

11023



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

Case Reference : **BIR/00CS/LAM/2014/0002**

Property : **Flats 1-12 Carver Court, Wake
Green Road, Tipton, West
Midlands, DY4 0AT**

First Applicants : **Mr J Salmon and Mrs M Salmon**

Second Applicant : **Mr G Moran**

Respondent : **Mr J Carver**

Representative : **Swaine Allen Solicitors**

Type of Application : **Under Section 24 of the
Landlord and Tenant Act 1987
for an order appointing a
manager and under section 20C
of the Landlord and Tenant Act
1985**

Tribunal Members : **Judge S McClure
D Satchwell FRICS**

Date and venue of hearing : **14 and 15th May 2015, Priory
Court, Birmingham**

Date of decision : **9 July 2015**

DECISION

Decision of the tribunal

- (1) Upon the Respondent agreeing to the appointment of Mr Dening as manager, the Tribunal finds that it is just and convenient for Mr Dening to be appointed manager under the provisions contained in section 24 of the Landlord and Tenant Act 1987.
- (2) The terms of Mr Dening's appointment are set out in the attached Order for the Appointment of a Manager dated 6 July 2015.

The application

1. The First Applicants, Mr and Mrs Salmon, are the leaseholders of Flat 10 Carver Court. The Second Applicant, Mr Moran, is the leaseholder of Flat 6 Carver Court. Carver Court is a block comprised of 12 flats, 4 shops and grounds.
2. The Respondent is the freeholder of Carver Court.
3. The First Applicants submitted their application for an order appointing a manager under section 24 of the Landlord and Tenant Act 1987 (the 1987 Act) to the Tribunal on 27 May 2014. On 23 February 2015 the Tribunal made an order joining Mr Moran to the application.
4. The inspection of Flat 10 and the common areas took place on 7 October 2014. Mr Salmon was present at the inspection. Representing Mr Carver at the inspection were; Mrs Canon-Leach, Solicitor, Mrs Pugh, Property Manager HLM and Mr Ward, Senior Property Manager HLM. After he had been joined as a party to the application, Mr Moran was given the opportunity for a further inspection, at which he could be present.
5. The subject property is a purpose built block of 12 flats, with four shops at ground level, constructed of brickwork under a flat roof. To the rear are garages, let under the leases to the flats.
6. The hearing took place on 14 and 15 May 2015. Mr and Mrs Salmon attended, with Mr Salmon acting as main representative for them both. Mr Moran attended and represented himself. Mr Carver did not attend. He was represented by Miss Corfield of counsel. Also in attendance for Mr Carver were his father Mr A Carver, and his solicitor Ms Thompson.
7. The Respondent had made separate applications in respect of claims for non-payment of service charges under section 27A of the Landlord and Tenant Act 1985 against the Applicants. Those applications were heard immediately prior to the hearing of the appointment of manager application. The service charge decisions are also issued today, case

reference numbers BIR/00CS/LIS/2014/0057 and 0059. Those applications were determined in favour of the Applicants.

8. The parties made oral and written submissions, which are mentioned specifically below where necessary.

The law

Landlord and Tenant Act 1985

24 Appointment of manager by [a . . . tribunal]

(1) The tribunal may, on an application for an order under this section, by order ... appoint a manager to carry out in relation to any premises to which this Part applies—

(a) such functions in connection with the management of the premises, or

(b) such functions of a receiver,

or both, as the tribunal thinks fit.

(2) the tribunal may only make an order under this section in the following circumstances, namely—

(a) where the tribunal is satisfied—

(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 or any part of them ... and

(ii) . . .

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

The hearing

9. The Applicants submitted seven heads of dispute in their application including allegations of failure by the managing agents to comply with the terms of the lease, and allegations of deficiencies on the part of the managing agent in respect of the maintenance and repair of the property.
10. The Applicants made their submissions on their first complaint and were part way through the second complaint when the proceedings were adjourned overnight. The Tribunal directed that both parties were

to exchange specified additional documents at the commencement of the second day of the hearing.

11. At the commencement of day two of the hearing, the Tribunal allowed time for the parties to consider and discuss the new documents. Miss Corfield then advised the Tribunal that the Respondent conceded some of the claims made by the Applicants, being that the reconciliation statements had not, in fact, been sent to the Applicants but were for internal use only, and that several, at least, of the service charge demands were sent to the Applicants late. Miss Corfield also stated that the Respondent conceded that he had no evidence to show that the budgets had been sent to the Applicants annually, nor did he have evidence that accounts had been sent to the Applicants. On that basis the Respondent was prepared to agree to the appointment of Mr Dening.
12. Before making an order under section 24 of the 1987 Act, the Tribunal must be satisfied that the criteria set out in section 24 are met, notwithstanding the consent of the Respondent to the appointment.
13. The Tribunal finds that the requirements of section 24(2)(a)(i) are met, in that the Respondent and/or his agents were in breach of obligations owed to the Applicants under the lease, namely failure to provide service charge demands in accordance with the terms of the lease.
14. The Tribunal finds that the requirements of section 24(2)(a)(iii) are met, in that it is just and convenient to make the order, taking into account the concessions made by the Respondent and his consent to the appointment.
15. The Tribunal then proceeded to consider the terms of the Order appointing Mr Dening as manager.
16. The Order is attached to this decision. The terms of the Order were either agreed by the parties or determined by the Tribunal at the hearing, save for the following matters:
 - (i) The request by the Applicants for a non-statutory management audit.
 - (ii) The service charge provisions at Paragraph 20 in the attached Order.
17. Following the hearing, by way of a letter dated 18 May 2015, Mr Dening requested the management order include an additional fee in respect of Construction (Design and Management) works (CDM). Upon the Tribunal considering the responses to Mr Dening's request, being correspondence from Mr and Mrs Salmon dated 1 and 18 June 2015,

and from the solicitor for Mr Carver dated 5 June 2015 (received by the Tribunal on 1 July 2015), and considering further correspondence from Mr Dening dated 18 and 24 June 2015, the Tribunal determined that the additional fee is not to be included in the management order. Should the situation arise in the future where a fee in respect of CDM works may need to be incurred, that will need to be a matter of negotiation between the parties and Mr Dening.

Non-statutory Management Audit

18. Sections 76-83 of the Leasehold Reform, Housing and Urban Development Act 1993 (the 1993 Act) provides for a management audit of all the management functions which landlords or their agents undertake at the block. Such a management audit allows the auditor to look at both the accounts and at the structure of the building. Under sections 76-83 of the 1993 Act, the tenants will have to pay the cost of the audit which must be undertaken by a qualified surveyor or accountant who is not connected with the block or the landlord.
19. The Applicants submitted that the actions of previous managing agents were such that a full review of their actions should be carried out. The Applicants submitted that the review should have the same scope as a formal statutory management audit, but the tenants should not have to pay for the audit, and Mr Dening be the appropriate person to carry out the audit.
20. The Applicants submitted that the audit was necessary to ensure that all deficiencies of the previous managing agent can be identified. The Applicants initially submitted that the auditor was then to remedy any defects so identified, but following submissions from Miss Corfield the Applicants retreated somewhat from that position and submitted instead that the information from the audit would enable the Applicants to seek to remedy any deficiencies.
21. Miss Corfield resisted the making of an order for an audit. She stated that Mr Dening would start with a clean slate, in that none of the 12 service charge accounts were now in arrears. She submitted that if Mr Dening did find some errors, it was not his role to seek to find a remedy. There were existing, and more appropriate, routes for the resolution of disputes of this nature, such as an application to the Tribunal under section 27A of the Landlord and Tenant Act 1985.
22. The Tribunal does not make an order for a non-statutory management audit. The main purpose of a section 24 appointment is for there to be a fresh start from the date of the appointment of the manager. The purpose of a section 24 appointment is not to seek to identify and/or remedy any defects of past management. Mr Dening may choose to identify deficiencies of past management if he feels that is necessary for the future management of the property, but it is not the purpose of a

section 24 appointment to require him to do so. If the Applicants wish to pursue matters relating to alleged deficiencies of previous management, they must do so by another route.

Application under S20C

23. The Respondent has confirmed that he would not seek to recover his legal costs through the service charge. The Tribunal therefore grants the section 20C Application and orders that no part of the Respondent's costs incurred in connection with the proceedings before the Tribunal are to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the Applicants.
24. In reaching their determination the Tribunal has had regard to the evidence and submissions of the parties, the relevant law and their own knowledge and experience as an expert Tribunal but not any special or secret knowledge.
25. If either party is dissatisfied with this decision they may apply for permission to appeal to the Upper Tribunal (Lands Chamber). Prior to making such an appeal, an application must be made, in writing, to this Tribunal for permission to appeal. Any such application must be made within 28 days of the issue of this decision (regulation 52 (2) of The Tribunal Procedure (First-Tier Tribunal) (Property Chamber) Rule 2013) stating the grounds upon which it is intended to rely on in the appeal.

Name: Judge S McClure

Date: 9 July 2015

IN THE MIDLAND RESIDENTIAL PROPERTY FIRST-TIER TRIBUNAL

Case No: BIR/OOCS/LAM/2014/0002

Property: Carver Court, Wake Green Road, Tipton, DY4 0AT

Applicants: Mr J and Mrs M Salmon

Section 24, Landlord and Tenant Act 1987

Order for the Appointment of a Manager. The date of this Order is 13th July 2015

Preamble

UPON the Applicants having applied for the appointment of a manger under Pt.II, Landlord and Tenant Act 1987

AND UPON the First-tier Tribunal (Property Chamber) ("the Tribunal") being satisfied that the Applicants are entitled to so apply and that the jurisdiction to appoint a Manager is exercisable in the present case

AND UPON the Tribunal being satisfied that the conditions specified in s.24, Landlord and Tenant Act 1987 are met, such that it is just and convenient to appoint a manager

IT IS ORDERED THAT

The Manager

1. Mr Peter Neville Dening, FRICS, FIRPM, MARLA, is appointed as Manager of the Property.
2. The appointment shall commence on 13th July 2015 and shall continue until 30th June 2017 (both dates inclusive).

The Property

3. Includes all those parts of the Property known as Carver Court, Wake Green Road, Tipton, DY4 0AT including the residential and the commercial parts and the common parts registered with the land registry under title number WM421249.

Functions and duties of the Manager

4. The Manager shall manage the Property in accordance with (in order of priority):
 - (a) The following provisions of this Order;
 - (b) The respective obligations of all parties – landlord and tenant (both residential and commercial) – under the leases
 - (c) The duties of the Manager as contained in the Service Charge Residential Management Code(2009)("the Code"), published by the Royal Institution of Chartered Surveyors and approved by the Secretary of State under s.87, Leasehold Reform Housing and Urban Development Act 1993;
 - (d) Should the Code be amended, replaced or otherwise be superseded during the currency of this Order, the Manager shall manage the Property in accordance with the amendments, replacements, etc.

5. The First-Tier Tribunal notes that the Manager is a partner in the surveying firm of Pennycook Collins. For the avoidance of doubt, the Manager is entitled to delegate function under this Order to other partners or employees of the firm, save that any persons delegated will not acquire any rights or functions under this Order, but will merely be permitted to assist the Manager in the discharge of his functions under this Order.
6. From the first-mentioned date in para.2, above, the Manager will ensure that he has appropriate professional indemnity cover in the sum of at least £10,000,000 and shall on receipt of a written request to this effect, provide evidence of the same to any interested party (whether leaseholder or freeholder) and to the Tribunal, within a reasonable period of time.
7. For the avoidance of doubt, from the date of this Order, no other party shall be entitled to exercise a management function in respect of the Property where the same is the responsibility of the Manager under this Order.
8. The Manager may take any legal action which is reasonably required when a leaseholder, whether of the commercial or residential parts of the property or the Respondents, is reasonably believed to be in breach of a covenant under the lease or of the Order. This includes, but is not limited to:
 - (a) legal action to recover monies due
 - (b) legal action to determine that a breach of covenant has accrued;
 - (c) legal action to prevent a further breach of covenant;
 - (d) any application to the F-TT which the Manager deems necessary in the interests of the effective management of the property.
9. The Manager is empowered to enter into (and to terminate) any contract or arrangement and/or to make any payment or take any step which is necessary, convenient or incidental to the performance of his functions. Any sums due under such contracts or arrangements shall be paid from the monies collected under the terms of this Order. Save that the Manager cannot be required to effect any contract or arrangement where the same would in his reasonable opinion, result in the service charge account going into deficit.
10. The Manager is empowered to make and agree reasonable adjustments and other reasonable compromises with any tenant under a lease (whether of the residential or commercial parts of the Property), in respect of any service charges or other sums payable under the terms of the lease.

Obligations on other parties

11. Within 28 days of the date of this order, the Respondents will provide the Manager with copies of all books, papers, memoranda, records (including computer records), minutes, correspondence, copy correspondence, e mails and other documents and records which, in the opinion of the Manager, are reasonably necessary for the proper management of the Property
12. Should any documents, or similar, be received by the respondents after the date of this order, they shall forthwith provide a copy to the Manager

13. For the avoidance of doubt, the obligation to deliver up such documents extends only to such documents as are in the power, custody or control of the respondents, or within the power custody or control of their agents, servants or employees.
14. In any event, within 28 days of the date of this Order, the respondents shall give to the Manager details of all monies held by them or their agents, servants or employees, which were received from any leaseholder (including any commercial leaseholder), in respect of the service charge. Such monies must then be paid to the Manager forthwith.
15. From the date of this Order, the Respondent and Applicants, and any other persons holding a leasehold interest at the Property (including any commercial leaseholder) shall give such reasonable assistance to the Manager as he deems necessary for the proper administration and management of the Property. No such party shall interfere or attempt to interfere with the exercise by the Manager of the functions specified in this order. For the avoidance of doubt, this shall include the Respondent co-operating with the Manager in relation to the exercise of a right of re-entry and/or the preparation and service of any notice under s.146, Law of Property Act 1925.
16. From the date of this Order, the respondents and applicants, and any other person holding a leasehold interest at the Property (including any commercial leaseholder) shall on receipt of 48 hours written notice (or forthwith in an emergency) – give the Manager reasonable access to any part of the Property which he might require in order to perform his functions under this Order.
17. From the date of this Order, the Respondent shall not, whether by themselves or an agent, servant or employee, demand any further payments of service charges, administration charges, ground rent or any other monies from any leaseholder (including any commercial leaseholder) at the Property. Such functions are transferred to the Manager forthwith.
18. The obligations contained in this Order shall bind any successors in title and the existence of and terms of this Order must be disclosed to any person seeking to acquire either a leasehold interest (whether by assignment or fresh grant) or the freehold reversion.
19. Any payments made by the Respondent or their agents in respect of insurance premium and utilities which would properly have been recoverable by the Respondent by way of the service charge which has not been demanded from the tenants of the Property shall be paid to the Respondent upon receipt of such sums by the Manager from the tenants of the Property.

Finances

20. The service charges shall be apportioned in accordance with the schedule attached hereto.
21. The Manager shall account to the Respondent for any ground rent received from any leaseholder (including a commercial leaseholder). The Manager's fee in respect of ground rent collection is 15% of the rent collected or £6.00 per individual ground rent collected, whichever is the higher, and is payable by the Freeholder or recipient of the ground rent.
22. The Manager shall be entitled to remuneration in the sum of £200.00 per unit plus VAT which is to be paid quarterly in advance on the 1st July and each quarter thereafter, in the service charge year from the commencement date of the order, pro-rata as necessary for the period 13 July 2015 - 30 September 2015 with that period to be paid by 28 July 2015, by

(a) the owner of each flat unit

(b) the leasehold owners of each commercial unit

23. Further, where the Manager is engaging in works or entering into a contract which would come within the terms of s.20, Landlord and Tenant Act 1985, he shall be entitled to charge an additional fee calculated on the net contract sum, as follows:

(a) 12% up to £20,000.00

(b) 10% £20,000.01 - £50,000.00

(c) 8% thereafter

24. The Manager may make an additional reasonable charge for any dealings with solicitors in respect of the property.

25. Where the Manager is liable to charge or pay VAT, that may be added to any sum charged in accordance with this Order.

26. The Manager is not entitled to charge an Insurance Reinstatement Valuation Fee.

28. Further details regarding the Manager's fees and the terms of his appointment are set out in the letter from Mr Dening to Mr Salmon dated 19 January 2015. Where any term of the 19 January 2015 letter contradicts a term of this Order, the terms of this Order shall prevail.

Legal and professional costs

29. The Manager is further directed that he is to be reimbursed in respect of reasonable cost, disbursements and expenses (including, for the avoidance of doubt, the fees of counsel, solicitors and expert witnesses) of and incidental to any application or proceedings, whether in the court or F-TT, to enforce the terms of the leases mentioned above.

30. Further, and for the avoidance of doubt, the aforementioned provisions apply equally to applications or proceedings commenced by the Manager or proceedings to which he is a Respondent.

Liberty to apply

31. The Manager may apply to the First-Tier Tribunal for further directions, in accordance with s.24(4), Landlord and Tenant Act 1987. Such directions may include, but are not limited to:

(a) any failure by any party to comply with an obligation imposed by this Order;

(b) for directions generally; and

(c) directions in the event that there are insufficient sums held by him to discharge his obligations under this Order and/or to pay his remuneration.

Section 20C, Landlord and Tenant Act 1985

32. The Respondent shall not be entitled to recover their costs of these proceedings from any Applicant by way of a service charge.

Name: Judge S McClure

Date: 9 July 2015

Service Charge Schedule

Carver Court

BIR/00CS/LAM/2014/0002

(1) The service charge shall be apportioned as follows:

(a) Each leaseholder of the 12 flats is to pay $1/12^{\text{th}}$ of the total expenses of the flats.

(b) Each leaseholder of the 12 flats is to pay $1/12^{\text{th}}$ of the total expenses of The Mansion.

(c) The apportionment of the service charge in respect of the 4 shops is to be agreed between the parties, or otherwise determined.

Date: 19th January 2015
Our Ref: PND
Your Ref:

Direct Line: 0121-665-4178
Email: peter.dening@pennycuick.co.uk

Mr J Salmon
137 Middleton Hall Road
Kings Norton
BIRMINGHAM
B30 1AP

pennycuick
collins CHARTERED
SURVEYORS

9 The Square, 111 Broad Street
Birmingham B15 1AS

T: 0121 665 4150
F: 0121 665 4190
www.pennycuick.co.uk

Dear Mr Salmon

Carver Court

Thank you for forwarding to me a set of the Directions Order No 3 dated 10th December 2014.

In accordance with clause 3 of the Order I am asked to confirm that I will accept an appointment as Manager should the Tribunal so direct. I confirm that subject to being appointed upon the terms set out below I would be prepared to accept the appointment.

I include below a statement of the residential management experience of the Practice and a copy of my own CV.

I am currently appointed by the Tribunal as a Manager of The Boxworks, Birmingham and 31 Clarendon Square, Leamington Spa.

Introduction

Pennycuick Collins was established in 1980 as a firm of Chartered Surveyors specialising in Residential Management and in particular, Block Management. During the time the practice has been established, the management of apartments has been the subject of increasing legislation and regulation.

Our wealth of experience has enabled us to develop the most appropriate systems and procedures tailored for this complex type of management. We have invested in modern technology to offer expertise not readily available from Practices with a mixed management base.

In support of the Residential Service Charge Team, our Building Surveying Team provides a valuable service to clients with expertise in producing long term maintenance plans, specifications and the supervision of major and minor works. They also offer advice to our clients in meeting the ever increasing requirements of health and safety legislation.

All property is managed in accordance with the Residential Code of Practice published by RICS. Pennycuick Collins has recently become a fully accredited member of the ARMA-Q scheme.

Partners: Peter N Dening FRICS FRPM MARA Charles R Gillett FRICS Alan P Herbert FRICS MARA IRRV (Hons) Richard S Moxon BSc FRICS MARA Adrian J Roddick FRICS

Associate Partners: Brian Robinson BSc MRICS MRPB - Building Surveying Stuart Tullah FNARA FNASA MARA - Auctioneer

Samuel Boot BSc (Hons) MRICS Lucy Roberts MARA Lyndsey Cannon-Leach BA (Hons) MRPM AssocRICS

Consultant: Richard G Thorne FRICS

Regulated by RICS
Pennycuick Collins is an appointed representative of
Pennycuick Collins Insurance Agents Ltd which
is authorised and regulated by the Financial Conduct Authority



The Residential Service Charge Team

The Team is led by an Associate Partner who is supported by a team of Chartered Surveyors, Property Managers and Administrative staff.

The Management Service

Management System

We have developed a comprehensive set of procedures unique to the management of apartments and the administration of service charge. We have developed a bespoke management system for the control of these procedures. All of our procedures are designed to comply with the provisions of the lease, Transfer of Part (TP1) and current legislation.

All enquiries, repairs and critical diary dates are logged into the task management system. Each event results in an individual task being created which monitors the progress from beginning to end. It is an information sharing system which allows each member of the team to instantly access the records for each development in our management. The system enables us to produce an activity report for each task or the entire development.

Site Attendance

The development will be visited and recorded on a regular basis by a Property Manager to monitor on site staff and note the condition of the common parts, grounds, leisure facilities etc. Particular attention is paid to compliance with the lease covenants and the standard of contract services being received by the Residents.

Repairs and Maintenance

Contractors

We only use independent contractors who are added to our approved contractors list once they have satisfied our vetting procedure and show that they are competent to provide the required service, have the relevant insurances and meet minimum health and safety requirements.

Minor repairs

Every reported repair is immediately logged on the task management system which records all information relating to the repair including the date of report, the priority and the timescale for completion. The administration team monitors each repair task from the initial report to completion. All repair invoices are checked prior to payment.

Major works

Major work is administered by us to ensure full compliance with Section 20 consultation procedure. Larger works are overseen by our in-house Building Surveying Team or specialist consultants in accordance with appropriate professional practice and are subject to additional charges.

Emergency Procedures

The Practice provides twenty-four hour telephone cover for every day of the year to deal with emergencies at the development. Outside of office hours a recorded message gives details of the emergency contractor. The contractor has a contact number for the duty Property Manager.

Contract Services

We will oversee the provision of services such as cleaning, window cleaning, gardening, and lift and boiler maintenance together with other services which may be required. At review stage, after consultation with you, the provision of such services will follow our tender procedure. All contracts will be subject to poor performance clauses, allowing termination in the event of continued dissatisfaction.

Health & Safety

The Practice takes Health & Safety extremely seriously and will facilitate necessary inspections, risk assessments etc including asbestos and fire safety. This is for the protection of residents, contractors and visitors to the site.

Service Charge Budget

During the last quarter of the financial year, we will, in consultation with the client, produce an estimate of expenditure for the following year. This will be based upon known costs and where possible our own realistic estimate of other costs.

Reserve Funds

We will advise upon the maintenance of a properly budgeted Reserve Fund to cover the cost of future cyclical maintenance and major works.

Collection of Service Charge

Invoices for service charge will be issued in accordance with the terms of the lease and circulated approximately one month prior to their due date. All invoices are compliant with current statutory requirements. We will issue one final reminder and instruct solicitors in recovery. Detailed records of all charges to residents and payments received are maintained on an individual basis.

Client Monies

The Practice will hold and administer the Service Charge and Reserve Funds as required under the terms of the Lease. Interest is paid on credit balances. All service charge monies are held in trust, in accordance with Section 42 of the Landlord and Tenant Act 1987 and the strict accounts regulations of the Royal Institution of Chartered Surveyors. Money held in our client's account is protected by the RICS Clients Money Protection Scheme.

Our bankers are Royal Bank of Scotland, 57 Calthorpe Road, Edgbaston, Birmingham B15 1TT.

All client monies are held in interest bearing accounts, interest being paid net or gross depending upon the tax position of the client. Because of the nature of the account required by current legislation there are a limited number of investment options and the usual interest rate is bank base rate minus 0.9% and is calculated daily on the funds held, in both the reserve and current accounts. Interest is applied monthly to each account. Currently the interest rate achieved is 0.25%.

Financial Control

We will maintain comprehensive schedules of expenditure throughout the year making regular comparison against the budget. A regular statement of expenditure will be supplied to enable us to keep the client informed of any potential overspend against budget.

We can produce accounts at any time showing a simple profit and loss account, balance sheet, bank reconciliation and expenditure analysis.

Accounts

When requested by your Accountant we will supply the financial information to produce statutory compliant year end statements of service charge expenditure for distribution to the Residents. We will demand shortfalls of service charge as necessary. Separate year end statements of account are required for ground rent and any other company income.

Insurance

The Practice will administer the Insurance Policies for Buildings, Contents of Common Parts, Employer's Liability, Public Liability, Plant & Machinery and if applicable Directors' & Officers' Liability. Investigations

will be carried out at the renewal of each Policy to ensure competitive rates are obtained. The Practice will collect the premium, progress claims and administer the Policy for which we receive a commission of 20% of the gross premium excluding IPT.

The Practice is an Appointed Representative of Pennycuik Collins Insurance Agents Limited which is regulated and authorised by the Financial Conduct Authority.

Upon instruction we will carry out a reinstatement valuation of the buildings subject to an additional charge.

Attendance at Meetings

We will attend on agreed number of meetings with the client and residents.

Enforcement of Covenants

We will have special regard to the covenants contained within the Leases to ensure compliance and where appropriate, take steps to enforce. If necessary instruct solicitors in which event additional charges may be recovered from the defaulting lessee or the service charge account.

General Enquiries

We will respond to all telephone enquires within twenty-four hours and written correspondence (including email) within five working days.

Pre-sales Enquiries

We will respond to enquiries with regard to sales of apartments and the provision of information for Home Information Packs within three working days. A charge is payable by individual enquirers for supplying this information and copy documents.

Consent for Alterations

We will co-ordinate all applications for alterations to apartments requiring the freeholder's consent. The formal documentation will, where appropriate, be inspected by our Building Surveying Team and produced for the freeholder's approval. A charge is payable by individual enquirers for this service.

Collection of Ground Rent (if necessary)

We will issue demands compliant with current statutory requirements for collection of the ground rent. This service is separate to the management of service charges and the fee is payable by the client and not recoverable as service charge. The service includes the issue of a demand and reminder and thereafter referral to solicitors. The ground rent will be accounted to the client quarterly.

Company Secretary Services

If instructed, we will carry out all the functions of the Company Secretary. We will receive and register Notices of Transfer and Mortgage and will update the members register. We will make returns to Companies House as necessary and convene the Annual General Meeting and other meetings as necessary. Peter Denning will act as Company Secretary if required.

Health & Safety

As owners of the Freehold, the company will have direct responsibility to the residents for all matters of Health & Safety in the common parts. We will meet with the Directors to explain their obligations and how we, as your managing agent, will help you comply with these for the protection of everybody.

Professional Indemnity Insurance

Professional Indemnity Insurance is held with AXA Policy No BM CPI 4038080. Cover held is in the sum of £10,000,000.00.

Proposed Remuneration

Management Fee

The management fee will be £200.00 per unit. ie $16 \times £200.00 = £3,200.00$ payable quarterly in advance.

Ground rent collection (payable by the Freeholder or recipient of the ground rent)

15% of the rent collected or £6.00 per individual ground rent collected, whichever is the higher.

Contract administration of Major Works

12% of the net contract sum payable at the stages of

- Tender Report
- Issue of instruction
- Completion of work

Long term maintenance plan

Preparation of a long term maintenance plan £1,500.00

Work carried out outside the Management Fee

Partner	£175.00 per hour
Associate Partner	£145.00 per hour
Surveyor	£120.00 per hour
Property Manager	£90.00 per hour
Assistant/Clerk	£70.00 per hour

From the information provided so far you should budget upon a fee of at least £3,000.00.

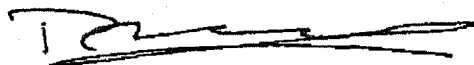
Insurance

Insurance may be arranged by Pennycuik Collins and my fee would be by way of commission within the annual premium payable. The commission rate is 20%.

Insurance Reinstatement Valuation Fee

The cost of preparation of an insurance reinstatement valuation would be £1,000.00 plus 0.025% of the assessed value.

Yours sincerely



Peter N Dening
For Pennycuik Collins