-mortgaging flat 24A. Miss Idili said that this showed that the gutters were already in a bad state of repair at that time. She referred to Divider 11, S of the applicants' bundle. This was a HomeBuyer report carried out by countrywide Surveyors for a Miss J and Miss M Madhani. The inspection took place on 2nd November 2004. Amongst other matters the report noted under urgent repair

C3 Damp: Repair/replace the rainwater fittings and check masonry and pointing in the vicinity.

D2 Drainage: the rear side rainwater gulleys are blocked and should be cleared through.

Rainwater fittings: The plastic and cast iron rainwater fittings are defective and should be completely overhauled or replaced as found necessary. In particular, the front downpipe is leaking and significant damp was found internally. We would refer you to our advice in Section C3.

Rising and penetrating damp: We recorded high damp meter readings in the front/flank corner of the main bedroom indicating damp penetration in this area. We deduce that this is mainly due to the defective/leaking rainwater fittings in this location and possibly also a result of poor pointing/porous masonry to the walls. Appropriate repair and/or replacement are now required to prevent ongoing deterioration and possible fungal decay.

31. Miss Idili said that it had cost her £800 to have the damage temporarily repaired. She provided a copy of an email dated 24th June 2014 containing an estimate of the cost (Divider 10, N).
32. In respect of the guttering, Mr Padhani said that he has had this looked at. His window cleaner had told him that the gutters were clear. However the front stack pipe at the front of the shop, which goes into the pavement, is blocked and redundant.
33. Mr Padhani did not dispute that there is dampness at the Property. However he disputed that it was caused by the external pipework. He suggested that the cause of the dampness might be leaking radiator pipes in flat 24 or there might be leaks from the flat above. He had not requested access for an inspection of the flats. Miss Idili responded that the explanations were 'absurd' and that professional advice should be taken to establish the cause and extent of the disrepair.

Complaints relating to failure to consult lessees, provide information and annual accounts

34. Miss Idili also stated that Mr Padhani had failed to consult her and Mrs Lewis in respect to repairs especially to the staircase. She said that the staircase was refurbished in 2004 to 2005 and that it had been damaged twice by Mr Padhani in an attempt to stop damp entering his shop. She referred to photographs in the applicants' bundle, Miss Idili referred amongst other matters, to a letter at Divider 13,G of the applicants' bundle. This was a letter from Mr Padhani to Mcmillan Williams Solicitors dated 20th June 2014 in response to a questionnaire in respect of flat 24A. At paragraph 3.4 it was stated: *There is ongoing works in progress and one off payment will be demanded upon completion. The works so far have involved remedial action to stop rain water accumulating on staircase and leaking into the shop below. The cost so far has been £1300.00.* At paragraph 6: *There may be a maintenance charge for the above works if necessary and an estimated cost would be in the region of £6000.00 to £9000.00.* In a further letter dated 12th September 2014 from Mr Padhani to McMillan Williams it was stated at paragraph 3: *There are not arrears. The only outstanding payment (yet to be billed) would be the cost of repairing / maintaining the common staircases. The cost was estimated to be around £1,500.00 + VAT shared equally by three parties. The Landlord will advise the exact amount once the final bill from the contractor is ready.* Miss Idili stated that no consultation notices under section 20 of the 1985 Act have been served.
35. Miss Idili stated that the lessor had failed for the past 13 years to provide any annual accounts. He did not sign any letters in correspondence or provide receipts for payment.

36. Miss Idili stated that she had incurred costs in respect of the abortive sales of her flat and referred to Divider 17, R in the applicants' bundle. Amongst other matters she claimed that there were both problems obtaining information and that she had been charged excessive amounts for the provision of information by the lessor.
37. Mr Padhani denied failing to provide information. He had required a fee for the provision of information. He had provided some information but could not answer all the enquiries and had instructed a solicitor and posted documents to the solicitor. Miss Idili said that this was too late and the sale of her flat had not proceeded.
38. In respect of the failure to provide annual accounts, Mr Padhani said that there were none as there were no service charges. He said he had never kept service charge accounts. The only amount that he has requested in the last 15 years was about £900. Most of the time he paid for repairs himself as it affected his shop.
39. In respect of the Asbestos Management Survey and Fire Risk Assessment of the common areas at the Property, Mr Padhani said that he was not aware that such survey or assessment was required to be carried out. This had been commissioned by Miss Idili at the cost of £294 + VAT. A copy of the paid invoice is at Divider 15 of the applicants' bundle. Mr Padhani said that he was prepared to contribute a third of the cost.

The lessees' general concerns

40. Miss Idili submitted that Mr Padhani was incapable of managing the Property. She submitted that the condition was deteriorating as demonstrated in the photographs. There was no cleaning in the common parts. The damp had damaged the internal and external walls. There were blocked and broken gutters. She considered that the roof, walls and staircase also needed attention. The entrance alley and staircase leading to flats 24 A and B are littered and dirty and there is no regular maintenance or cleaning. The external windows have never been cleaned. Miss Idili was of the view that having a professional manager appointed by the tribunal would result in the Property being restored and run to an acceptable standard.
41. Miss Idili submitted that the Property had been a 'nightmare' over the last 14 years. She had been concerned with social problems in the passage behind the Property. The Council had installed a gate to the alleyway. She wanted the Property to be properly managed and properly insured.
42. Mr Padhani said that he did not want an external manager appointed for the Property. His objection to the appointment of a manager was on

the basis that as the flats 24A and 24B in the Property were sublet, there were many people living there, it was not appropriate to appoint a manager. He said he would increase the insurance cover if necessary and was prepared to engage a surveyor to look at the Property. However he made no specific objections to Mr Freilich's suitability in respect of his experience or qualifications.

43. Mr Freilich considered that in order to address the Property and carry out works it would be appropriate that the period of appointment as manager should be two years. Amongst other matters, he considered that it would be necessary to review the drainage for the Property as a whole. This has a pitched roof and it was not yet known whether there are problems with this.

The tribunal's decision in respect of issues (b) and (c)

44. Having considered the evidence as a whole as more particularly described above, the tribunal finds that the lessor is in breach his obligations under the lease as particularised above and that that grounds have been established for making the order sought.
45. Taking into account the evidence as a whole, the tribunal considers that it has been shown to the required standard that it is just and convenient in all the circumstances of this case to make a management order, and that the Manager should be appointed for the period of 2 years from the date stated in the order.

Issue (d). Is the proposed Manager suitable to be appointed manager and if so on what terms and for how long should be appointment be made?

46. The lessees proposed that Mr Freilich, Managing Director of Moreland Estate Management Limited, be appointed Manager of the Property. He provided a curriculum vitae setting out his professional experience and qualifications. This included the following information:

2002 Studied surveying (building and valuation) at Westminster University.

2002 Part time at County Estate Management (Block Management Specialists)

2005 Full time Consensus Business Group dealing with ground rent acquisitions and management of residential blocks of flats

2007 Started Moreland Estate Management Limited

47. Mr Freilich stated that Moreland Estate Management is a specialist firm of Residential Managing Agents, managing blocks and estates of residential flats and houses throughout the United Kingdom and Scotland. The firm provides a comprehensive professional service. They currently collect in excess of 10,000 ground rents and manage in excess of 7,000 units. Mr Freilich gave details of when his firm has acted as consultants and for freeholders in respect of lease extensions.
48. He said it was clear from the responses to enquiries that works to the Property were required in 2006. He was concerned that the lessor had known about the disrepair and had not taken appropriate steps. He considered that the lessor's actions pointed to the conclusion that the lessor was only doing minor works.
49. The areas of management would include items such as cleaning, gardening, general repairs, reactive maintenance, proactive maintenance, payments to suppliers, overseeing major works, serving notices, instructing surveyors, overseeing major works, providing an audit pack, chasing up unpaid demands, dealing with insurance cover and claims, any necessary consultation procedures, serving notices and service charge demands.
50. Mr Freilich gave further details of the nature of the services his firm would render if appointed. Procedures are in place for provision of emergency repairs. This included a 24 hours a day emergency repairs system. Out of hours the person on duty takes responsibility and ensures that a contractor is appointed and a report obtained.
51. In respect of charges, he suggested £275 plus VAT per unit on the basis that this Property comprised in effect 3 units (the flats and the commercial part). The basic charge included organising service charge accounts which would be audited. If external surveyors were appointed in relation to major works the company would charge 2% of the cost of the works overall or £250 plus VAT whichever was higher in respect of the administration of the contract. They regularly worked with a firm of Chartered Surveyors, True Associates, who charged £500 for preparing a report and specification and a negotiated % for supervision.
52. A property management proposal and a draft management agreement was included at Divider 19 of the applicants' bundle.
53. In respect of his professional experience, Mr Freilich said that he deals with block management 90% of his time. He is the Managing Director of his firm which is in the process of being approved by ARMA. He manages at least four blocks of similar size to the Property, comprising two to four residential flats with commercial properties underneath. There are 25 persons in his office.

54. Mr Freilich provided a copy of his firm's insurance schedule for the period 31st March 2015 to 30th March 2016 inclusive showing the limit of indemnity as £1 million for any one claim excluding costs and expenses with a £1,000 excess per claim.

The tribunal's decision in respect of issue (d)

55. The tribunal finds Mr Freilich to be a suitable appointee as Manager of the Property. The term and terms of his appointment found by the tribunal to be appropriate are set out in the tribunal's decision and order served with this decision.

Issue (e). Should the order extend to the commercial part of the Property?

56. Mr Freilich considered that it was necessary that the management order extend to the whole of the Property, including the commercial areas. He considered that the Property needed to be inspected by an independent surveyor who would prepare a schedule of works. Further, he considered that it might be difficult to insure part of the Property. In Mr Freilich's opinion the Property including the residential, commercial and common parts should be managed as a whole.

The tribunal's decision in respect of whether the order should extend to the commercial part of the Property retained by the freeholder lessor

57. The tribunal has had regard to the decision of the Upper Tribunal in *Eaglesham Properties Limited v Leaseholders of flats 2, 3, 6, 7, 8 and 12 Drysdale Dwellings* [2015] UKUT 0022(LC).
58. The tribunal considered that it would not be practical, given the past history of this property, for there not to be a comprehensive approach to the management addressing the Property as a whole, particularly as it is reasonable that a schedule of work should address all the causes of disrepair and that the appropriate remedies be implemented. The tribunal determines that the management order should extend to the whole of the Property.
59. The Manager shall be entitled to recover monies equivalent to service charges from the lessor of the part of the Property not let on a long lease.

Issue (f). Should the tribunal make an order under section 20C of the 1985 Act and /or an order for reimbursement of fees?

60. The applicants sought an order under section 20C of the 1985 Act. The tribunal has found that there are grounds for making the management order sought and that it is just and convenient to make such an order. The tribunal considers that in all the circumstances it is reasonable to

make an order under section 20C of the 1985 Act and makes such an order.

61. Neither party made submissions in respect reimbursement of fees. The tribunal does not consider it appropriate to make an order for reimbursement of fees under rule 13(2) the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 in this case.

Name: A Seifert

Date: 13th July 2015

Judge of the First-tier Tribunal



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **LON/00AS/LAM/2015/0028**

Property : **24 (including 24A and B)
Coldharbour Lane, Hayes,
Middlesex UB3 3EW**

Applicants : **(1) Miss Simonetta Idili (flat 24A)
(2) Mrs Angela Lewis (flat 24B)
(lessees)**

Representative : **None**

Respondent : **Mr Shabir Padhani (landlord)**

Representative : **None**

Type of Application : **Appointment of a Manager**

Tribunal Members : **Miss A Seifert FCI Arb
Mrs S Coughlin MEICH
Mrs R Turner JP**

Venue : **10 Alfred Place, London WC1E 7LR**

Date of Hearing : **17th April 2015**

DECISION AND ORDER

1. In accordance with section 24(1) Landlord and Tenant Act 1987 Mr Laurence Freilich (“the Manager”) is appointed as manager of the property at 24 (including flats 24A and 24B) Coldharbour Lane, Hayes UB3 3EW (“the Property”).
2. The order shall continue for a period of 2 years from 20th July 2015.
3. The Manager shall manage the Property in accordance with:
 - (a) The Directions and Schedule of Functions and Services attached to this order;
 - (b) The respective obligations of the landlord and the lessees under the leases by which the flats at the Property are demised by the Respondent and in particular with regard to repair, decoration, provision of services and insurance of the Property.
 - (c) The duties of a manager set out in the Service Charge Residential Management Code (“the Code”) or such other replacement code published by the Royal Institution of Chartered Surveyors and approved by the Secretary of State pursuant to section 87 Leasehold Reform Housing and Urban Development Act 1993.
4. The Manager shall register the order against the landlord’s registered title as a restriction under the Land Registration Act 2002, or any subsequent Act.

Name: A Seifert

Date: 13th July 2015

Judge of the First-tier Tribunal

DIRECTIONS

1. From the date of the appointment and throughout the appointment the Manager shall ensure that he has appropriate professional indemnity cover in the sum of at least £1,000,000 (one million pounds sterling) and shall provide copies of the current cover note upon a request being made by any lessee of the Property, the Respondent or the Tribunal.
2. No later than four weeks after the date of this order the parties to this application shall provide all necessary information to and arrange with the Manager an orderly transfer of responsibilities. No later than this date the Applicants and the Respondent shall transfer to the Manager all the accounts, books, records and funds (including, without limitation, any service charge reserve fund).

3. The rights and liabilities of the Respondent arising under any contracts of insurance, and/or any contract for the provision of any services to the Property shall upon [start date] become the rights and liabilities of the Manager.
4. The Manager shall account forthwith to the respondent for the payment of ground rent received by him (other than those representing his fees) in the performance of the Respondent's covenants contained in the said leases.
5. The Manager shall be entitled to remuneration (which for the avoidance of doubt shall be recoverable as part of the service charges of leases of the Property) in accordance with the Schedule of Functions and Services attached.
6. The Manager shall be entitled to apply to the Tribunal for further directions.

SCHEDULE OF FUNCTIONS AND SERVICES

Insurance

- (i) Maintain appropriate building insurance for the Property;
- (ii) Ensure that the Manager's interest is noted on the insurance policy.

Service charge

- (i) Prepare an annual service charge budget, administer the service charge and prepare and distribute appropriate service charge accounts to the lessees.
- (ii) Demand and collect ground rents, service charges, insurance premiums and other payments due from the lessees.
- (iii) Demand and collect his own service charge payable by the Respondent (as if he were a lessee), in respect of any un-leased premises (including commercial premises) in the Property which are retained by the Respondent.
- (iv) Instruct solicitors to recover unpaid rents and service charges and any other monies due.
- (v) Place, supervise and administer contracts and check demands for payment of goods, services and equipment supplied for the benefit of the Property with the service charge budget.

Accounts

- (i) Prepare and submit to the Respondent and lessees an annual statement of account detailing all monies received and expended. The accounts are to be certified by an external auditor, if required by the Manager.
- (ii) Maintain efficient records and books of account which are open for inspection. Produce for inspection, receipts or other evidence of expenditure.
- (iii) Maintain on trust an interest bearing account(s) at such bank or building society as the Manager shall from time to time decide, into which ground rent, service charge contributions and all other monies arising under the leases and / or this order, shall be paid.
- (vi) All monies collected will be accounted for in accordance with the accounts regulations as issued by the Royal Institution for Chartered Surveyors.

Maintenance

- (i) Carry out a full assessment (using the services of a Chartered Surveyor) with a view to identifying and rectifying all urgent repairs and maintenance issues at the Property.
- (ii) Deal with routine repair and maintenance issues and instruct contractors to attend and rectify problems. Deal with all building maintenance relating to the services and structure of the Property.
- (iii) The consideration of works to be carried out to the Property in the interest of good estate management and making the appropriate recommendations to the Respondent and the lessees.
- (iv) Setting up of a planned maintenance programme to allow for the periodic re-decoration and repair of the exterior and any interior common parts of the Property.

Manager's Fees

- (i) Fees for the above mentioned management services will be a basic fee of £275.00 per unit, per annum. The Property is deemed to comprise 3 units for this purpose. Those services to include the services set out in the Service Charge Residential Management Code published by the RICS.
- (ii) Major works carried out to the Property (where it is necessary to prepare a specification of works, obtain competitive tenders, service

relevant notices on lessees and supervising the works) will be subject to a charge of 2% of the cost (subject to a minimum fee of £250.00).

- (iii) For the avoidance of doubt VAT to be payable on all the fees quoted about, where appropriate, at the rate prevailing on the date of invoicing.

Name: A Seifert

Date: 13th July 2015

Judge of the First-tier Tribunal