

Obligations of Management Companies

Purdue Gardens Management Company Limited

Bye-laws

Lease Agreements

Administration and Procedures

Care of the Housing Development

Bye-laws:

These deal with how a Management Company should be run and outline administrative issues and procedures to ensure that abuses do not occur and that the Company remains functional. **Bye-laws do not place any responsibility for maintenance or repair upon the HDC.** They cover:

1. Where an office should be located
2. Whether a Management Company has a seal
3. Powers, number, election and tenure of directors
4. The borrowing powers of directors
5. Meetings of the Board and Committees of the Board
6. Remuneration of Directors
7. Indemnities to Directors and Officers
8. Execution of instruments
9. Signatures and signatories to accounts held by the Management Company
10. Interaction between the Board and the Management Company's Shareholders
 - Submission of contracts
 - Shareholders' Meetings
 - Allotment and issuance of shares
 - Payment of dividends
 - The information made available to Shareholders by the Board

Lease Agreements:

Lease agreements describe the obligations of residents and Management Companies toward the maintenance and repair of housing developments. While residents have responsibility for the care of their personal living areas, Management Companies are responsible for maintaining, repairing, upgrading and insuring the shared areas within a housing development compound.

Management Companies are agents of the HDC and must perform all duties listed in lease agreements. Once control of East Grove (Phase 1) Housing Development, Valsayn was transferred from the HDC to the residents of East Grove Housing Development, these issues became the responsibility of the residents, as shareholders in and Directors of the Management Company. According to the lease agreement signed at the time of allocation, residents agreed to two important things:

1. To pay service charges for the upkeep of the housing development; and
2. That Management Companies have specific responsibilities

Service Charges:

Agreement to pay service charge

- Located in Article 1 of Schedule 6 of Sub-Lease
- Residents must cover a due portion of costs/charges in the running of the development
- The service charge must be paid on the last day of every month for **the entire period covered by the lease** - in most cases, 199 years

Cost of service charge

- Outlined in Article 19 of Schedule 6 and Articles 9, 10 and 11 in Schedule 7 of Sub-Lease
- Currently the service charge is \$200
- The Management Company can adjust this figure after the cost to maintain and manage the development is assessed
- The assessed costs would be divided amongst residents

Residents are obligated to continue paying service charges, even when their mortgages are fully repaid.

Responsibilities of Management Companies:

Schedule 7 of the Sub-Lease deals with the responsibilities of Management Companies. Once a Management Company is controlled by residents, these obligations must be fulfilled by residents. The HDC is not legally obligated to assume responsibility for these duties. Management Companies, therefore, have to perform the following duties:

Fees and Taxes

- Pay all current and future taxes and fees for the Community

Insurance

- Insure buildings and other structures in the development in the event of damage
- Acquire an insurance policy of at least \$100, 000 to cover injury to persons on the compound

Maintenance

- Keep common areas, including fixtures, facilities and fittings in a state of good repair
- Renew and replace worn or damaged parts
- Maintain wiring, metres, switches, lights and all other apparatus used to light common areas
- Keep apparatus ensuring water supply to the community in good repair

Repairs

- If access to living areas is required, at least 48 hours notice must be given to the resident, except for in emergency cases
- Take care in conducting repairs, so as not to cause damage

Garbage Disposal

- Provide garbage disposal facilities for residents

Painting

- Paint external walls and external works every four years

Miscellaneous

- Do all other tasks associated with the maintenance and repair of the housing development

It is important that residents adhere to the legal agreements signed when they were allocated their units.