

E&J ESTATES GROUND RENT (INSURANCE PREMIUMS) COLLECTION POLICY



Introduction

Our policy is to act as a responsible agent and to be fair and transparent.

You own a leasehold interest in your property. In this policy document we refer to you as a leaseholder.

Our client is your landlord. Your Landlord requires us to deal with all its leaseholders in a professional and responsible manner while at the same time adhering to the terms of the lease. We wish to be of assistance as much as possible although we must stress that to avoid any conflict of interest we are unable to provide you advice.

Under the terms of your lease agreement you have contracted to pay a ground rent (and possibly buildings insurance) at certain times of the year.

In turn your Landlord has instructed us to collect monies due to it under the lease.

The lease governs your interest in the property. It is an important document. You should be familiar with it. If in doubt you should consult with your own legal adviser.

What is ground rent? Ground rent is a payment made by the leaseholder to the landlord as a condition of the lease. The payment of ground rent (as with any rent) is specified by the lease and **must** be paid on the due date. Although it is the leaseholder's responsibility to pay the rent, this must be subject to prior notification from the landlord who must use a form of notice prescribed by Regulations under The Commonhold and Leasehold Reform Act 2002 ("CLRA 2002").

CLRA 2002, amongst other things, sets out the statutory processes for demanding ground rent. Section 166 of CLRA 2002 is a pertinent section prescribing that notices with specific wording need to be served. Such notices must be in the prescribed form and may be sent by post. If sent by post, they **must** be addressed to the leaseholder **at the property** unless the leaseholder has notified the landlord in writing of a different address in England and Wales at which he wishes to be given notices (sections 166(5) and 166(6) of the CLRA 2002).

We regret that unless there is proof that you have advised us in writing of a change of address, all ground rent notices will be served on leaseholders at the address of the property. This will mean that our ground rent notices have been served in accordance with the statutory requirements and any fees which may be incurred for late payment will be properly due and payable.

Our Role

Your Landlord instructs us, in relation to the collection of ground rent (and possibly other monies due under the lease), as follows:

- ✓ Maintaining systems and records.
- ✓ Preparing invoices in accordance with relevant legislation.
- ✓ Issuing invoices in accordance with relevant legislation.
- ✓ Receiving payments.
- ✓ Recording payments.
- ✓ Banking payments and settling bank charges.
- ✓ Accounting to the Landlord.
- ✓ Arranging for audits.

In addition the Landlord instructs us to chase any late payers. This is a part our overall service which we do not relish as it can cause conflict. While late payers are very much in the minority, they do cause us a great deal of extra work which would not be necessary if payments were made on time.

We are grateful to the overwhelming majority of leaseholders that do not cause us the embarrassment of having to chase for amounts overdue; and for those that do pay on time you may ignore the rest of this policy statement.

For the very small (in percentage terms) minority that, for whatever reason, do not pay on time, your Landlord has instructed us to issue a first reminder (without initially seeking reimbursement of its cost from you); a second reminder which will include recovering its costs from you, including the costs of the first reminder; and thereafter we are instructed to pass the matter to external solicitors, again recovering its costs from you.

Regrettably the time and costs in dealing with late payers is not inconsequential. There was a time when a member of our staff was able to deal with "credit control" on a part time basis. As the business has grown this is no longer possible and we have dedicated staff members dealing with late payers. If everyone paid on time we (and therefore the Landlord) would not need to incur these unnecessary costs.

Naturally any sort of additional cost is unwelcome. We receive calls from some expressing concern about the costs debited to accounts when we have to issue a second reminder or refer the case to solicitors. Such costs are avoided by all those that pay on time. Some remark that our costs for issuing one letter is excessive. Unfortunately issuing a letter is just the tip of the iceberg. The costs which the Landlord has to pay to us for our collection service; and for which it instructs us to recover from late payers include the following:

- Employment of staff
- Developing systems and processes
- Maintaining systems and processes
- Office accommodation
- Office furniture
- Office Equipment including PCs
- Software licenses
- Issuing 2 reminder letters
- Collating information and preparing documents in preparation of instructing solicitors
- Instructing solicitors
- Liaising and maintaining relationship management with those solicitors
- Maintaining records
- Stationery
- Postage
- Time in responding to enquiries and requests

Your obligations

- ✓ To pay by the due date
- ✓ To advise us **in writing** if you require notices of your ground rent to be sent to another address other than the property address.

Important Note

If we have to pass the matter to external solicitors, proceedings may be commenced leading to registration of a County Court judgment and, ultimately, to forfeiture of your lease. Forfeiture, sometimes called a right of re-entry, is your Landlord's right to put an end to your lease in certain circumstances. For this reason, it is very important that ground rent is paid on the due date otherwise your property may be at risk

Payments by instalments

Our instructions are that payments must be made strictly in accordance with the terms of the lease. We have no authority to accept payments by instalments.

If you are suffering financial hardship you should consult a regulated financial institution to arrange a loan so that your ground rent (and other) is paid in full by the due date and then you would pay back the financial institution by instalments.

PROCESSES FOR COLLECTING GROUND RENT (and other monies which may be due to the Landlord)

1. We will issue invoices in the prescribed form in a timely manner.
2. Payments are required on the due date.
3. If payment is not received we will issue a reminder (letter 1) after 7 days of the due date.
4. If payment is still not forthcoming we will issue a further reminder (letter 2) after a further 7 days from the issue of "letter 1" and debit your account with our administration charge, currently £52.00 inclusive of VAT.
5. If payment is still not forthcoming the matter will be referred to solicitors after 7 days from the issue of "letter 2". A further administration charge will be debited to your account, currently £108.00 inclusive of VAT. At this point you will incur further additional costs as applied by those solicitors. **The matter is then out of our hands and we will be unable to deal with any of your enquiries. All enquiries will be referred to the solicitors.**