

PAVILION COURT LTD

Company Number 1509144
Pavilion Court
Marine Terrace
Folkestone
Kent CT20 1QB

11 August 1998

Leaseholders

Throughout this document the term Leaseholder is used to indicate all those who have leases in Pavilion Court whether or not they have purchased their share of the freehold.

For the record some 55% of leaseholders have purchased their share of the freehold and 16% have indicated that they wish to purchase. The latter group have had their freehold charge added to the service charge account but are not considered to be debtors in the sense indicated below. Collectively the debt of a small minority of leaseholders stands at nearly £100,000 – more than enough to finish the roof and install security doors.

Debtors

Another month has passed with the same old defaulters completely ignoring their service charge statements. And I make no apology for repeating words from a previous newsletter; it really is the same people all the time. Be warned the next service charge will have to include a large sum for bad debts (circa £200) – the willing will have to pay for the reticent.

It is not lawful for Pavilion Court Ltd to issue a list of debtors except with their permission which is unlikely to be granted. It is lawful to issue a list of those who have paid their service charges but again permission is required. If you have paid all your service charges please sign and return the slip below giving such permission and a list will be issued to all leaseholders. Those not on the list will be assumed to be debtors and responsible for the bad debt charge.

Roof

The roof rears its ugly head once again. In a sense we are lucky in that each roof is in fact two roofs (!) one on top of the other. Unfortunately this means that both will have to be removed before work can start on the replacement, a job that in itself will cost some £20,000. The existence of these two roofs is a cause for concern as, if the top roof were to leak it is inevitable that the bottom covering will leak in an entirely different place. Considerable damage will then result which can only be alleviated by a complete replacement. Such a replacement will be costly emergency work.

A recent inspection revealed that the south block covering is in desperate need of replacement. It is thought that the north block is in a slightly better state and hence we are to have the south roof replaced as the first stage. Why only one roof? We have accumulated some £35,000 over the last two years which is insufficient to replace even one roof, however we hope that some leaseholders will pay their dues on time in September and thus give us sufficient funds for the first stage. Estimates for the roof replacement will accompany the September statement. The directors have personally inspected the contractors and will make a recommendation which we trust you will all accept..

Legally we have to give four weeks notice of the start of the work but the circumstance are such that the roof must be replaced this summer if significant damage is to be avoided. As a consequence it may not be possible to give the statutory notice and work will commence as soon as practicable after the issue of estimates unless there are significant objections (more than 10% of the leaseholders).

It is only by the prudent management and strenuous collection of arrears that we have any roof fund, remember that the previous organisation did not pass on any money collected for the roof. Collection of arrears will continue with more leaseholders being taken to court - the directors are currently attending court several times a week - and hopefully by the time the south block is completed we will have enough money to start the north block.

Security

We desperately need better security to keep the urinating individuals out. This can only be installed when all service charges are paid. Meanwhile the roof must take priority.

Insurance

Are you insured? Most think that the insurance is automatic and to a certain extent it is, however there has been a change in the way credits are applied to your account (see item 8 below). This change has been agreed by all the directors and only affects those who fail to pay their service charges. Any leaseholder who is more than £25 in arrears henceforth will be deemed uninsured should there be a claim (note that this excludes charges for the freehold). If it were to be a large claim, for instance for rebuilding the block, then those who were in arrears at the time of the claim will have to pay their share of the claim. This could be as much as £31,575. Pavilion Court Ltd will of course insure the whole block and any claims against individual uninsured leaseholders will be used for the benefit of the leaseholders as a whole. Pay your service charges and preserve your insurance.

Ground Rent

For the record any leaseholder who has **any** outstanding balance is considered not to have paid his ground rent and hence proceedings can be initiated, without court action to prove the debt, to repossess the property

Service charge credits

Any amount credited to your service charge account will be applied in the following order: -

1. Debt collectors or court fee
2. Charges to account
3. Interest on arrears of service charges
4. Service charge arrears
5. Current half year service charges
6. Freehold purchase
7. Service charges due but not yet shown on account
8. Caretakers ground rent
9. Insurance of Pavilion Court
10. Ground rent on property

Any credit balance will be used to offset future service charges or, on request, to purchase the appropriate share of the freehold.

Please note that credits to your service charge account must be in the form of cleared funds in the account of Pavilion Court Ltd by the payment date shown on the statement.

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I authorise Pavilion Court Ltd to publish my name and flat number as a leaseholder who has no debt to the company.

Signature

Date