

# Development Debt

## Why is debt being distributed?

As co-owners of common land or property, all homeowners collectively share the financial responsibility to ensure that invoices/charges are paid on time in order for maintenance, repairs and insurance to be funded and carried out as required. If these amounts are not paid on time and an outstanding balance builds up, we will pursue the debtor to recover these amounts on behalf of the paying co-owners. In some circumstances we are unable to recover funds despite going through our credit control process. As the outstanding amount is a development debt, we are required to apportion sums amongst the current owners to ensure the development is in funds and services can continue to be provided. This process is normally set out in the Deed of Conditions and our Written Statement of Services.

## Why is this being distributed now?

The debt we are distributing will relate to homeowners who fall into one of the following categories:

- homeowners who sold their property over a year ago and our credit control procedures have been exhausted, is all exited (former owners) and debtors where
- Current homeowners who have built up a substantial debt which we have deemed irrecoverable due to the circumstances. They will have been going through our credit control process for some time. We may be awaiting a court decree against them, they may have a decree in place, they may have been sequestered or live out of the UK and/or cannot be traced without incurring further substantial cost.

A decision was taken to distribute the debt in order to aid development cashflow and ensure services can continue to be maintained as normal.

## Will we continue to pursue for recovery?

We will continue to pursue for recovery of the debt until we have exhausted all debt recovery procedures available to us, where it makes sense to do so. Sometimes the cost of pursuing the debt will be more than the outstanding balance and therefore it is more cost effective for the owners to pay a distributed amount rather than funding costly legal action which may not recover any funds. Where we have raised a legal action and Decree has been awarded, in the event we receive payment, a credit for the sum will be allocated to your account.

## What happens if I don't pay the sum invoiced to me?

Sums remain due and as will be pursued through our credit control process set out in our Written Statement of Services.

## How will the Debt be calculated and charged?

The debt is reviewed before splitting the debt between the homeowners. Charges are common and are charged as per the Written Statement of Services. The charge will be included in your invoice as "Development Irrecoverable Debt".

## Why is this Debt a Development Debt and not a CWL debt?

The responsibility for common charges is with the collective homeowners at each estate/development/block. The Deed of Conditions which accompanies your Title places a joint and several liability on all co-owners in respect of maintenance charges for the common areas of your development.

We are the managing agent for the common areas and responsible for the provision of maintenance, management, and financial control of the development, ensuring sufficient funds are held to maintain these areas.

Where a homeowner does not pay their legally bound charges, as bound by the development Deed of Conditions, we will pursue the payment on behalf of the co-proprietors of the development, raising legal action through the courts if deemed necessary.