



Nether Edge Management Company Limited

Transfer Fee Fund Policy

Background

The Transfer Fee Fund is built up from contributions required from vendors on the sale of properties on the development. They represent a proportion of the sale price required under the terms of the leases of 0.25% for houses and 1% for apartments.

In the Fourth Schedule of the Leases, clause 4.4 states: ***All sums received by the Management Company pursuant to this clause shall be paid into and allocated as the Management Company shall reasonably determine to an appropriate reserve fund or funds set aside against future expenditure on services to be incurred by the Management Company in a manner provided for this Transfer.***

The Management Company is responsible for deciding how this Fund should be held and spent and this policy is the result of many months of deliberation to ensure that clear guidelines are in place

Objectives

- To maintain the Transfer Fee fund and all Reserve funds at appropriate levels, whilst keeping the amount current and future leaseholders have to contribute annually at an equitable level.
- To ensure expenditure from the Transfer Fee fund is beneficial to all leaseholders.

Policy

Under the terms of the policy, at each year end, the following action will be taken in respect of transfer fee income received during the preceding year:

- 55% of the income from apartment sales will be allocated equally between the Reserve funds for each of the 10 apartment blocks.
- 40% of the balance (comprising 45% of income from apartment sales and 100% of income from house sales) will be allocated equally between the Reserve funds for the Estate and the Leisure Suite.
- The balance will remain in the Transfer Fee fund so it will grow year on year.

This may vary slightly depending on the required needs of the development and is at the discretion of NEMC.



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Expenditure

Under the terms of the policy, all proposed expenditure from the Transfer Fee fund will be considered carefully by the Board bearing in mind the objectives established. In addition to its role as the ultimate rainy day fund for major expenditure not covered by Reserves, it has been agreed that the fund may be used for the following:

- Capital expenditure to achieve long-term savings in maintenance and energy costs.
- Expenditure which will enhance the development as a whole.

NEMC

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