

## Frequently Asked Questions

This is a general FAQ, every estate and block of apartments is different. Please refer to your lease or transfer for further information specific to your individual development and or property.

### **What is a service charge?**

Because you live in a managed estate or apartment block, a number of services are arranged centrally by us and the costs of these are shared by the owners in the form of a service charge. When you purchased your property, you entered into a lease or transfer deed which states the proportion of the various costs that you have to pay.

### **What does my service charge cover?**

The charge normally covers the cost of such matters as general maintenance, repairs, insurance of the building and, where provided, lifts, heating, lighting and cleaning of common areas etc. The charges also includes our fee as the Managing Agent and contributions to a reserve fund. For open spaces the charges will cover landscaping and garden maintenance. Full details of what are covered are set out in your individual lease or transfer.

### **Why do I pay a service charge if I own the freehold to my property?**

Some estates have both freehold houses and blocks of leasehold flats. All homeowners will be expected to pay for the upkeep of the communal areas on the estate. The communal areas may simply be private roads; but they can also include landscaped gardens, electric gates, street lighting, refuse areas, sewage pumps and TV aerial systems.

As a Freeholder you will have a Deed of Transfer. This will contain the information detailing your contributions towards the cost of maintaining the communal areas.

### **Who sets the service charge?**

The original budget is generally set by the developer, where possible we will have been consulted but this is not always the case. We use the developers anticipated budget for the first year and then once we have a full years accounts we see if any changes are needed. Your reservation form will have detailed the anticipated service charge.

### **What is the management fee for?**

The Management Fee is one element of the service charge and it is our charge for providing the day to day management service. This covers dealing with all general day to day enquiries, resolving disputes, ensuring all common areas are adequately insured, regular inspections, instructing contractors, ensuring the works are completed, holding an Annual General Meeting, filing of company accounts and completing company secretarial duties.

Our Management Fee is based upon a set annual charge per property. It is not based on a percentage of expenditure which of course would give no incentive to keep costs down.

In general, we would increase our Management Fee each year in line with inflation.

**What if the wrong name is on my service charge?**

If you have recently purchased your home, it is possible that we have been incorrectly advised of your name. It is a requirement of the lease or transfer that we receive formal notice of sale which solicitors should deal with as part of the completion process, and we are unable to change our records until we receive this. As a first step please check with your solicitor that they have issued the Notice required by the lease or deed to us. If your name has changed or someone's name should legally be removed, we will need to be advised in writing together with a copy of the relevant legal document such as a marriage certificate, deed poll or probate certificate.

**Why is my service charge higher than my neighbours?**

No two buildings are the same and although a block may look to be similar, there will be many differences that may affect the amount of service charge. The number of apartments in a building can have an effect and different buildings have different equipment to maintain. The service charge for individual properties can be calculated in a number of ways to reflect the services that they individually benefit from or, in some cases to reflect the size of the apartment.

**My property is unoccupied, why should I pay?**

Under the terms of your lease or transfer, service charge is payable for the full duration of the ownership of your property irrespective of whether it is occupied or empty. Each property owner contributes towards the costs of the services and these contributions add up to 100%. If we did not charge you whilst the property was empty, we wouldn't recover 100% of the costs and there would be a shortfall which would have to fall unfairly upon the other owners.

**What happens when I sell my property?**

Your solicitor will make contact with us to check that your account is up to date. We give your solicitor details of the service charge account and if there are arrears we will ask that they are settled before you legally complete.

**What can I do if I cannot afford to pay my service charge?**

Please talk to us as soon as possible. We can set up flexible payment terms to help. Debt recovery action is expensive and it will only make your debt higher. The sooner we know, the sooner we can help. Ignoring your service charge demands is not the solution.

**What if I choose not to pay?**

As the leaseholder it is a requirement under the terms of your lease to pay the service charges. Any non-payment will result in a breach of the lease. As the Management Company, we are required to collect the service charges from you. Late payments can incur interest and debt recovery action will be taken.

If your apartment is subject to a mortgage, you will not only be breaching the terms of your lease but also your mortgage companies requirements. We will make your mortgage lender aware of the debt and your mortgage lender may choose to add the debt to your mortgage, this can be done with or without your consent.

**What restrictions may apply to my estate?**

On some estates, the deeds may impose certain restrictions on what a freeholder can and can't do to their home. Here are some of the most common:

**External decorations:** Some estates require paintwork to follow a certain colour scheme. This may have been a requirement of the original planning permission.

**External alterations:** You may have to seek permission from the management company before you make any alterations to the external appearance of your home. Again, such clauses are often required as part of the original planning permission.

**TV aerials and satellite dishes:** Adding an external aerial or satellite would be viewed as an external alteration, and once again you may be required to seek permission from the management company.

**Parking:** Some roads on private estates are quite narrow and aren't built to the same standard as public highways. In these cases, parking in the road is often banned under the deeds of the houses.

**Who do I complain to if I am unhappy with the service?**

You should complain to us in the first instance, we will respond to your complaint within 10 days. If you are unhappy with our response you can complain to the Management Company Directors. If the complaint is about service charges you can apply to a Tribunal to resolve the complaint. You and your neighbours can take over the management company should you wish.

**Can I see the accounts?**

The accounts are freely available. Please contact us and we will send you a copy. Electronic copies are free of charge, there is a small fee for postal copies.

**What is a sink fund?**

Included in the service charge, there are amounts set aside in the form of a Contingency Fund and/or Sinking Fund. Each year surplus funds are deposited into these reserve funds with the intention that they build up over the years so that when works are required, there is a fund available to go towards the costs, reducing any additional one off payments that may be required to make up the shortfalls.

Reserve funds go towards ensuring that the development will be looked after for its full life, thus ensuring that property values, saleability and appearance are maintained.

**How do I become a director of my management company?**

We can help you complete the necessary paperwork. Subject to the terms of your lease or transfer, as a shareholder of your management company you are entitled to become a Director. Please let us know if you wish to exercise this right.