



Received
18-11-06

Our Ref: JW/DSJ/LMK076

16th November 2006

Mr G G Winter
Apartment 76 Landmark Place
Churchill Way
Cardiff
CF10 2HR

Dear Mr Winter

Re: Changes in Management Fees

We write to advise you of some changes in our management fees arising from the implementation of new legislation affecting all leasehold property. Like most Managing Agents, we charge our fees on a 'per unit' basis in order that our clients are aware of the quantum of our fees annually in advance. Whilst efficiencies in our operation can mitigate some of the costs of management, the burden placed upon Agents by the latest raft of legislation means that we must now review our fees to cover these costs. It has therefore proven necessary for us to implement an increase averaging £12 + VAT per annum per apartment.

Since 1985, successive Governments have introduced legislation designed to give lessees greater say in the management of their blocks and ensure greater transparency and accountability on the part of the Landlord. In particular, over the past few years, all Managing Agents have been involved in understanding and implementing the provisions of the Commonhold and Leasehold Reform Act 2002. This piece of legislation has been unusual in that its implementation has been phased over a long period of time and even now, some elements remain to be enacted.

Some of the key changes introduced as part of the 2002 Act cover the following headings:

- the setting and recovery of service charges;
- the rights of both the leaseholder and the landlord to challenge or substantiate the charges before a Leasehold Valuation Tribunal;
- the obligations placed upon the landlord to consult the leaseholders before carrying out works or entering into agreements;
- the statutory controls on demands;
- accounting for the charges.

.....continued

Mainstay Residential Limited

Whittington Hall Whittington Road Worcester WR5 2ZX

Telephone 01905 357777 Facsimile 01905 361046

www.mainstaygroup.co.uk

Registered in England No. 4052477



Printed on 100% re-cycled paper



Both Mainstay in its own right, and as a member of the Association of Residential Managing Agents (ARMA), welcomes all moves to empower those who pay for the management and maintenance of their blocks and give them greater influence over how much and on what service charges are spent. However, these new procedures involve us in greater time and cost and even the Government, in its consultation papers on these various measures acknowledged that service charge payers would inevitably have to pay additional fees to cover the extra costs incurred.

In its formal response to the consultation paper, ARMA consulted with its members and estimated that these additional costs would amount to between £25-35 per unit (flat/apartment/property).

At Mainstay, we keep our systems under continuous review in order to accommodate best practice incorporating these legislative changes as they come through whilst minimising costs. We have been successful in being able to absorb some of the costs relating to this legislation through improved efficiency. Therefore, although it is now necessary for us to implement an increase in fees, we have, for the time being, been able to keep this increase down to half that predicted by ARMA.

Please be advised that this charge is to take effect in the current financial year, with charges being raised to the service charge with immediate effect.

Yours sincerely



Robert Wiffen MRICS
Area Property Manager

Tel.: 01905 361086

Email: robertwiffen@mainstaygroup.co.uk