

Proposed changes to the Property Law Act 2007 – Property Law Act notices and termination of leases

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On 15 April 2020, the Government announced proposed changes to the Property Law Act 2007 (PLA). These changes are intended to apply **retrospectively** and will need to be passed by Parliament when it resumes.

The purpose of these changes is to assist mortgagors and tenants, by providing more time for mortgagors and tenants to pay arrears before mortgagees, receivers, or landlords can take enforcement action (eg mortgagees or receivers enforcing PLA notices in relation to mortgaged land or mortgaged goods, termination of leases).

The effect would be to change the statutory timeframes in relation to:

- PLA notices issued by a mortgagee or receiver under s 119 of the PLA in relation to mortgaged land.

Currently, the mortgagee or receiver must give at least 20 working days' notice for the mortgagor to remedy the default, before the mortgagee or receiver can exercise their powers under the PLA, including:

- the mortgagee's power to enter into possession of mortgaged land
- the receiver's power to manage mortgaged land, or demand and recover income from mortgaged land
- the mortgagee's or receiver's power to sell mortgaged land.

This notice period will be changed to **40 working days**.

- PLA notices issued by a mortgagee under s 128 of the PLA in relation to mortgaged goods.

Currently, the mortgagee or receiver must give at least 10 working days for a mortgagor to remedy its default before the mortgagee or receiver can sell the mortgaged goods. This time period will be changed to **30 working days**.

- Section 245 notices issued by landlords to terminate a lease for unpaid rent.

Currently, a landlord can cancel a lease if the tenant has been in arrears for at least 10 working days and has failed to pay within 10 working days of notice by the landlord. The time periods for both arrears and the time to pay has been extended to 30 working days (although these periods can overlap).

We note that these changes apply to all mortgages, whether for commercial or residential property. These changes do not apply to residential leases, which is already subject to extended timeframes announced by the Government.

The Government's intention is that this will apply to all notices issued from '10 days' (not working days) after the Epidemic Preparedness (COVID-19) Notice 2020 was issued on 25 March 2020 (ie **4 April**). If this 10 day period is meant to be working days, then this would be 8 April 2020, but we suggest a conservative interpretation would be appropriate.

These changes are intended to be temporary. The timeframes will return to the current timeframes six months after the end of the Epidemic Preparedness (COVID-19) Notice 2020.

Further details are contained [here](#).

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