



H&P

A Guide to Residential Property Management Services



Hacking & Paterson Management Services

Introduction

This guide is intended primarily for our residential clients living in modern blocks of flats, traditional tenement properties or refurbished/converted buildings. It will also be useful for clients living in residential developments where communal areas such as landscaping, play areas etc. are collectively owned.

The need for a property management service arises where properties share common facilities and amenities. Such common facilities may include the main structural elements of a property, its entrance, staircase and lift. Amenities which are common may include gardens, playgrounds and equipment, woodlands and other landscaped areas etc.

The Title Deeds to your property (which may include a supplementary document known as the Deed of Conditions) will (1) identify the common parts, facilities and amenities (2) describe the responsibilities of individual owners and (3) set out the manner in which common facilities and amenities are to be administered.

The function of the property manager is to act as Agent for the co-owners in administering the common facilities and amenities. This administration largely relates to arranging for the repair, maintenance and insurance of common property and implementing appropriate financial controls on behalf of the co-owners.

Hacking & Paterson Management Services

We have been managing residential and commercial properties at Hacking & Paterson since 1922. We look after a substantial portfolio of modern developments spread throughout central Scotland together with a significant number of traditional tenement properties.

The firm has other property related divisions in house which offer Building Surveying and Valuation/Agency services which are complimentary to our core discipline as the providers of Property Management Services to co-owners in the residential sector.

The firm is a longstanding member of the Property Managers Association Scotland Limited, which has a strict Code of Practice for its membership. Additionally, we are members of the British Property Federation and our Partners have active roles in the Councils of both organisations. Our Surveying principals are members of The Royal Institution of Chartered Surveyors.

What you can expect from us

Our role as property manager of common residential property is wide ranging. Among the many management duties which we perform are the following:-

- * Organising and administering day to day items of common repair and maintenance for which co-owners are responsible under the terms of their title deeds.
- * Arranging and administering the maintenance of common ground and amenity areas.
- * Entering into contracts on behalf of co-owners for the supply of goods and services.
- * Placing insurance cover, where appropriate, for buildings, property owners' liability, employers' liability, lifts, communal contents and agreeing the terms of any such insurances.
- * Handling correspondence, enquiries, reports, complaints etc. from individual owners and liaising with solicitors and other professional representatives relating to matters arising from the day to day management of the property.
- * Meeting contractors, representatives of insurance companies, local authorities etc. where necessary.
- * Recommending and implementing planned maintenance of common property including budgeting for co-owners.
- * Exercising financial controls.



What we can expect from you!

Accompanying your ownership of property are responsibilities and obligations which should have been explained to you by your solicitors at the time of purchase. We recommend that owners request from their solicitors copies of the relevant title documents for their property.

The Title Deeds make provision for owners to maintain their property in a good state of repair and to contribute their proportion of any common maintenance and management costs. Should any owners fail to meet their share of costs for communal repairs etc. this action may delay progress on essential works.

Owners are requested to refer any defects in common property to us promptly and also report any evidence of unsatisfactory workmanship in these areas.



Insurance

Provision is normally made in the Title Deeds for a common buildings insurance policy for a block of flats. We firmly believe that a common policy is the only satisfactory way of ensuring all areas within a multi-owned building are adequately covered, avoiding the pitfalls which may arise when this vital cover is left to be arranged individually by owners with disparate requirements.

Among the benefits to be derived from participation in a common comprehensive buildings insurance policy, arranged on behalf of co-owners in a block of flats, are:-

- * The reassurance to all owners that the complete building which they share has adequate insurance cover, permitting them to cancel any private top up insurances they may have arranged.
- * Avoiding a situation where, if flats are insured individually and one or more owner may be grossly underinsured, a serious shortfall of funds could arise, potentially jeopardising the reinstatement of the building after a major loss, e.g. fire damage, flood etc.

Property owners liability insurance, providing cover for a third party making a claim against owners for injury or damage, will also be included, both for blocks of flats and for residential developments incorporating communal landscaped areas.





Financial Controls

It is important that owners are involved in assessing and agreeing costs for maintenance of their property; equally, it is desirable that essential repairs can be dealt with speedily and hence that we, as your property manager, have authority to instruct minor or jobbing work without making contact with all owners. The Deed of Conditions normally makes provision for such action. In other cases, we obtain competitive quotations and write to owners or meet with them, seeking their approval of costs and the selection of contractors.

The financial arrangements which we administer on clients' behalf are a vital part of our overall property management service. These arrangements include the following important elements:

- ◆ Subject to the availability of owners' funds we **arrange payment for all repair and maintenance costs**, insurance premiums, wages, electricity bills etc. for which the co-owners are responsible.
- ◆ The costs for repairs, maintenance, insurance, administration etc. are **apportioned** by us and collected from co-owners in accordance with the arrangements set out in the title deeds.
- ◆ Our invoices known as "**common charges accounts**" are usually issued quarterly in February, May, August and November of each year detailing the expenditure which has been incurred on the co-owners' behalf over the preceding three months. Information on the invoice includes date of work, name of contractor, type of expenditure, total cost and apportioned cost.
- ◆ **Costs will fluctuate** each quarter depending on the nature of works undertaken and services provided. Insurance premiums are normally invoiced over the four quarters in order to spread the cost.
- ◆ **A Property Float** is a payment made to us by each co-owner, usually at the time of the purchase of their property or with payment of the initial common charges invoice. As common charges accounts are issued to co-owners after we have settled accounts to contractors, insurers, etc. the property float is used to meet these costs. The amount of the property float is periodically reviewed and is returned upon sale.
- ◆ **Debt recovery** is an important element of the financial controls which we operate. Should co-owners fail to meet their financial responsibilities, not only can it affect the progress of essential repairs and the insurance cover for the block but also it can ultimately place an additional financial burden on neighbouring co-owners. Hence, we have a strict discipline for dealing with unpaid common charges which, in the long term, is to the benefit of all owners. Where sizeable debts accrue, we discuss with all owners what further action we consider necessary, in keeping with our policy of involving co-owners in all aspects of the management of their property.

Communications

Effective communication between co-owners and property manager is essential to the smooth running of our service. We are here to assist you and your neighbours in preserving the value of your property asset and it is vital that both parties work together to achieve this objective.

As property owners ultimately are paying maintenance and management costs, we feel strongly that they should have a say in issues affecting them. We encourage clients to communicate their wishes and needs to us either individually or collectively through a block representative or Owners Association/Committee.

We are happy to meet co-owners either at their property or at our offices. Where there are matters of communal interest which require discussion among a group of co-owners, we will attend evening meetings which are generally held at the property or in a nearby hall/hotel.

As part of our commitment to 'communications' we issue periodic Newsletters containing general advice on current property issues affecting ownership and management.

Additional information on the following topics is available on request:

- * current service contracts and specifications
- * anticipated annual management costs
- * summary Deed of Conditions for your property
- * advice on setting up an Owners Association
- * various Hacking & Paterson Information Sheets

Building Surveying Services

Where major repairs are required which may need specialist input, we can offer co-owners the services of our in-house Building Surveyors.

From time to time we may receive conflicting reports from contractors as to the nature of a defect or the proposed remedy and this is another area where our Building Surveyors can be of assistance.

A number of clients employ our Building Surveyors to produce annual reports on the condition of their property, some of which incorporate a Planned Maintenance Programme. From experience we have found that this practice has led to long term cost savings by identifying defects at an early stage, permitting prompt remedial action and avoiding further deterioration and increased expenditure.

[Please note that this brochure covers general issues relating to our Property Management Services which may not be relevant to all properties.]