

## **Parliament Place Management Company**

### **An Introductory Note about changes to property deeds that may be required when a house in Parliament Place is to be sold**

Dear Residents

As you may be aware the original transfer documents when the properties were built contains obligations to pay the service charge for the estate and this is protected by way of a rentcharge. All subsequent house sales require that new owners of properties on the estate agree to abide by the deed of covenant, including the requirement to pay the rentcharge.

The main changes by the Deed of Variation (attached) are contained within the Schedule of this document and relate to the Management Company's enforcement powers where the rentcharge has been unpaid.

To explain - currently, where a rentcharge has been unpaid, the rentcharge owner (i.e. the Management Company) can seek a number of remedies including a right of re-entry (i.e. taking back ownership of the property) or the creation of a lease over the property in question. As you will appreciate, this puts at risk the security of any mortgage over the property in question. As a result, mortgage lenders have become increasingly more strict and many now require Deeds of Variation to be entered to bring older rentcharge provisions in line with what they deem as now being acceptable.

So, to ensure our properties continue to be mortgageable, a Deed of Variation has been drafted that gives both the property owner and their mortgage lender 2 months' notice before any of the Management Company's rights, powers or remedies relating to the failure to pay the rentcharge are exercised. This gives both the owner and lender the opportunity to rectify the issue and ensure the rentcharge is not enforced. It is now standard for many mortgage lenders to have clauses within their standard mortgage terms which enable them to pay outstanding sums like this and add it to the outstanding mortgage balance.

The Deed of Variation will be available permanently on the PPMC website. Please note however, the Management Company cannot advise on the suitability of this for individuals, therefore property owners will need to seek their own legal advice regarding this at the appropriate time.