

A Guide To Property Management



www.flatmanagers.co.uk

This booklet explains the basis of the Management scheme for your property. It answers some of the frequently asked questions arising with the management of blocks of privately owned flats or houses where services are provided for communal areas. If any specific queries are not answered, please feel free to contact one of our team on the office telephone number or contact us on:

info@flatmanagers.co.uk

PMS leasehold Management have specialised in property management, with a focus on Leasehold property, since 1987. We deal primarily with the management of blocks of flats and mixed tenure estates and are not distracted by other areas of property management, like lettings and sales.

Our objective is to provide a professional standard of property management at a reasonable cost whilst observing the wishes of the majority of residents.

All monies held by PMS on behalf of our clients are placed in designated company accounts.

We also hold professional indemnity insurance and contractors contingent liability insurance.





What does a Managing Agent do?

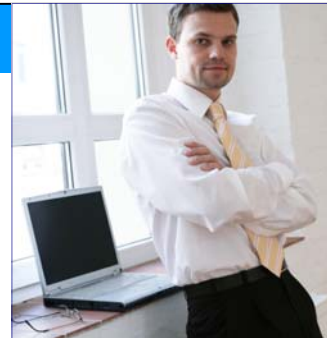
PMS recognises that, in the eyes of some, the typical Managing Agent does little more than collect service charge monies. This is, of course, not the reality. Our principal functions include:

- **Service charge administration** - A comprehensive financial service offered to calculate and collect service charges, pay suppliers and insurers, produce estimates and produce company accounts.
- **Insurance** - Maintaining insurance cover for the buildings' structure (sometimes called 'block' insurance), and dealing with claims when they arise.
- **Liaising with contractors** - Seeking competitive quotations and placing work orders with contractors for routine servicing
- **Inspection** - Regular inspections of your development for quality and health & safety compliance.
- **Liaison** - Organising and attending meetings with owners and preparing notices and agendas for meetings.
- **Major works** - Producing Specifications and project managing major works.
- **Customer Care** - Dealing with queries and complaints when they arise.



Management Services

Depending on the type of your property and the covenants contained in your lease or freehold transfer document, some, or all of the following will go to make up your bespoke service package from PMS:



- Cleaning of your communal areas, which include lobbies, stairwells, landings and communal hallways. Cleaning rotas can be arranged accordingly.
- Binstore cleansing, regular cleaning and disinfecting of your communal refuse area.
- Periodic maintenance of communal forecourts, paths and car parks.
- Garden maintenance tailored to your developments' size, budget and requirements.



- Building repairs as and when needed.
- Internal and external decorations carried out according to the covenants on your lease and/or transfer document.

Our management services are built on over 20 years of experience in the property management sector.

Local and national house builders use our services, you can too.



Our Team

Our team at PMS is made up of dedicated personnel that maintain the highest possible standards.

In the last two years, PMS has invested heavily in staff recruitment, employing people from the entire property management spectrum. At a time when some companies were paying particular attention to the toll the financial downturn was taking, PMS has gone from strength to strength.

2010 will continue to see extensive internal restructuring of our company, and the way in which we provide our services, to allow more efficient and smooth running business processes.

PMS offer an alternative to the larger property management companies; we are large enough to cope, but small enough to care, with the personal approach that has been the lynchpin in PMS' continuing success.

Our portfolio has been expanded through recommendation and word of mouth; we are very happy to offer business references to any potential client.

You, and your neighbours, have just emerged from the deepest recession since the second world war; what did your Managing Agent do to help your money go further? Call us to find out what we are doing to help our clients.



Responsibilities

Repairs as a Leaseholder:

As a Leaseholder, you are responsible for all matters within your property together with the repair of any pipe, wire or drain which serves **only** your property, even if it is situated outside. For example, your waste water pipe from your kitchen sink forms a part of your property until it meets the main waste stack or drain serving your own and other flats.

In the event that your flat is damaged due to problems with another property adjacent to it, for example water ingress through a ceiling from a flat above, this will usually be covered under the block insurance policy. Please remember that anything not permanently attached to your flat (i.e. anything you could take with you should you move to a new residence) will need to be insured on your contents insurance and any damage to these items will be covered on this type of policy.



Repairs as a Freeholder:

If you own a freehold property, you will be responsible for all aspects of repair on the property that you own. This includes the maintenance cost relating to your private gardens and areas and window cleaning.

Repairs as a Managing Agent:

On behalf of all owners at your development, and at the cost of the communal



service charge fund, repairs are arranged to the main structure of your building (in the case of Leasehold property), communal areas, communal drains, gutters, and pipes.

Maintenance and cleaning are arranged for the communal yards, car parks, courtyards, paths, driveways and gardens. If you have any uncertainties about repairing obligations, we will be pleased to discuss it with you.

For the majority of Leasehold flats, we arrange block insurance through a 'master policy'. We will be pleased to provide a summary of cover on request and arrange for mortgage interest to be noted on the policy where required.

There are some Leasehold developments with a third party freeholder where the freeholder organises and arranges the block insurance policy accordingly. It is recommended that you contact the freeholder direct for a policy summary in this case.

For the avoidance of doubt, the policy cover details should always be referred to for clarification of what is, and is not, covered.

We will usually liaise directly with block insurers when needed. Contractors will be despatched once the insurers agree to the way in which the job is to be handled along with an agreed cost.



Service Charge Accounting

For most properties, the service charge accounting system follows a similar pattern; the details are set out within the Lease or Freehold transfer document and cannot be altered or amended by PMS. Typically, arrangements are as follows:



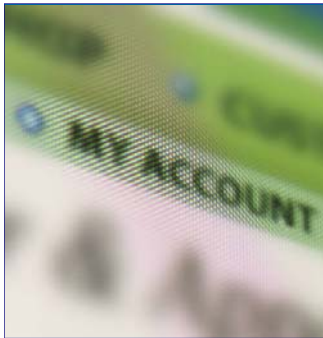
A few weeks prior to your service charge year-end we will prepare an estimate setting out the amounts that will be needed to provide services for your development. The directors of your residents management company will be consulted and an amount of service charge based on your predefined apportionment of contributions will be approved.

You will be invoiced by way of a 'service charge demand' based on this estimate, or your 'share of anticipated expenditure' as set out in your Lease. This demand will usually be issued annually, half-yearly, or quarterly in advance. Payment is due at the start of the relevant period.

We will always be pleased to discuss any queries you may have with our accounting system.

In assessing anticipated expenditure over the 12 month period, we give regard to the expenditure for the previous year, along with our knowledge and experience to assess the likely costs associated with cyclical maintenance like external decoration projects or repairs to car park areas.

Following the year-end, we will collate details of all income and expenditure (broken down into the relevant categories) and this information is provided to a



chartered accountancy firm, nominated by the Directors of your residents management company, where a full audit will take place. These accounts produced will show the service charge adjustment to reflect the variation between the estimated service charge and the expenditure actually incurred.

If you acquire your property during the service charge year, the service charge adjustment may involve you being invoiced for a period before your ownership. As the current owner, you are liable for making this payment. However, your solicitor should make arrangements during the conveyancing process to cover this contingency via adjustments on your completion statement.

The Reserve (Sinking) Fund

Almost all Leases and Freehold Transfer Documents provide for a reserve fund. The purpose of this fund is to save for unexpected expenditure and non-annual cyclical works such as exterior decorations and carpet replacement to allow the money to be available in the year these expensive works take place. In the absence of a reserve fund, there would almost certainly be a massive one-off increase in your service charge contributions for the year in which the major works are due. We always strive to avoid wide deviations in service charge levels and appreciate that owners like to budget accordingly.

Service Charge Payments In Advance

Your service charge payments are the only source of funding available to pay for the running of your development. If owners do not pay the service charge, there are no funds available to insure or service the building.

We have a responsibility as a managing agent to collect service charges when they are due. We issue invoices before the due date and where monies have not

been received, will send a reminder. If payment is still withheld, we are obliged to take legal action to recover the outstanding amount of money. Please be aware that most Leases and Transfer Documents provide for the legal costs involved in debt recovery to be recovered from the owner concerned.

Service Charge Frequently Asked Questions

My service charge demand is not in my name, why?

The usual explanation is that you may recently have become the owner of a property and your solicitor has not registered the assignment with us as required under the terms of the Lease or Transfer Document. We recommend you immediately contact your conveyancing solicitor to register the change as until we receive the appropriate notice, we are unable to amend our records. However, as the new owner of the property, you are responsible for the charges and should settle these before the pending registration.

I am selling my property and completion will take place before the end-date of the service charge demand. Do I still have to pay?



As the owner of the property at the date of invoicing, you are obliged to pay in full. However, it is normal conveyancing practice for your solicitor to recover a fair proportion relating to the period after you vacate, from the purchaser of your property. If you are completing a sale prior to the beginning of the demand period, forward the service charge demand to your solicitor and he/she will make sure the purchaser is made aware of it.

Where a property is being sold, solicitors will ask the managing agent if there are any payments outstanding. If there are, it is possible this may delay your sale while payment is collected.

Do you offer any additional services for persons selling their properties?

We offer a full 'sales pack' which is designed to act as the 'middle-man' between the buyer and seller's solicitors providing all relevant information to allow the transfer of the property to be completed in the minimum time possible. We also offer a full Home Information Package (HIP) Service too.

I am not happy with something on my development and I am thinking of not paying my service charge.

Please do not withhold your service charge. For all the reasons already mentioned in this guide, you are not exempt from payment of it. Withholding your service charge will only result in you getting into arrears which will be recovered. If you have a genuine reason for complaint, contact us and we will always aim to rectify any problems as and when they occur.

I am a Freehold owner, why do I pay a service charge?

You will almost certainly have purchased your freehold property as part of a development or estate. For this reason you will have an obligation to pay towards the upkeep of common areas and accessways; your Freehold Transfer Document will detail the specifics. Your service charge also contributes to the administration costs of your development including accountancy fees and public liability insurance. If you are still unsure, please call us and we'll explain in more detail.



Pets

Most Leases have an absolute prohibition on keeping pets or certain types of pets. Other Leases permit pets or certain types of pets provided written consent is given in advance. This consent is granted usually by the Freeholder of your development or by the Directors of your Residents Management Company.



If you wish to keep a cat or dog in your flat, please put your request in writing to us and we will deal with the issue of consent. In the case of keeping a dog, you are obliged to ensure that it is a breed which is appropriate for flat living. Where consent is given, it is subject to a good neighbour's requirement, which is as follows:

Only one dog or cat per flat would be permitted. The pet must not cause a nuisance to your neighbours or other people living on your development, through noise, aggression, or leaving undesired waste in communal areas.



Dogs must not be left alone in flats for long periods of time but must be kept on a lead when being exercised in communal areas, buildings and grounds.

Pets must absolutely not be allowed to foul any areas, grassed or otherwise. If an accident like this occurs, pet owners are expected to clear up the mess immediately.

Breach of these simple rules will result in the permission to keep the pet being withdrawn.

Permission is granted or withdrawn at the absolute discretion of the relevant body.



Car Parking

Experience has shown that the biggest cause of neighbourly disputes is the parking of cars.

Some Leases provide an allocated parking space which belongs to the owner of the property. If this is the case on your development, you should ensure that your vehicle is parked correctly. If your property has only one allocated space, you are only permitted to keep one car on-site. Some developments have provision for visitor parking; please do not use visitor parking for a second vehicle.

Where parking spaces are not allocated to a property, parking is on a first-come-first-served basis, but limited to one car per flat.

Occasionally, we have need to introduce parking restrictions at a development. You are advised to display any parking permit issued at all times or you may receive a ticket.

As managing agent, we cannot protect an owners parking space and we cannot deal with abandoned cars in someone's space unless the vehicle belongs to someone not registered as resident on the development, rather the local council can enforce removal.

Please do not use your car park as a storage area for unwanted or unused cars. A Statutory Off-Road Notice (SORN) from the DVLA is not permission to keep an unroadworthy car on your development. Please find alternative storage for your vehicle in fairness to all other people who live on your development.



Noise And Nuisance

Noise can be a serious problem in a block of flats. Communal living relies enormously on the goodwill of your neighbours to keep noise to a minimum, not throw late night parties, slam doors, play loud music or televisions and have noisy guests arriving or leaving late at night.



Nuisance can also result from other activities inconsistent with communal living like not controlling pets, erecting unauthorised satellite dishes or abuse of the car park facilities.

Normally, PMS will not become involved in neighbourly disputes. However, we realise that there are occasions where this is unavoidable. Our system with dealing with such matters is as follows:

- We require a complaint to be made in writing and confirmed by at least one other flat owner/occupier. We will write to the offending flats' owner asking them to take steps to modify the behaviour that is causing the problem. Complainants remain anonymous if requested to avoid unnecessary friction.



- If this step is not successful, you are advised to contact the local authorities who are much better equipped to deal with nuisances as they arise.

- The local authorities will advise you of what steps to take to assist them in gathering evidence against the individuals concerned. This will usually involve keeping a diary of events and may involve installation of sound monitoring equipment in your flat in extreme circumstances.



- The local authorities may employ a mediation service between you and the offenders, although by this point most nuisance cases are resolved.
- If all else fails, we may instruct a solicitor, on behalf of the Landlord or Residents Management Company to instigate court proceedings for breach of covenant. Expenses for this action is normally borne by the complainant or service charge fund.

Please remember that as a managing agent, PMS can only deal in absolutes; we can only enforce the relevant nuisance clauses of a Lease though court action which is why we refer you to a more proactive solution provided by those authorities that are set up to specifically deal with anti-social behaviour and noise.

PMS cannot, and do not, police your development. Should you suspect, or witness any illegal activity on your development, your first call should be to the local police, dialling 999 in an emergency.

Many areas now use Police Community Support Officers (PCSO's) that provide a visible deterrent to criminals or individuals who may loiter on your development. We actively encourage the involvement of PCSO's and the local Police Force.

Many of our larger developments have their own neighbourhood watch schemes that we are more than happy to promote and liaise with.

Residents are reminded that to substantiate nuisance claims, they may need to give evidence in court.



Emergencies Outside Normal Business Hours

An 'emergency' is defined as Fire, Flood or Building Collapse.

Our normal office hours are Monday to Friday 09:00 to 17:00 hours. We provide an out-of-hours call service on our usual office number 01206 835 350. Out of hours, you will be connected to a person (not voicemail) and if your call is sufficiently urgent, you will be called back by an on-duty member of staff immediately.



Limited Companies, Company Registration & Assignments

A majority of residents management companies are run as limited companies registered at Companies House in Cardiff. When you acquired your property, you will have become a shareholder in that company set up to manage your develop-

ment. As a shareholder, you will be entitled to vote on issues concerning the development and electing directors and a company secretary to liaise with us as managing agents on your behalf.

Being a director or company secretary can be an onerous and thankless task, which is why managing agents like PMS are employed by the company to run and administer the funds and company business on their behalf.

As the managing agent appointed to your development, we deal with all of the everyday running of the company which will include most of the legal cor-





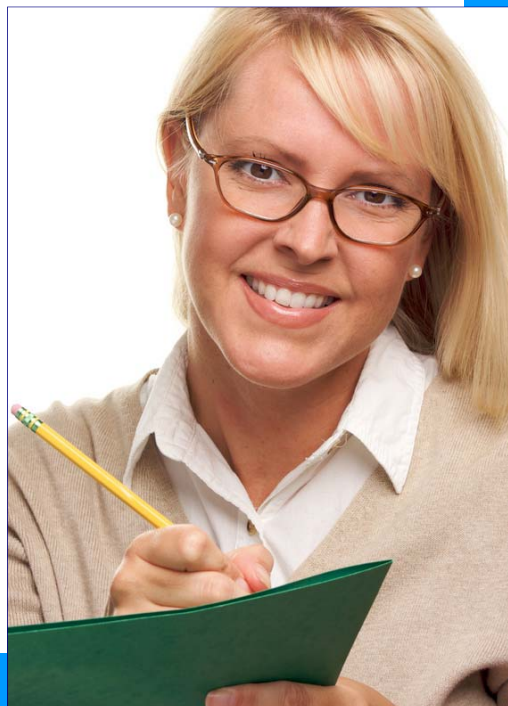
responsedence, registration transfer and issuing of company shares, liaising with the company accountants in the preparation of your annual accounts production and filing with Companies House as agreed with your directors in advance of an Annual General Meeting.

When purchasing a lease that includes provisions for a limited company, the assignee is issued with a share certificate which gives some voting power within the limitations of the Memorandum and Articles of Association of the company.

On assignment of your lease, you should inform your solicitor that there is a managing agent employed on behalf of the company of which you are a shareholder (these are processes within our 'sales pack'). Your solicitor will contact the managing agent asking questions relating to the finances of the company, the finances relating to your specific account within the ledgers of the company and whether or not you may have breached any covenants within the lease. You will then be asked to return your share certificate and sign a stock transfer form handing over your share in the limited company and the residue of the Lease for your flat.

Registration of assignments should take place within one month of the purchase of a Leasehold property.

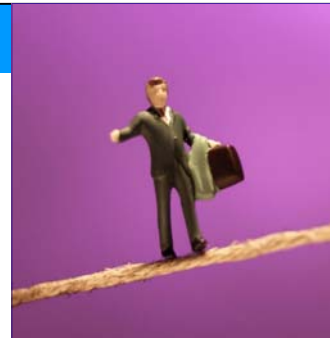
Some newer developments may not immediately grant the formation of a company to administer the affairs of the development. If this is the case with your development, PMS can offer a complete advisory package for what is known as 'Right To Manage', or RTM. RTM was originally formed to allow property owners on a Leasehold or



mixed tenure development to acquire control of that development from the Freeholder, aggressively if required.

To qualify for an RTM challenge, a minimum of 50% of property owners need to be willing to propose and finance the formation of a right-to-manage company. Typically, the cost of financing a right-to-manage takeover is in the region of £1,000, but this varies from site to site.

Part of the package provided by PMS is a complete RTM advisory service. Please call us for more information on what the formation of an RTM company could do for you as a property owner at your development.



Block Freeholders and Non-Limited Company Leases

Some residents management companies will already hold the freehold title to the land on which your block is built. If this is the case, your ground rent monies will still be demanded, but may be paid into a separate account for company expenses, as opposed to expenses relating to management and upkeep of your building.

If the residents management company into which you have purchased does not own the freehold of the land on which your block is built, ground rent money stated within the terms of your lease will be demanded either by the managing agent on behalf of the Freeholder, or by the Freeholder directly through an invoice to you separately.

Where no residents management company has been set up within the terms of your lease, it will be the Freeholder of the land on which your block is built (the collector of ground rent rather than a freehold property built as part of an estate) that instructs the managing agent to collect their ground rent on their behalf.

Service charge monies are not to be confused with the ground rent collections, they are separate charges. Service charge monies are not paid to the block Free-



holder, rather kept in trust for the benefit of those property owners in a service charge account referred to earlier in this guide.

Service charge funds are still managed by the managing agent however, with two exceptions:

- The agent is answerable to the block Freeholder who will take the agent's advice on the level of service charge demands.
- You will receive service charge certificates showing the amount demanded and a breakdown of monies spent each year.

Should you be unhappy with any aspect of the way in which your development is administered, please feel free to call our team. We are as good at offering advice as we are managing a development.

It is sincerely hoped that this document provides you with a better understanding of the ramifications of owning a property on a mixed tenure development or estate.

It is not intended to be an exhaustive list of information and is no substitute for a friendly conversation with one of our team.

Our contact details are provided on the rear of this document.

PMS Leasehold Management Ltd.

Managing Leasehold Properties *Since 1987*



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