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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order brings into force further provisions of Part 2 (Leasehold Reform) of the Commonhold and Leasehold Reform Act 2002 (“the 2002 Act”).

The provisions of the 2002 Act mentioned in article 2 of the Order will come into force, in relation to Wales, on 31 May 2005. They include:

- (a) provisions amending section 18(1) of, and Schedule 6 to, the Leasehold Reform, Housing and Urban Development Act 1993 (“the 1993 Act”). The principal effect of the amendments is that the price to be paid for the freehold, where it is bought by qualifying tenants, will reflect the value of the interests held by all the landlords in the property concerned at the date on which notice of the claim to exercise the right to collective enfranchisement is given under section 13 of the 1993 Act (section 126). There is a relevant transitional provision in article 3(1) and a relevant saving in article 3(2);
- (b) new provisions under which, in certain circumstances, long leaseholders may insure their houses otherwise than with an insurer nominated or approved by the landlord (section 164);
- (c) new provisions requiring landlords to notify long leaseholders that rent is due (section 166);
- (d) new provisions preventing the landlord of a long leaseholder from exercising a right of re-entry or forfeiture on account of the leaseholder’s failure to pay rent, service or administration charges where the unpaid amount and the period for which any part of it has been payable do not exceed the amount and period prescribed by regulations (section 167);
- (e) new provisions preventing the landlord of a long leaseholder from serving a forfeiture notice in respect of a breach of covenant or condition in the lease unless the leaseholder admits the breach, or a court or arbitral tribunal has finally determined that the breach has occurred (sections 168 and 169). There is a saving, relevant to section 168, in article 3(3); and
- (f) changes to the conditions that must be satisfied before the landlord of a long leaseholder can exercise a right of re-entry or forfeiture for failure to pay service charges (section 170). There is a relevant saving in article 3(4).