

These notes refer to the Commonhold and Leasehold Reform Act 2002 (c.15) which received Royal Assent on 1st May 2002

COMMONHOLD AND LEASEHOLD REFORM ACT 2002

EXPLANATORY NOTES

SCHEDULES

Schedule 10: Service charges: Minor and Consequential Amendments (Section 157)

Information held by superior landlord

387. *Paragraph 1* amends section 23 of the 1985 Act (which deals with information held by a superior landlord) to bring it in line with the new sections 21 and 22 that will be introduced by sections 152 and 154. Under the new section 23A, landlords are entitled to obtain information from a superior landlord, where it was needed to produce an accounting statement. Where a superior landlord held documents which were relevant to an accounting statement, tenants will also have the right to inspect them, or to have copies provided to them on payment of a reasonable fee.

Change of Landlord

388. *Paragraph 2* inserts a new section 23A, which makes provision to ensure that where a landlord disposes of his interest, he remains under an obligation to provide accounting information to his former tenants where he was in a position to do so. The new owner will also be under an obligation to provide accounting information relating to the activities of the previous owner, to the extent that he was able to do so.

Assignment

389. *Paragraph 3* amends section 24 of the 1985 Act to reflect the changes to section 22 (see section 152) and to reflect the insertion of section 23A (see preceding paragraph).

Offences

390. *Paragraph 4* amends section 25 of the 1985 Act to reflect the insertion of section 23A into the 1985 Act.

Exceptions

391. *Paragraph 5* amends sections 26 and 27 of the 1985 Act to reflect the changes to sections 21 and 22 of the 1985 Act (see sections 152 and 154).

Accountants

392. *Paragraphs 6 and 7* amend section 28 of the 1985 Act to reflect the changes to sections 21 and 22 of the 1985 Act (see sections 152 and 154). As the new accounting provisions in the 1985 Act will also apply to the Crown, section 28(6) is amended to apply to the Crown in the same way as other public bodies.

Insurance

393. *Paragraphs 8 to 13* amend the Schedule to the 1985 Act. They enable leaseholders to inspect the insurance policy for their building without first having to ask for a summary of the insurance cover. They will also be able to take copies of the insurance policy and associated documents, or have copies provided to them, on payment of a reasonable fee. Requests will have to be complied with within 21 days, rather than within one month. A new paragraph 4A is inserted to cover cases where a landlord disposes of his interest. It also makes a number of other minor and consequential amendments to the Schedule to the 1985 Act.

Service Charge Contributions: appointment of a manager

394. *Paragraph 14* amends section 24 of the 1987 Act (which sets out grounds on which a LVT may be asked to appoint a new manager for a block). It introduces a new ground for seeking the appointment of a new manager - that there has been a failure to comply with section 42 or 42A of the 1987 Act (requirements to hold service charge funds in trust and in separate client accounts). This is subject to the requirement that it be just and convenient to appoint a new manager.

Trust of service charges paid only by one tenant

395. *Paragraph 15* amends section 42 of the 1987 Act (which requires service charges to be held in trust). It extends the application of section 42 to cases where only one tenant has to pay the service charge in question.

Management Audit

396. *Paragraphs 16 to 18* make various consequential changes to the 1993 Act, to reflect the changes being made to the 1985 Act.