

Sovereign Harbour (Sea Defences) CIC
Number 22 Mount Ephraim
Tunbridge Wells
Kent TN4 8AS

Mr J Winship
SHRA Secretary
Callao Quay
Eastbourne
BN23 5AA

2 April 2019

Our ref: SDL/HLK/SO45202.000002

Dear Mr Winship

ANNUAL ESTATE RENT CHARGE - SOVEREIGN HARBOUR

Thank you for your letter of 29 January 2019, which has been considered by the board of this company at the board meeting on 25 March 2019.

You will be aware that the structure of rent charge payments, and supporting information to be provided, is defined by the rent charge deeds applicable to the individual residential properties at Sovereign Harbour.

Some years ago the company considered whether it would be possible to offer more flexible payment terms to homeowners, but concluded that the obligations imposed on it by the rent charge deed cannot be changed unilaterally.

To introduce the changes without corresponding changes to the terms of the individual rent charge deeds would create a problem in relation to enforcement. To achieve a new payment structure it would be necessary to enter into an individual deed of variation in respect of each of the residential properties, and for those deed then to be registered at the Land Registry in respect of the individual titles. This would cause significant expense and disruption, both for homeowners and this company, and where properties are subject to a mortgage the mortgagee's consent would also be required, which in the case of lenders would incur further costs.

It would also be necessary to renegotiate the terms of the existing arrangements with the Environment Agency and Premier Marinas for the maintenance of the Sea Defences and associated infrastructure at Sovereign Harbour.

Item three in your letter raises a matter that has not been considered before but it is outside the responsibility/control of the CIC. The information supplied by Premier Marinas in support of the Marina Charge is defined by the terms of the rent charge deed. Premier will make direct contact to discuss further.

Lastly it may be worth stating that where homeowners contact us to report that they are having difficulty meeting the rent charge, [it] is often possible to agree instalment terms. However because of the terms of the rent charge deed, the CIC is required to apply interest at the rate defined on the deed on any outstanding balances and this is always explained to homeowners who ask for time to pay. I would just add that inevitably there is additional cost where some owners pay in full and some don't so it seems reasonable for those who don't pay in full to incur some cost for the privilege of doing so.

If you would like to discuss this reply with me, or indeed with the board as a whole at its next meeting in June, please do not hesitate to telephone me.

Yours sincerely

Simon Leney
Company Secretary
Sovereign Harbour (Sea Defences) CIC

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