

The Capital Fund

What is the Capital Fund?

The *Capital Fund* (sometimes known as the *Common Parts Reserve Fund*) was established to allow leaseholders to pay money into a separate account, which can then be used to assist paying for major items of expenditure that are due to take place in the **first FIVE YEARS of the lease**.

The **items covered** by the *Capital Fund* are identified and set out in the *Section 125 Notice* that accompanies the lease, issued at the time of purchase, if requested by your solicitor. Items that are covered can include:

- ★ lift replacements
- ★ door and window replacements
- ★ fire precaution/improvement work to your building

How can I put money aside for major works?

When purchasing a lease, PHP may encourage you to have a *Capital Fund*.

This involves all lessees contributing to the fund in the **first FIVE YEARS of the lease**.

In the case of **Willow Park** a mandatory *Common Parts Reserve Fund* exists and serves the same purpose.

A well managed fund allows you to save your service charge contributions into an interest-bearing account, which is then used to meet future major work requirements.

The *Capital Fund* offered by PHP is interest-bearing and pays interest at **1% below the bank base rate**.

Other assistance with paying for major work

As a lessee, you may be entitled to assistance under our existing *Loans Scheme*, and you may be able to negotiate a payment programme with us.

In some case lessees may get assistance from the Department of Work and Pensions, if in receipt of *Income Support*.

When major works are undertaken we will send out details of our payment scheme along with the *Notices of Intent*.

We will also send out feedback forms for you to return any comments you may have. We want you to have your say and your comments help us to improve our services to you.

New *Right To Buy* lessees can pay into the *Capital Fund* in the **first 5 years of their Lease**. The contributions are paid into an interest-bearing account and the funds in the account are used to fund the cost of works.

May I withdraw money from the Capital Fund?

This is at our discretion and we will normally check to see if major works are required in your building before allowing you to withdraw funds.

We will always advise leaseholders to leave an amount in this fund to cover the cost of redecorating the common parts of the building.

If consent is granted to withdraw from the *Capital Fund*, you must pay all fees and disbursements to amend your lease.

Please remember, if you do not pay into a Capital Fund you will be expected to pay for any repairs or maintenance to common parts on receipt of the invoice for the works undertaken.

If you would like a home visit or to call into the office to discuss the *Capital Fund* we can arrange this for you.

Just call the HelpDesk on 0800 652 3900.

Ask to speak to a Leasehold Services Officer or e-mail us at leasehold.php@poole.gov.uk and we will be pleased to assist you.

