

A guide to Management
Companies in
**Multi Unit
Developments
(MUDs)**



The Society of Chartered Surveyors Ireland is the leading organisation of its kind in Ireland for professionals working in the property, land and construction sectors. As part of our role we help to set, maintain and regulate standards – as well as providing impartial advice to governments and policymakers. The Society has over 4,000 members and is closely linked to RICS, the global professional body for Chartered Surveyors with over 100,000 members worldwide who operate out of 146 countries, supported by an extensive network of regional offices located in every continent around the world.

To ensure that our members are able to provide the quality of advice and level of integrity required by the market, **Society of Chartered Surveyors Ireland/RICS** professional qualifications are only awarded to individuals who meet the most rigorous requirements for both education and experience and who are prepared to maintain high standards in the public interest. With this in mind, it's perhaps not surprising that the letters **MSCSI/MRICS** are the mark of property professionalism in Ireland and worldwide.

A guide to Management Companies in Multi Unit Developments (MUDs)

1. Get involved in your development

As an owner of an apartment, you are a member of the Owners' Management Company (OMC) and have voting rights for decisions concerning your development. Under the MUD Act, each unit has a vote and therefore can influence how their development is run.

It is therefore important that you get involved and participate. You should familiarise yourself with the Directors of the Owners Management Company, who will be owners just like you (unless the development has yet to be transferred from the developer) and make your views on the development known.

Proactive and involved owners, who take pride in the running of the development, can have a very positive influence in ensuring it is well run, managed and ensuring that there is a sinking fund built up for future potential expenditure – all of which helps to maintain the value of properties in the development.



2. Review your Service Charge Budget each year

At the AGM, the annual budget will also usually be approved and this is a good time to raise questions around the annual service charge budget.

It is important to understand precisely what the service charge budget covers and the MUD act requires a breakdown of expenditure under the following headings:

- Insurance
- General maintenance
- Repairs
- Waste management
- Cleaning
- Gardening & landscaping
- Concierge/security services
- Legal services & accounts preparation
- Other expenditure anticipated in connection with maintenance/repair and management

The managing agent should ensure that the best quotations are achieved without compromising service quality.



3. Annual Reporting

Under company law, and the MUD Act, an Annual General Meeting (AGM) must be held whereby the Directors must report to the members and ensure that the Owners Management Company (OMC) prepares an annual report and that it sets out specific information including:

- A statement of the Income and Expenditure
- A statement of the Assets & Liabilities
- A statement of the funds in the Sinking Fund Account and details of the basis and calculation of the annual contribution
- A statement of the amount of the Annual Service Charge and the details and basis of calculation
- A statement of the following years (current) service charge
- A statement of any Planned Expenditure on refurbishment, improvement or maintenance intended to be carried out
- A statement of the insured value, details of the premium, the insurer and a summary of the principal risks covered
- A statement setting out the fire safety equipment installed and the arrangements in place for the maintenance
- A statement fully disclosing any contracts entered into or in force and any connected party transactions

4. Ensure your development was transferred to the Owners' Management Company (OMC)

Under the MUD Act, the common areas of the development were to be transferred to the OMC by 30th September 2011. In addition, a full set of documentation was to be provided to the OMC to facilitate the proper management of the development. These included confirmation that the development has been completed in compliance with statutory requirements including:

- Certification confirming that any financial contributions for planning have been paid
- Safety file
- 'As built' structural drawings
- 'As built' service drawings
- Operational & Maintenance Manuals for plant & equipment

- Warranties & guarantees with the benefit transferred to the OMC
- Maintenance Contracts relating to the development
- Test records for drainage, water pipe work and heating pipe work
- Schedule of plant, equipment and fire protection systems specifying their expected useful life
- Title documentation for common areas and reversion
- Stamped & registered counterpart leases
- Documentation and records relating to the OMC

Given recent incidences such as Priory Hall, fire safety is an important issue. The MUD Act requires that, in the case of new developments, the developer must provide a certificate from a suitably qualified person (as prescribed) confirming that the relevant parts of the common areas as built comply with the fire safety certificate.

5. Know your rights & responsibilities if you are a Director of the OMC



In advance of assuming the role of a Director of the Owners' Management Company, you should be aware that you will be assuming responsibility for the Management Company of the Development which controls the common areas and is tasked with the management of the development, for which it usually appoints a Managing Agent.

As an owner who has become a Director of the OMC, you should be aware that you assume the responsibilities of being a Director under statute via the Companies Acts 1963-2009 as well as common law duties. Further information is available from the Office of the Director of Corporate Enforcement www.odce.ie

Directors of OMC's will also have far greater responsibility for ensuring value in the selection and delivery of services to the development and cannot enter into contracts for a fixed period greater than 3 years.

6. Make sure your managing agent is licensed and regulated

Until last year, there was no statutory licensing or regulation of Property Management Companies. However, the Property Services Regulatory Authority (PSRA) is now in charge of the licensing and regulation of both property management companies and individual agents, requiring them to have the relevant education, experience, professional indemnity insurance and tax clearance.

The PSRA also provides a robust redress mechanism for complaints against property management companies. See www.npsra.ie

In relation to selecting a property management company, the following should be considered:

- Value for money – ensure that they are competent and reliable service providers
- Reference check – visit some other sites that they manage and look for high service standards evidenced by cleaning, grounds and waste service standards
- Prompt response – there should be a prompt response to owners and immediate attention given to failures/faults and repairs
- Good communications – the circulation of regular and comprehensive information and reporting to all the residents
- Secure financial management – successful service charge collections, quality record keeping, transparency and reporting
- Professional and consistent personnel – appropriate qualifications and valid licences by the Property Services Regulatory Authority (PSRA)

To download the Society of Chartered Surveyors Ireland Consumer Guide to Apartment Ownership under the MUD Act visit www.scsi.ie



Chartered property,
land and construction
surveyors

Dating back to 1895, the Society of Chartered Surveyors Ireland is the independent professional body for Chartered Surveyors working and practicing in Ireland.

Working in partnership with RICS, the pre-eminent Chartered professional body for the construction, land and property sectors around the world, the Society and RICS act in the public interest: setting and maintaining the highest standards of competence and integrity among the profession; and providing impartial, authoritative advice on key issues for business, society and governments worldwide.

Advancing standards in construction, land and property, the Chartered Surveyor professional qualification is the world's leading qualification when it comes to professional standards. In a world where more and more people, governments, banks and commercial organisations demand greater certainty of professional standards and ethics, attaining the Chartered Surveyor qualification is the recognised mark of property professionalism.

Members of the profession are typically employed in the construction, land and property markets through private practice, in central and local government, in state agencies, in academic institutions, in business organisations and in non-governmental organisations.

Members' services are diverse and can include offering strategic advice on the economics, valuation, law, technology, finance and management in all aspects of the construction, land and property industry.

All aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards are regulated and overseen through the partnership of the Society of Chartered Surveyors Ireland and RICS, in the public interest.

This valuable partnership with RICS enables access to a worldwide network of research, experience and advice.

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