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Consultation on Residential Leases: Fees on Transfer of Title, Change of Occupancy and Other Events

## Background Paper 4 Websites Report

**50  
YEARS**

October 2015

## **An assessment of information on service charges, exit and other fees in retirement villages as presented on the websites of eight providers.**

The different forms of specialist housing are not widely understood in the UK. Considerable research is required on the part of potential buyers to understand the nature of the provision and the costs that they will incur.

In particular, there has been concern raised about buyers who felt that they had not been properly informed about exit fees until they reached a late stage of decision making and had already taken on the cost of legal advice.

One obvious place for developers or housing managers to make such information available at an early stage may be the internet, so that would be purchasers can research the full fee structure at the outset (of course, since many elderly people are not web users, this should be combined with other modes of disclosure.)

This limited survey looks at the information on six such websites to find out what information is available, how accessible it is and how clearly it may be understood.

The companies covered were a mixture of those we had come across in visiting retirement properties and some drawn at random from a list of providers that we had not encountered in person.

The eight websites covered are:

- **Anchor Trust**
- **Audley Retirement**
- **Churchill Retirement Living / Millstream Management**
- **Hallmark Developments**
- **McCarthy & Stone**
- **Pegasus Life**
- **Peveler**
- **Retirement Villages Group**

## Summary of Observations

- The concept of retirement living is reasonably complex and there is a lot for a website to cover and the reader to understand.
- It needs to be borne in mind that older readers may have less experience, stamina or eyesight to contend with very intricate sites.
- It is quite possible to design a complex website that is attractive, easy to navigate and informative. In this survey this was best demonstrated by Retirement Villages. Churchill / Millstream and Audley were also clear about their charges.
- Other sites were harder to use because the emphasis was on being a shop window in which the seller did not want high fees to be too prominent.
- There was often considerable positive spin put on transfer charges. They were represented as providing security against unexpected costs; as maintaining the value of the property; or as causing no worry to the resident since they would automatically come out of the sale of the property.
- In many cases, the reader had to be pretty persistent in order to find all the charges, and alert to a tendency to distract from them.
- Transfer charges come under a number of different names which may or may not imply a specific purpose. This is confusing. In this survey these included Deferred Management Charge, Contingency Charge, Assignment Fee, Sinking Fund Fee, Transfer Fee and Exit Fee.
- Transfer charges were payable for different reasons. Some were for contingency or sinking funds ring fenced for the maintenance of a particular development. In some cases it could not be determined from the website if or how their use was constrained. In the case of older properties developed by McCarthy & Stone, it appeared that the rights to the transfer fees may have been sold on to investment companies so that McCarthy & Stone did not stand to benefit from them.
- There was a very wide range of transfer charges, ranging from 1% to 15%, sometimes dependent on the length of time the seller had been in residence.
- It was disappointing that two websites - Pegasus and Hallmark - gave such limited information that it was impossible to tell whether there were any transfer charges or not.
- Peveler, which was included because it is a management company which collects exit fees on behalf of the freeholder and because it would appear to prospective residents as the "public face" of the development, had a particularly challenging website.

## Anchor Retirement Villages

Retirement villages are just one aspect of Anchor's activity in the retirement sector, which include care homes and retirement properties for rent and sale in sheltered housing blocks as well as retirement villages. All their activities are addressed through their company website <http://www.anchor.org.uk>.

Under the tab **Why Anchor?**, the first thing that the company wanted to stress is that is a not for profit organisation, The next tab is **Help and Guides**. Under the subject **Choosing a Retirement Village**, there is a section headed **Budgeting and Retirement Village Purchasing Options**. This offers general advice on retirement villages. On Assignment Fees, it says:

### *Assignment fees*

*Many villages charge for assignment fees – this is when a property is re-sold and the provider charges a percentage of what you sell it for (on average in the UK around 10%). This money often helps recover the cost of building the shared facilities, for example a swimming pool. It may also cover the fees for marketing the property when you come to sell, or be used to cover long-term maintenance – thus reducing the service charge that residents pay each month. It is important to find out exactly what the assignment fees are to be used for and that you get something definitive in return. At Anchor, first and foremost we are a not-for-profit organisation, which means every penny we make is reinvested into our retirement properties, ensuring the best facilities and expert care are on hand.*

Although it specifies an average, it does not mention the percentage used for the fees which it charges in its own developments.

Under a separate heading of the same Help and Guides tab is a Frequently Asked Questions (FAQs) section. Within this is a tab for retirement villages and here is the only reference found to the fee charged on sale of an apartment. Question 24 of 36 is:

***Q: Is there an assignment fee at Bishopstoke Park or Hampshire Lakes?***

*A: No. You can find out more about our range of initiatives in place to help you to move to our retirement villages by visiting our Bishopstoke Park and Hampshire Lakes websites.*

Question 25 is:

***Q. Is there a sinking fund at Bishopstoke Park or Hampshire Lakes?***

*A: It is important to build up a sinking fund for the long term maintenance of Anchor's retirement villages. Rather than include a contribution to the sinking fund within the service charge, we prefer to defer the sinking fund until residents sell their properties. Upon resale of the property a 4% fee is paid into the sinking fund. This can only be used for maintenance.*

Presumably a distinction is drawn in this way in order to highlight the difference between a deferred charge for long term maintenance and non-dedicated payment to the developer. It may, however, be somewhat misleading to the reader who has come across the term “assignment fees” earlier in the website and now believes no transfer charge is payable. A “sinking fund” may not sound as if it is in the same category as a specific fee.

The information applies to two new Anchor villages, opening in 2015. The website does not specify the arrangements for the older Denham Garden Village. On the pages covering this development, there is a tab **Pricing**, which gives the following information, but does not mention a sinking fund:

***Pricing information***

*Anchor endeavour to be completely transparent about all our charges and fees.*

*Below is indicative pricing to act as a guide to the costs at Denham Garden Village, Uxbridge. For further information please contact us.*

***How much does it cost?***

*Retirement properties for sale*

*Service charges start at £223.65 per month*

*Retirement properties for rent*

*Call us for current information on fees*

***What is included in leasehold charges?***

*The services provided by our estate managers include: liaising with residents and prospective residents; making sure the estate is safe, secure and welcoming; maintaining the building and managing the estate. The costs for these services, carried out by our professional staff, are included in the monthly service charge.*

*All this has the added advantage of protecting property values for all residents.*

*The estate manager is available to discuss financial issues related to the running of the estate. The audited accounts will be sent to you by post every year. Actual expenditure is monitored against the annual budget throughout the year and service charges are reviewed annually.*

*Service charges are put together in accordance with the terms of your lease. They cover the costs associated with the upkeep of the estate, including insurance of the building and maintenance of communal areas.*

**Summary**

- The 4% sinking fund charge made on resale of the property is represented on the website but is hard to find.
- The assertion that Anchor does not charge an Assignment Fee distracts from the charge made for a contribution to the sinking fund on resale of the property.

- It is unclear from the website whether or not this charge applies at Denham Garden Village.

## Audley Retirement

Audley is typically the developer, service provider and resale agent of its retirement apartments. There is not, therefore, an intermediary service company collecting fees on its behalf.

Audley has an informative and comprehensive website that covers all the types of accommodation and care that they provide. It is quite a complex site and though it is well laid out, it is still easy to lose track of something you thought you had read.

The second tab on the main page is **How it Works** and this contains the key financial information under the headings discussed below.

Within the primary tag, **How It Works**, financial arrangements are discussed under three subordinate tabs: **Cost of Living Calculator, Reselling and Fees**. There is also the opportunity to download a **Worked Example** of how the Deferred Management Charge (DMC) works out.

### Cost of Living Calculator

This is easy to use, adding up standard outgoings and comparing them with the cost of living at Audley. It might be confusing that this list includes some items that are included in the management charge and others that are not, though these are clearly identified. The Calculator is adjustable for each of the Audley villages and covers the main overheads clearly.

This is a running costs Calculator and does not cover the Deferred Management Charge.

### Reselling

Residents are encouraged to sell through Audley because they have a sales team experienced in selling the concept of their product and also have a database of people who have expressed interest in it. The total cost of this service is 3%. There are several references to reselling on the website and the fees for different levels of service are confusing.

*Of course, you are welcome to instruct a local estate agent to sell your home. And, at any point during the sale process, should you wish to switch from us to an agent, you are entirely free to do so. However, please note, you will still be required to pay our sales administration fee of 2%. This is because our staff will still be involved in introducing prospective buyers to the village, explaining the Audley retirement living concept and making any necessary care arrangements.*

The Sales Administration Fee is quoted at 1% in FAQs, however. The reason may be that the minimum fee payable differs between different Audley developments, but the result is definitely confusing to the reader.

### Fees

There is a clear explanation of what the **monthly management charge** covers and does not cover. There is also a statement that the management fee will rise no more than once a year and this will be in line with the higher of the RPI or the Annual Earnings Index.

The **Deferred Management Charge** is spelt out in the penultimate paragraph and is packaged to reassure. Under the sub head, **Your Guarantee Against Future Financial Shocks**, comes this paragraph.

*Your monthly management fee covers all the regular on going costs of running and maintaining your Audley retirement village and your asset. But what if, at some point in the future, expensive structural repairs or improvements become necessary? For instance, resurfacing roadways and pathways or reroofing properties.*

*To relieve you of these concerns, we need to collect additional funds to supplement the monthly charge. We do this by collection of a deferred management charge which ensures we have sufficient funds to cover the costs of any major works required.*

*But this will cost you nothing whilst you are living in an Audley retirement village. It's only payable if and when you come to sell or let your home. You pay the deferred management charge by contributing a small percentage of the sale price or value of your home upon selling or letting, so when you move in you will know that we will never come knocking at your door asking for money to pay these unexpected costs. The deferred management charge is 1% per year of occupation, capped at 15%.*

### **Worked Example of the Deferred Management Charge**

*Over the 125 year term of the lease expert lifecycle analysts have predicted that a third of the village will require replacement. A Deferred Management Charge is built up from contributions made from the sale of each property to pay for these repairs. This method ensures that everyone who lives in an Audley village can do so knowing there will always be sufficient funds to carry out any works, maintain the continued high standard of the village and ensure that each property has the ability to increase its value within the housing market.*

<i>Resurfacing of roadway</i>	<i>£350,000</i>
<i>Reroofing of all properties</i>	<i>£2,200,000</i>
<i>Rewiring of club facilities</i>	<i>£400,000</i>
<i>Renewing of service supply</i>	<i>£1,350,000</i>
<i>Renewing of swimming pool</i>	<i>£225,000</i>
<i>Renewing of commercial kitchen</i>	<i>£125,000</i>

It also showed a table of charges up to year 8 on an apartment which in year 1 was valued at £250,000 and in year 8 at £351,000. This table is misleading in a number of ways:

The apartment is well under half the price of the cheapest now on offer.

The table only shows 8 of the 15 possible years and there is no note on this page to say that this is the case.

With the numbers shown, the casual eye spots the final DMC shown as something just over 10% (11.25%) of the original cost of the house. When extended to the 15th year, the charge is just short of 30% (29.7%).



The illustration assumes a steady annual increase of 5% per annum. There is no disclaimer to this. The property may in fact fall in value.

With reference to its resale value, the phrase, “ensure that each property has the ability to increase its value within the housing market” may be cause for some concern. Property values can also fall, even when the property is maintained to a high standard.

## FAQs

A question about selling your property appears to receive a slightly different answer from that expressed under the Reselling Tab. The phrasing of the question sidesteps the the option to use a local estate agent, although this is spelt out clearly elsewhere:

***Q. Can you help me to sell my home if I want to in the future?***

*A. When you come to sell your home, we will provide comprehensive sales support for a fee equivalent to 1% of the eventual sale price. This fee, which is known as the Sales Administration Fee, covers the cost of ensuring that the proposed buyer meets the qualifying person criteria set out in your lease. It also covers the cost of providing an extensive range of services in relation to the sales process, from advertising the development in the local media and maintaining a database of potential buyers, to conducting viewings and dealing with pre-sales enquiries and formally consenting.*

*In addition you have the option of appointing us to actively market your property for sale. Whether you instruct us to do so is entirely at your discretion. If you do instruct us to do this, we will charge an additional Sales Agency Fee of 2% of the sale price achieved.*

FAQ's also cover the Deferred Management Charge in the same terms as in Fees (above).

## Summary

- Audley has a clear and informative website.
- The charges made on reselling are clearly laid out, although there is some confusion within the website on the exact charges made for reselling through and agent rather than through Audley.
- The considerable Deferred Management Charge is clearly represented in the section How it Works - Fees and also in FAQs. It is also very positively spun.
- The worked example of the DMC (available as a pdf through a link on the Fees page) is confusing in its incompleteness and because of the low property value used.

## Churchill Retirement Living / Millstream Management Services

Millstream is Churchill's own services company. As the potential buyer might look for information on transfer charges under either of these companies, they have been considered together. Although the information about the Contingency Fee is to be found on both websites, it is not clear to whom it is actually payable.

**Millstream's website** is well laid out and concentrates on the business end of their services rather more than too much luxury living.

There is a clear statement of what **services** Millstream provide.

There is an undertaking to use **plain English**, to which the website adheres.

A tab on the **Right to Manage** (RTM) appears on the first page of the website and sets out the basics clearly and succinctly. There is also the offer to assist in helping residents set up a RTM company if they wish to do so.

The financial arrangements are dealt with under the tab **Our Services**. It is confusing that the 1% Contingency Fee, levied from the sale of an apartment, is only mentioned under FAQs.

From the Our Services tab, we read:

*Our Residents' funds are kept in protected trust-status accounts and management accounts are maintained within our company so that up-to-date financial information is always available.*

*Prior to the start of each financial year, we estimate the service charge expenditure for the forthcoming year, produce a budget and always consult our Residents. We invoice and collect individual service charge shares of the budget, certify and settle all invoices properly rendered in connection with the property and maintain and make available up-to-date management accounts.*

*We actively manage redecoration and contingency funds to ensure they are funded to acceptable levels. Millstream continuously explore suitable investment opportunities for these funds so they earn acceptable rates of interest.*

From this paragraph it would be easy to think that the Contingency Fund was taken out of the Service Charge, rather than being a 1% levy on the sale of the apartment. This only becomes apparent in FAQs:

***What are the costs involved if I was to sell my apartment?***

*1% contribution of the selling price is required for the contingency fund alongside the other costs associated with selling a property such as solicitor fees and estate agent fees.*

It is clear that Millstream is responsible for managing the Contingency Fund and investing it, but it is not absolutely clear to whom the fee is payable - Millstream or its parent company, Churchill.

It is also not clear from the website whether the trust-status applies to a particular development, a geographical area or company wide or whether money in the contingency fund is ring fenced at all.

In addition to the charge payable on selling (above), **FAQs** ask and answer the key financial questions, setting out the most relevant at the top of the list . The answers are clear, short and straightforward:

***What is the difference between service charge and management charge?***

*The Service Charge is what each Owner pays per annum to enable all the communal costs of the development to be met. This will include the Lodge Manager's salary, window cleaning, gardening, electricity for communal areas etc. An explanation of each element of the Service Charge is available.*

*The Management Charge is an element of the Service Charge and relates to the services delivered by MMS.*

***Who pays the service charge on unsold apartments?***

*Service charges are collected on completion and payments will continue until the apartment is sold.*

**Churchill's website** is similarly straightforward. There is clear generalised advice on Service Charge, Contingency charge and Ground Rent, two clicks away from their home page (Retirement Living Explained > How much does it cost?) This is pretty transparent.

If you search for the actual development as your first port of call, however, there is no information about any charges.

## **Summary**

- Overall, Millstream has a clear and informative website which inspires confidence. It is simple and informative and written in plain English.
- While this is admirable, it could lead the reader into some complacency that they understood all the wrinkles that might show up in the lease. In particular, the Contingency Fee (transfer charge) of 1% and a reference to ground rent appeared only in the FAQs. It would be more likely to be read and understood if it was presented as part of the financial arrangements.
- Churchill's general website was clear on charges made, but if you searched through the particular development you were interested in, you would not find this information.

## Hallmark Developments

Our point of access to Hallmark's web presence was through the proposed property in the Priory Hall development in Halstead.

**<http://www.prioryhall.co.uk/index.html>**

This site is in the nature of an on line brochure with tabs on the area, the development's amenities, a gallery of photographs, detailed specification notes and site layout.

It is possible to download the latest brochure from the site, but this does not include information on fees.

Under **Availability and Price** there is a link to a PDF on **Service Charges**.

**[http://www.hallmarkdevelopments.co.uk/pdf/pdf\\_halstead.pdf](http://www.hallmarkdevelopments.co.uk/pdf/pdf_halstead.pdf)**

This explains what the service charge covers and also what the buyer will have to fund separately, giving the ground rents for one and two bedroom properties. However there is no indication of what the present service charge is, nor is there any information as to how its progression is managed year on year.

### **[1. http://www.hallmarkdevelopments.co.uk](http://www.hallmarkdevelopments.co.uk)**

To find out more about the developer and the business model it uses (with a view to understanding exit charges), I looked at the company website. However, this only briefly covers the company's areas of operation - retirement, domestic, retail and commercial. There is no indication of its fee structures.

### **[2. http://www.hallmarkdevelopments.co.uk/retirement-developments](http://www.hallmarkdevelopments.co.uk/retirement-developments)**

Under **retirement developments** we learn that Hallmark has built four other developments in Essex, but there is no detailed information about how they run.

The **News** tab has not been updated since 2012, leading one to believe that the company does not see its web presence as core form of communication with would be purchasers.

There is no mention of transfer charges on any of the sites we looked at.

## Summary

- There is no information about transfer charges on line. In fact a 1% fee is charged at the Priory Hall development.

## McCarthy & Stone

The McCarthy & Stone website provided quite a lot of information through their FAQs, some of which are quoted below.

The presentation of McCarthy & Stone's policy on fees is quite confusing to tease out. Buyers need the lease to hand to know what they are liable for.

The fact that some charges (the management or service charge) are levied by one company and the transfer or contingency fees by another may be confusing to the would be buyer.

It seems that the position may have changed since 2008 but that older properties still attract transfer fees because McCarthy & Stone has sold this income stream on to investment companies.

The fact that some charges (the management or service charge) may be levied by Peverel (for many years their associated service manager) and the transfer or contingency fees by McCarthy & Stone is not obvious to would be buyers. If they do look on line at all, they might well not check both sites.

**Extracts from McCarthy & Stone FAQs<sup>1</sup>** (my emphases throughout). See notes below.

*Q: Is McCarthy & Stone the freeholder and/or landlord of its developments?*

*A: McCarthy & Stone Retirement Lifestyles is the landlord in all new developments from September 2008. On new developments where the freehold has been sold, it is a condition of the sale that McCarthy & Stone Retirement Lifestyles **remains as the head landlord to ensure continuity for its homeowners and to ensure that they do not have to deal with any third party.***

*Q: Do you sell the ground rents, why are they sold and who are they sold to?*

*A: freehold reversionary interests (ground rents) are sold but only on terms where McCarthy & Stone retains a headleasehold interest thus remaining as immediate landlord with an ongoing responsibility and accountability for management of the developments concerned and a continuing direct relationship with the homeowners.*

*The sales are made to trusted and reputable investment companies. The proceeds of such sales help to secure a robust capital structure for McCarthy & Stone.*

*Q: Do you charge a transfer or exit fee on the subsequent sale of an apartment in one of your **new** developments?*

*A: **No.** A transfer fee, which is also known as an exit fee, was a cost paid directly to the freeholder of a development when an apartment was sold or*

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<sup>1</sup> <http://www.mccarthyandstone.co.uk/faq/>

*rented out. Such a payment was for the benefit of the freeholder. On 1st September 2008, McCarthy & Stone abolished this fee on all leases in all **new** McCarthy & Stone developments built after that date. In addition, we do not collect any transfer fee on or after 1 September 2008 **where we are the landlord** even if the lease provided for its payment before purchase.*

*On developments constructed by us before September 2008 and where third parties own the freehold, we are unable to control whether a transfer fee will be levied on the sale of apartments in those developments. If a transfer fee remains applicable in these older properties, the terms in the lease are transparent and have been disclosed to the owner of the apartment.*

*McCarthy & Stone supports the removal of transfer fees from all retirement developments and we have led the way for this to become an industry standard.*

**Q:** *Do you charge contingency fees on your developments and how are they different to transfer fees?*

*A: It is important that customers do not face any unexpected financial burdens in their new home resulting from, for example, the need to undertake any major refurbishment or structural repairs on the development. **In order to provide confidence that there is enough money available** to meet this work, the service charge includes a small charge to help cover unexpected costs such as these. This is called the Contingency Fund, and is similar to a 'sinking fund'. **It is a specific fund kept in the development's own bank account. It is held in trust and its use is restricted to the maintenance of that development and cannot be accessed by McCarthy & Stone.** It is there for the benefit of all homeowners.*

*In order to keep this weekly cost – and hence the service charge – to a minimum, **the development's specific Contingency Fund is 'topped up' by a one-off charge of 1% of the resale price upon the sale or rent of the apartment.** McCarthy & Stone may waive the payment of the charge if the tenancy agreement for the rental is, for example, for six months or less and substitute a month's market rent instead. The rental requirement may also be less in certain developments. Full details of the Contingency Fund are outlined in the lease and further information can be provided by our Sales Consultant or House Manager if you have any queries during the sales process.*

*These fees are communicated to potential Customers before completing a purchase in the leases and sales literature. McCarthy & Stone is committed to a fully transparent communications process with all of its customers.*

**Q:** *Are there any fees that are payable on selling?*

**A:** *A contingency fee of 1% of the sale price or open market value (whichever is higher) is payable on resale and, in some cases, when the apartment is underlet.*

***The contingency fees are held in a fund on trust for the residents and so do not go to the landlord or the management company.***

***A transfer fee (sometimes referred to as an exit fee) is payable to the landlord on sale or under letting but this only applied to leases set up prior to September 2008 and is not applicable in any development where McCarthy & Stone is the landlord.<sup>4</sup>***

It seems that M&S may have managed to distance itself from transfer fees by selling on the right to the fees and capitalising the future stream of income.

The information in the third question and answer paragraphs is all correct, but it could cause confusion. If you buy a McCarthy & Stone apartment built before 2008, you may still have to pay a Transfer Fee. It is no longer McCarthy & Stone that charges it, so they can say that they do not charge one, but you still have to pay it. This is made clearer in a later question but you may think you already know that there is no Transfer Fee.

### **Summary**

- There is quite a lot of information on the developer's website, but it is all provided through the FAQs.
- Once you are in the FAQs, you have to seek it out among questions covering pets, own washing machines etc. Questions relating to transfer charges are numbers 36, 37 and 57 among 71 general questions.
- It is quite difficult to work out what charges will apply to the property you are looking at.
- There is a strong spin to suggest that McCarthy and Stone do not charge transfer fees, disapprove of them and would like to see them removed from all retirement properties.
- Once you have found them, the answers do refer to differences of charging according to the date of the build. However, the emphasis on the more attractive terms of new builds and nowhere is there specific mention of the percentage charge of transfer fees that can attach to apartments built before 2008.

**Pegasus**

The Pegasus website is not very informative. The company has only been in existence since 2012 and was set up by Oaktree Capital Management. It has three sites at which completed properties are available now and 27 either at the pre-planning or under construction stage. In other words, it is a new to the business and expanding very fast.

Within a workforce of 64, the sales team numbers 12, each focusing on a particular development. There is a comprehensive list of personnel with contact details for each.

Information on line about particular new developments is very slight. There is no reference to the charging structure at all.



## **Peveler Retirement**

### **(changing name to First Port)**

Peveler Retirement is at the start of a rebranding operation but for the present, their website remains under its former name.

Peveler offers management services for retirement developments among a number of other related services. As it has been in existence some time, its business model and charges have evolved and older leases are likely to have higher exit charges than new build properties.

For many years, Peveler had a close relationship with McCarthy & Stone, managing their retirement developments but this has loosened in recent years. Peveler is responsible for collecting the transfer charges (where applicable) for the freeholder. This may no longer be McCarthy & Stone (the original freeholder) as that company raised capital by selling many of its freeholds on to investment companies in the mid 2000s, although it usually remains as a sub landlord. Older properties therefore tend to require a transfer fee while leases created post 2008 impose, at minimum, a 1% Contingency Fee which goes into a sinking fund for the long term maintenance of the property.

This is quite a complicated background and it is not spelt out clearly on the website, which focuses on more recent developments. It is a general site for all their properties, which include independent and assisted living. Words like “typically” and “usually” are often used in a way which tends to emphasise the benefits and understate the costs, particularly those of older properties.

Under the **Costs** tab, specific charges are eventually stated (links are provided as an addendum to this report), but are arrived at through multiple clicks. It is worth considering that older people may not be efficient at this style of research, due to weaker eyesight or lack of experience with computers.

For example, to find notice of the Transfer Fee and the Deferred Reserve the path is as follows:

From the main page, click 1 > **Looking to Buy**

click 2 > **Independent Living**

click 3 > **Costs**

click 4 > **Service Charge**      or      **Other Costs**

click 5 > the **Service Charge explained**

click 6 > **breakdown of the Independent Living Management Fee**

clicks 7 and 8 to go back two pages to **Other Costs**

click 9 > other fees and charges

click 10 > why are there charges for additional services?

click 11 > charges relating to the sale of a property

click 12 > England and Wales

click 13 > **list of charges related to sale**

The note covering **Transfer Fees** and **Deferred Reserve** come at the end of this long list of possible charges connected with organising a sale. Whereas the earlier costs are small and specific, these are generalised and inconclusive:

*Some title documents require payment of a fee (typically 1%) to your landlord on sale or letting of your property, which we are required to collect on their behalf.  
NB. Your title document will clearly set out if this applies and what the fee is.  
Please note that Peverel does not set these charges or benefit from them in any way.*

*Some leases may also require a percentage of the sale price (typically 1%) to be paid into the reserve / contingency fund for the development as a whole.  
NB. Where this applies, the percentage will be set out in your title document and is a percentage of the sale price.*

You then have to go back a page to the list of charges relating to different events and click twice more for each of :

*charges relating to*    ***the purchase of a property***  
                                   ***the mortgaging or releasing equity from a property***  
                                   ***letting a property***  
                                   ***consents and making alterations to a property***  
                                   ***company secretarial services and credit control***  
                                   ***other fees***

ie, a further 17 clicks to read them all.

Similar undisclosed charges “may” apply on letting a property. Links to these charges are printed out as an addendum below.

The Management Charge for each house is not available on line, except through contacting Peverel by email.

In general, the website asks and answers a comprehensive range of questions, but it requires considerable persistence to navigate it and answers are not always clear. It mixes up very exact charges for specific services with woolly generalisations about Transfer Fees and the Deferred Reserve which “may apply” depending on the terms of the lease.

## **Summary**

- Peverel’s website would benefit greatly from a summary of its historical situation, making it clear that, while each development will have its own lease that must be checked, older leases are likely to carry higher exit charges than those created after 2008.
- Without this, it is easy to think that you have understood the likely charges when, in fact, the figures mentioned apply to newer builds.
- It needs to be much easier to get to the detail of specific charges for a given development. Pathways need to be much shorter.

- It would be helpful if compulsory charges, such as the Transfer Fees, were dealt with much higher up the navigation chain.

## ADDENDUM 1

### CHARGES OUTLINED ON PEVEREL'S WEBSITE

#### **Charges relating to**

##### **sale of a property**

<http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20saleofproperty.pdf>

##### **purchase or transfer of a property**

[http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20purchaseofproperty%20\(2\).pdf](http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20purchaseofproperty%20(2).pdf)

##### **the mortgaging or releasing equity from a property**

<http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20mortgaging.pdf>

##### **letting a property**

<http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20lettingyourproperty.pdf>

##### **consents and making alterations to a property**

<http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20alterations%20consents.pdf>

##### **company secretarial services and credit control other fees**

<http://www.peverelretirement.co.uk/uploads/assets/Peeverel%20Retirement%20Fees%20June%202014%20-%20CoSeccreditcontrol.pdf>

##### **other fees and charges**

[http://www.peverelretirement.co.uk/faq/other\\_fees\\_and\\_charges](http://www.peverelretirement.co.uk/faq/other_fees_and_charges)

## Retirement Villages

<http://www.retirementvillages.co.uk/>

<http://www.retirementvillages.co.uk/about-us/corporate-information>

Retirement Villages is one of the older providers of “lifestyle” retirement provision and has been in operation since 1981. It was sold in 2005, when the founding owners retired, to Romac Investments Limited.

The company has an older age bar than many of its competitors, targeting entrants of 65 and above. It also offers a range of care solutions in older age, although not all of these are available at all locations.

It’s charging structure is one of the more demanding, charging up to 12.5% as an **Assignment Fee** on selling in addition to the normal **service charge** for day to day maintenance of the village. It would appear that the older properties, built by the original owners, charge a 10% assignment fee and those built since charge 12.5%.

The website is admirably clear about the charging structure, through easy links to specific villages and properties. As the assignment fee and service charge vary, each is addressed with a Q&A for each particular village. The link gives the local assignment charge and current service charge. It also gives details of ground rent.

If you search the company’s website for individual properties available, each property’s details includes detailed information on Service Charge and Assignment Charge as well as details of lease remaining, ground rent and council tax band.

The Assignment Fee is also covered in a general way under the Q&A of the company’s home page. The first five questions relate to it:

***Q: What is the Assignment Fee***

***A.*** A fee, called an assignment fee, is payable every time a property is re-sold. All properties sold by Retirement Villages are sold on a long leasehold basis and when the property is re- sold the lease on that property has to be “assigned” in the legal language, to the new owner, hence the expression “assignment fee”.

*The assignment fee forms part of the original agreement when you purchase the property and is not charged in respect of any service(s) to be provided.*

***Q. How much is the Assignment Fee?***

***A.*** The fee varies from village to village and may also vary depending on how long you have lived in your property. The fee can be up to 12.5% of the sales price of a property and Retirement Villages will provide you with worked examples of how this is calculated. Please be sure that you have been given and understand, the exact details for the particular property you may be interested in purchasing.

***Q. How do I pay the assignment fee?***

**A.** *The assignment fee is calculated as a percentage of the price when you sell your property. Since the assignment fee is expressed as a percentage and the selling price of properties will fluctuate over time it is not possible to know what the precise payment will be until a contract to sell is exchanged. If you wish to provide certainty and not wait until you sell before paying the fee Retirement Villages will, as an option, agree to receive the fee when you purchase, calculated as a percentage of the purchase price.*

**Q.** *Should I be legally advised?*

**A.** *The assignment fee can be a substantial payment and it is therefore clearly important to understand how the assignment fee is calculated and when it is payable and you are advised to obtain legal advice in this respect. Indeed, Retirement Villages will not grant any new lease or assign an existing lease to anyone who is not legally represented.*

**Q.** *Who receives the Assignment Fee and what is it for:*

**A.** *The fee is payable to Retirement Villages, or one of their wholly owned subsidiary companies, being the Freeholder of the village. It forms part of the purchase price.*

*Please visit the Q and A page of the village you are particularly interested in for further information or ask our sales staff.*

## **Summary**

- Overall this is an exceptionally clear and useable site. The charges are explicitly presented in both general terms and for specific properties.