

Paper 1

Management & Maintenance  
of Common Property  
in Strata Titled Development

Speaker

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Management & Maintenance of  
Common Property in Strata Titled Development

A total of 11,981 Development Areas  
comprising 1,283,419 Parcels in West Malaysia

1,922  
JMBs  
16%

3,558  
MCs  
30%

6,501  
without JMB/MC  
54%

Source: KPKT

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Management & Maintenance of  
Common Property in Strata Titled Development

10,640 Complaints Received by COB in Year 2009

3,161  
Complaints  
30%

2,154  
Complaints  
20%

5,325  
Complaints  
50%

Admin & Mgmt.  
by JMB/MC

Financial Issues

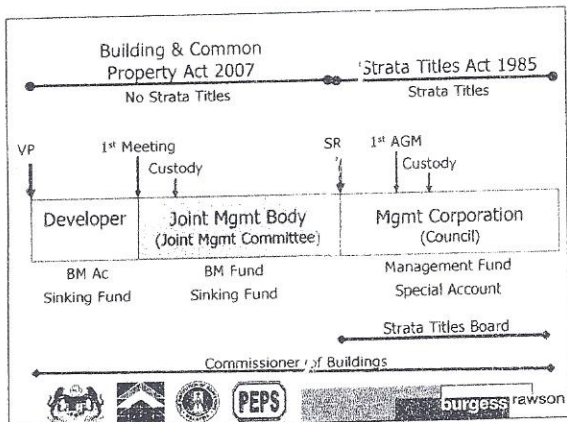
Meetings,  
Maintenance & Repairs,  
Lack of COB Enforcement  
& Others

Source: KPKT

Management & Maintenance of  
Common Property in Strata Titled Development

- Formation of JMB & issues thereof
- Formation of JMC & issues thereof
- Related Financial Matters
- Common Property

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VP → BM fund by Developer  
JMC form to take custody BM fund

#### What is Joint Management Body (JMB)?

- Interim Caretaker Body
- "Implied Custodian" of Common Property
- Body Corporate with Perpetual Succession & Common Seal – Sue & be Sued
- All Purchasers + Developer
- Establishment – First Meeting & Certificate by C.O.B.
- Dissolution – 3 months from 1<sup>st</sup> AGM of MC → Act 633



Developer → ① to retire

② Applied subordination till strata title issue.

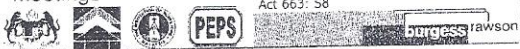
After form MC, JMC need to dissolution within 3 month.

#### What is the Role of JMB?

- Property Management of Common Property

#### What are the Main Functions of JMB?

- Mgmt. & Maintenance of Common Property
- Management of Bldg. Maint. Fund & Sinking Fund
- Management of Building Insurance Policies
- Administration of House Rules & General Meetings



#### What is the Objective of JMB's Property Management of Common Property?

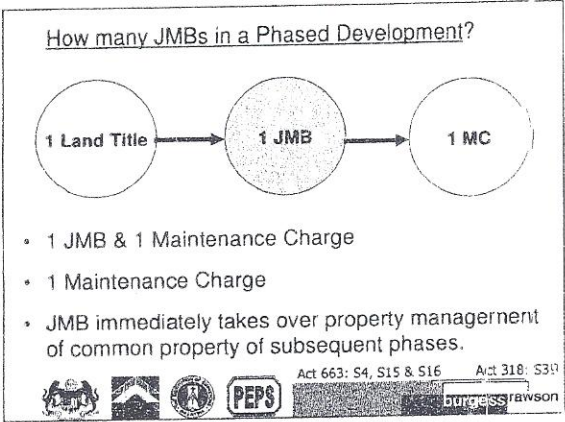
- To sustain and/or enhance the Property Market Value of the Development.



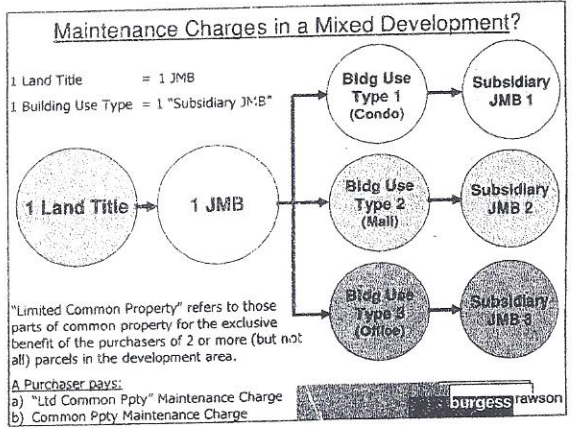
What is Common Property?

① Not comprised in any parcels & Accessory parcel.

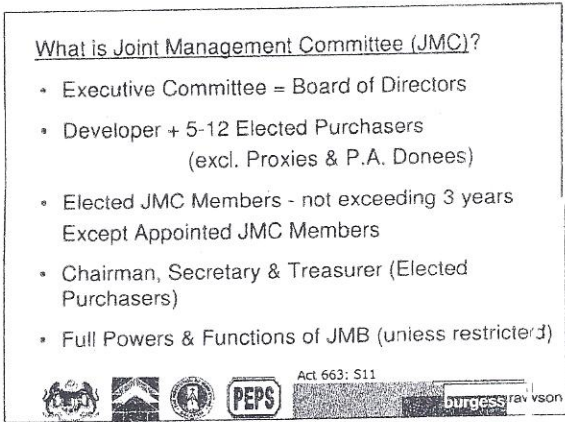
Serve more one property



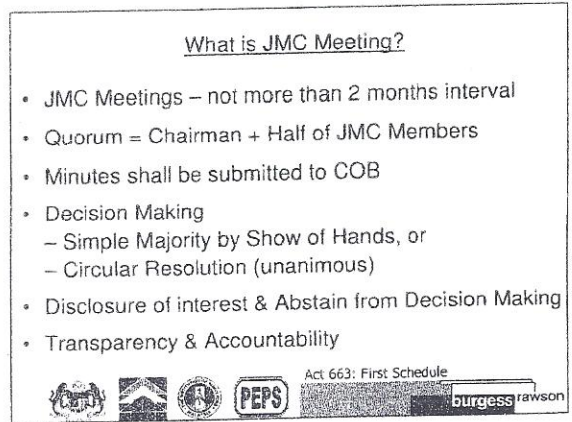
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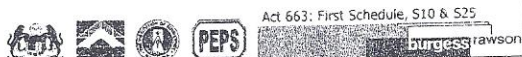


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#### What is the remedy when JMC resigned en bloc?

- Notify the COB
- COB calls for EGM to elect new JMC
- Last choice, COB appoints a Managing Agent
- Worst scenario, No Management & Maintenance
- Collective Responsibility rests squarely on the shoulders of all Purchasers



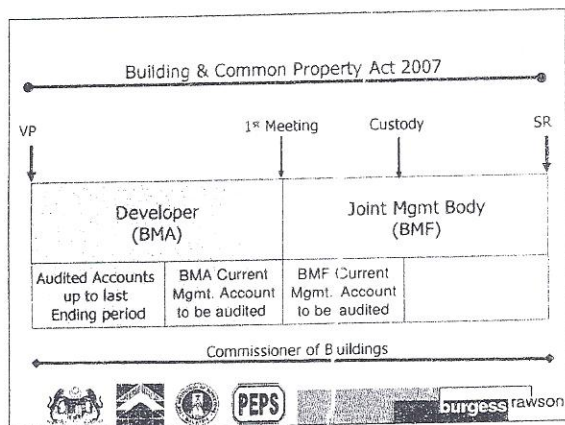
#### What is the remedy when JMC mismanaged?

- Vote of no confidence against JMC
- EGM
  - Requisition by at least 1/4 of Purchasers, or
  - Instruction from COB
- Last choice, COB appoints a Managing Agent
- Collective Responsibility rests squarely on the shoulders of all Purchasers



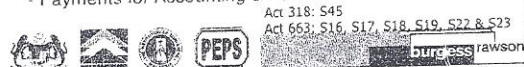
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#### What is BMA / BMF / MF?

- General Maintenance Account:
  - Collections of Service Charges & Others
  - Collections & Payments for Water Charges of Parcels
  - Collections & Payments for Insurance Premiums
  - Collections & Payments for Quit Rent
  - Payments for Utilities of Common Property
  - Payments for Building Service Providers
  - Payments for General Maintenance & Repairs
  - Payments for Renewal of Licences
  - Payments for General Administration & PMO Costs
  - Payments for Accounting & Audit Costs



1st AGM to form MC will be called by Developer at end of strata title ready.

MC will take over with 3 months from the date form from JMB

Developer still will be the owner on the common property till form MC and take over by MC management. Developer have rights to stop and changes on common property.

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### What is Sinking Fund?

- Actual or Expected Capital Expenditure Liabilities
  - Painting or Repainting of Common Property
  - Acquisition of any Movable Asset for Common Property
  - Renewal or Replacement of any Fixture or Fitting or Movable Asset of the Common Property
  - Any other expenditure as JMB deems fit (Act 663)
  - Any other expenditure except the Liability of a Parcel Proprietor (Act 318)



### Definition of SF for Common Property:

The summation of a series of recurrent individual periodic contributions for capital expenditure in the Common Property.

An individual periodic contribution is the amortized periodic cost equivalent in the refurbishment or replacement of a major component in the Common Property after taking into account its economic life span and inflationary factor.

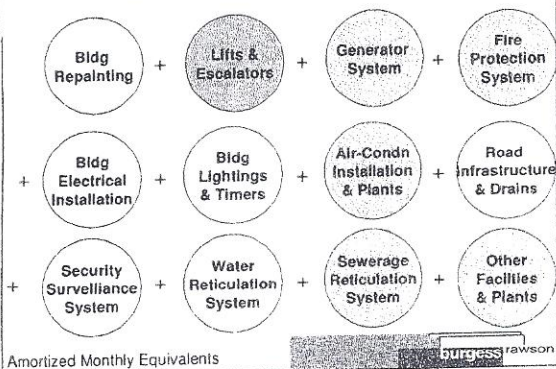


\* New Act will be revised.  
2011

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### Computation of SF for Common Property



How to calculate sinking fund  
define all the above / year.  
estimate the lifetime of cost of replacement.  
especially, M&E components<sup>19</sup>.

### What are the Accounts for handing over to JMB?

- First Meeting of JMB
  - BMA Audited Accounts up to last ending period
  - BMA Current Management Account
  - To ascertain the opening balance for BMF
- Handing Over Date
  - BMF Current Management Account
  - To continue BMF Management Account
- Within 3 months from Handing Over Date
  - BMA Audited Account for current period
  - BMF Audited Account for current period
  - To reconfirm the opening balance for BMF



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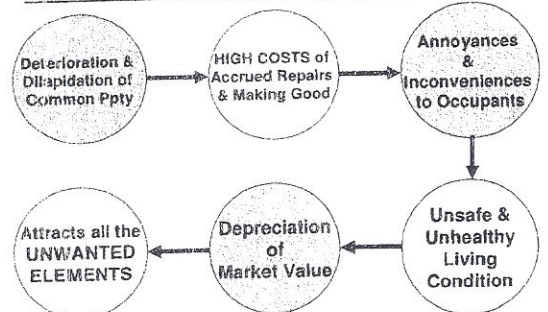
What is the remedy if Developer cannot hand over Account to JMB?

- Notify COB
- Commence BMF with Zero Opening Balance
  - Ignore all BMA Creditors except Utilities, Quit Rent & Insurance
- Commence Billing
  - Maintenance Charges
  - S.O.S Fund for outstanding Utilities, Quit Rent, Insurance & Essential Repairs



Act 663: S16, S17, S22, S38 & S39

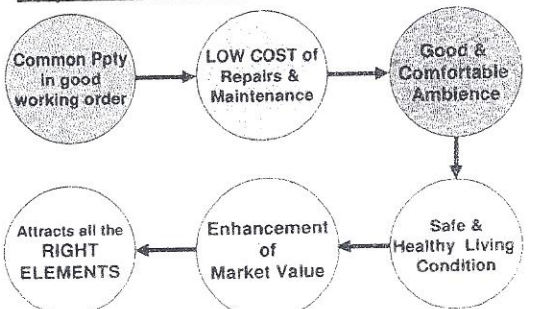
### Lack of Maintenance & Management



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### Proper Maintenance & Management



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VALUERS, APPRAISERS AND ESTATE AGENTS ACT 1981 (ACT 242)

### MALAYSIAN PROPERTY MANAGEMENT STANDARDS

- Standard 1 : The Property Manager
- Standard 2 : Appointment of A Property Manager
- Standard 3 : Handing Over/Taking Over of Property
- Standard 4 : Building Management
- Standard 5 : Maintenance Management
- Standard 6 : Financial Management
- Standard 7 : Administrative Management
- Standard 8 : Insurance Management
- Standard 9 : Health, Safety & Emergency Management
- Standard 10: Tenancy/Lease Management

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*Thank You*

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