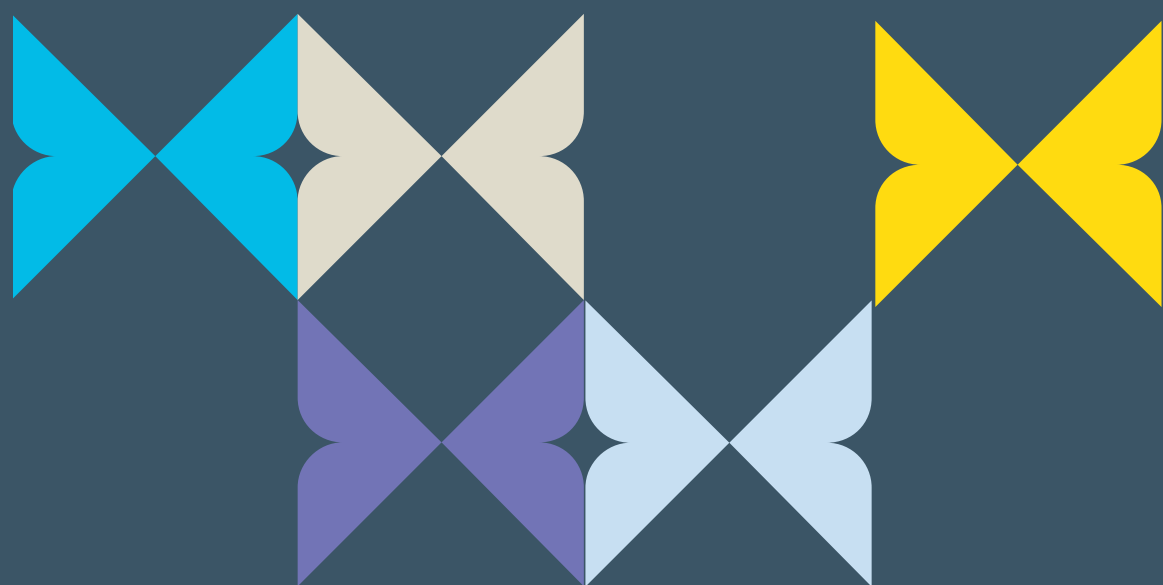




How My Home Is Looked After:

A Guide To Residential Management







Introduction

This document is intended to help you understand what a management company is and the role of a managing agent. It will also help explain some of the terminology and provide you with an idea of the services you will receive from the managing agent and how those are charged.

Both a management company and managing agent are important in order

to keep your home and its communal areas well-maintained now and in the future.

Both of these organisations will play a role in ensuring that repairs are made when necessary and that communal utilities are in working order and are paid for, among many other items and services that fall under this area and according to the lease & freehold terms.



How it works

For a better understanding of the process, summarised below is some key information on structure and responsibilities for the management company and agent. It should be noted that the summaries are not comprehensive and are for guidance only.

What is a management company?

A management company is a formal, legal entity registered at Companies House, and has all the rights and obligations of any other UK incorporated company. The purpose of the company is to look after the common areas of the development.

What does the management company do?

Management companies typically manage common parts of a development. The individual property owners will fund these costs by making periodic contributions into a pooled fund by way of a service charge paid on account. These funds are collected and administered by the managing agent, and held in a client account on behalf of the management company.

Who controls the management company?

A management company is formed by the development's property owners – each owner is essentially a shareholder in this company. From within this group, a number of individuals are appointed as directors/secretary to help run the

company and oversee the management of their development.

It is common for the developer to appoint the first directors who will generally be their employees, associates, the initial managing agent or residents.

Once the developer has finalised their sales, it is normal for the first directors to then resign from the management company (unless it is already run by residents) and new resident/property owner directors are appointed.

From this period onwards, the day to day management and responsibilities for the development lies in the hands of the appointed directors (owners/residents).

What is a managing agent?

A managing agent may be appointed to manage and maintain the building(s) on behalf of the management company, in accordance with the terms of the lease, current relevant legislation and codes of practice.

The agent takes instruction from the management company and the agent will receive a fee for day to day management which will usually be paid by leaseholders as part of the service charges.

It is good and common practice for it to be a fixed fee per annum. Where major works are involved, the agent may charge an additional fee, which will normally be a percentage of the total cost of such works.



Why use a managing agent?

The management of long leasehold residential property is a complex business requiring a full understanding of the structure and meaning of leases, and a thorough knowledge of the ever changing statutory requirements of the various landlord and tenant legislation (there are several key Acts of Parliament).

Every lease is individual and therefore the experience of a professional property manager is helpful for proper interpretation.

Property management is a time consuming business and involves many financial aspects. A managing agent can provide full accounting facilities for budgeting, service charge collection and year-end reports.

They can also be an objective third party who can deal with arrears collection and other disputes between lessees in an independent and fair manner.

In the event of new shareholders joining (i.e. a change of property ownership) or new directors being appointed to the management company, the managing agent can provide a continuity of service during this process so general maintenance is able to continue unaffected.



Managing agents – your right to choose

It is important to remember that all property owners have a stake in the management company, each person essentially acting as a shareholder, as everyone will have an interest in the upkeep and maintenance of where they live.

As stated in the lease:

“On completion of the sale of the last completed dwelling on the Estate (as defined in the Lease) the Buyer shall become a member of the Management Company and shall be registered as such”

The directors and secretary of the management company (people who have chosen to play a more active role in how their development is managed) are appointed by other owners to make decisions on their behalf which are in the best interest of the development.

Any property owner is able to request to become a director or secretary of their management company.

One responsibility of the management company is to regularly review the performance of the managing agent. As shareholders in the management

company, property owners can have their say on the managing agent’s performance. At the Annual General Meeting (AGM) this performance can be discussed, and if the majority of people are unhappy with the service being provided, the directors can look to instruct an alternative provider.

Outside of the AGM, if an event requires an immediate review of a managing agent’s performance, the directors of the management company can call an Extraordinary General Meeting (EGM) with all shareholders to discuss the current managing agent and decide whether to cease their service and instruct a different provider.

During the construction of the development, Weston Homes will assign a trusted managing agent to help maintain the site, usually for a period of 12 months. However, as soon as a management company is formed and when appropriate, property owners have full control to cease the services of the current managing agent and find an alternative provider if they do not feel they are receiving the service they expect.

Weston Homes will not be involved in this process and the responsibility of instructing managing agents is with the management company.



You decide your managing agent

Once the management of the development has been handed over by Weston Homes to the management company, and directors (residents/property owners) have been appointed, they can then decide if they wish to retain the existing managing agent or instruct an alternative at any time.

What services will I receive?

A managing agent, if instructed on a development, will usually offer the following services. This list is not exhaustive so please speak to your managing agent to find out what they cover.

Property Management

- Preparing annual service charge estimate and agreeing with management company
- Entering into and managing maintenance contracts on behalf of the managing company
- Organising reactive maintenance works utilising an approved contractor database and any maintenance contracts in place
- Viewing, without the use of inspection equipment, the common parts of the property to check the condition and deal with any necessary repairs other than major repairs
- Preparing specifications and contracts for minor works and services, for example; cleaning, gardening and window cleaning and overseeing such works
- Liaising with the management company and any recognised residents' association
- Organising periodic health and safety checks using appropriately qualified third parties (but not specialist checks and tests) and ensuring appropriate risk assessments are in place
- Consultation on qualifying works and long-term agreements except for consultation on the appointment of a managing agent
- Advising and liaising on management policy
- Visiting the property on a monthly basis
- Keeping records of residents and tenancy details, where provided
- Maintaining adequate/suitable files and records on the management of the property to enable on-going management and to ensure sufficient records are available
- Providing reasonable management information to lessees and attending to routine enquiries
- Advising on all relevant legislative and regulatory issues and general interpretation of leases
- Supervising site staff for the property and dealing with matters relating to their employment. (Excluding; payroll, pension, contracts, formal



disciplinary, Employment Law advice and Employment Tribunal matters.)

- Administering Buildings and other Insurances
- The provision of lessee welcome packs or handbooks, where appropriate

Accounts

- Opening and operating designated trust client account(s) for receipting service / rent charges and remitting outgoings
- Collecting service charges and reserve fund contributions, including sending demands and associated summaries at the appropriate intervals. Issuing statements as required
- Processing payments relating to the

property within expenditure limits and funds available or as finable expediency shall dictate

- Accounting for services charges
- Providing information to accountants prior to the preparation of annual service charge accounts. Answering any queries arising from the accountants. Once finalised, circulating statutory company accounts and service charge accounts
- Using reasonable endeavours to collect current and on-going routine service charge arrears up to the point immediately prior to action requiring third party legal work or tribunals
- Periodic financial reporting to the Board
- Bank reconciliations



How am I charged?

Service charges are payments made by the home owner to the managing agent for all the services the management company provides. Usually the charges will also include the costs of management.

The managing agent will also undertake other essential functions on behalf of the management company. To name a few, these include maintaining information, putting necessary insurances in place, collecting service charges and providing maintenance services.

The service charge budget, which is usually circulated annually, lists all items included within your service charge.

When considering the purchase of a property, it is important to find out, for personal budgetary purposes, what the current and future service charges are likely to be. Also check if there is a reserve fund, and if there are plans for major

works that could affect the service charge in the next few years after your purchase.

Reserve funds

Many leases provide for the collection of sums in advance to create a reserve or 'sinking' fund to ensure that sufficient money is available for future major works, such as external decorations or lift replacement. The lease will set out the arrangements for this and may state when regular or cyclical maintenance works are due.

Contributions to the reserve fund are not repayable when a property is sold. If there is insufficient money in the reserve fund to deal with major works, the costs will be shared between owners in the proportions set out in the individual leases.

Contacts

If you have any queries over the maintenance of your development, would like to report any faults or query your service charge, please speak to the managing agent.

To find contact details, please refer to any communication sent via the managing agent or visit their website.

You're in control

The management company can, at any time, call an EGM to review the current managing agent and decide to retain them or instruct an alternative provider.

This decision is made by the property owners/residents.



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delivered with pride.

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