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## Property Management in a Multi Unit Development Frequently Asked Questions

Bohan Hyland & Associates are the Managing Agents for your development and have produced this leaflet to guide property owners through some of the most common matters relating to owning a property in a privately managed development.

If you have any queries regarding the information contained in this document please do not hesitate to contact our office where a member of our team will be happy to help you.

### What is a Management Company?

When you buy a property in a multi-unit development, you legally become a member of the Owners' Management Company. This happens automatically and means that you have legal rights and obligations.

In a Multi Unit Development, an Owners' Management Company (OMC) legally owns the common areas and is responsible for their upkeep.

As a member of the OMC, you have a say in how the common areas are managed. If you are elected to become a Director of the OMC, then you will become involved in the running of the company, but as an ordinary member, your involvement will be minimal.

### What does the OMC own?

The OMC is the legal owner of the common areas on behalf of the owners of the units. These areas are detailed in your Lease Agreement.

The OMC is also a party to all sales of units in a development because it owns a share in each property in the development. The OMC cannot legally prevent the sale or purchase of a unit, but it can take action against a member if they don't pay their Service charges.

### What is the difference between a Management Company and a Managing Agent?

The Management Company and Managing Agent are two very different entities. The Managing Agent is employed by and works under the instruction of the Owners' Management Company.

All Managing Agents are regulated by the Property Services Regulatory Authority (PSRA).

Managing agents can provide peace of mind to the members of the OMC by ensuring that their company is properly maintained and compliant with the relevant regulations at all times.

Managing Agents' services typically include:

- Inspecting and maintaining common areas
- Co-ordinating contractors e.g. pest control, lift maintenance, fire alarm services, etc.
- Collecting service charges from owners
- Administrative duties, such as arranging buildings insurance cover, claim management, tender for contracts, etc.
- Organising meetings between the OMC and property owners
- Responding to enquiries from property owners

Owners pay the costs of employing the managing agent as a part of their annual Service charges.

### **What is a lease?**

When taking ownership of a 'Leasehold' property a purchaser signs a Lease granting them ownership of a property for a specified time period. This contract outlines the responsibilities and covenants of the lessor and lessee.

### **What are service charges?**

Service charges are fees charged annually by the Management Company for services associated with the running of a managed estate. The service charges are set annually as outlined under the Multi-Unit Development Act 2011 and are payable by all property owners. Service Charges are made payable directly to the Management Company and not the managing agent.

### **What is a sinking fund?**

A sinking fund is a building investment fund for expenditure relating to works which are generally not incurred in each financial year e.g. lift replacement, painting, or for any other unexpected remedial works outside the normal scope of the annual maintenance budget. A sinking fund is mandatory under the terms of the Multi-Unit Development Act 2011.

### **Am I legally obligated to pay service charges?**

Yes, service charges are not an optional payment and are a legal requirement as per your Lease Agreement with the management company.

Not paying your service charge may leave you open to legal action. Additionally, the OMC can apply interest / administration charges on overdue accounts as per the terms of the Lease.

### **What items are included in my Service Charge?**

Service charges can vary significantly depending on the size and structure of the development but the main items usually included are as follows:

- Block Insurance
- Refuse Collection
- Common Area Electricity
- Common Area Cleaning, Maintenance & Landscaping
- Fire Safety Systems
- Maintenance of Property Plant and Equipment e.g. lifts, gates, water pumps, ventilation systems, etc.
- Annual Financial Audit
- Contribution to Sinking Fund

## **Code of Conduct / House Rules**

The House Rules are stipulations that each owner and resident is expected to abide by, e.g rules about pets, noise, etc. These rules are clearly laid out in the head lease and are legally enforceable.

Landlords are obliged to inform their tenants of these and House Rules as they form part of the Tenancy Agreement.

Depending on the OMC's Articles of Association, House Rules may be changed by the Directors or by a vote at the company's AGM.

When you buy your property and sign the contract, you are in effect legally agreeing to obey these rules. Before you buy, you should talk to your solicitor about the terms and conditions of the house rules.

## **Complaints**

### **Can your Owners' Management Company (OMC)/ Managing Agent help with Noisy Neighbours?**

What your OMC or managing agent can do to prevent noise is limited.

A Managing Agent will discuss the options available to you to resolve noise disputes and where possible will assist in resolving the matter. On receipt of a written noise complaint, the managing agent can issue a letter to the offending resident and/or the owner notifying them of the disturbance caused and requesting that they desist from causing any further disturbances. In most cases this form of notification resolves the issue and no further action is necessary.