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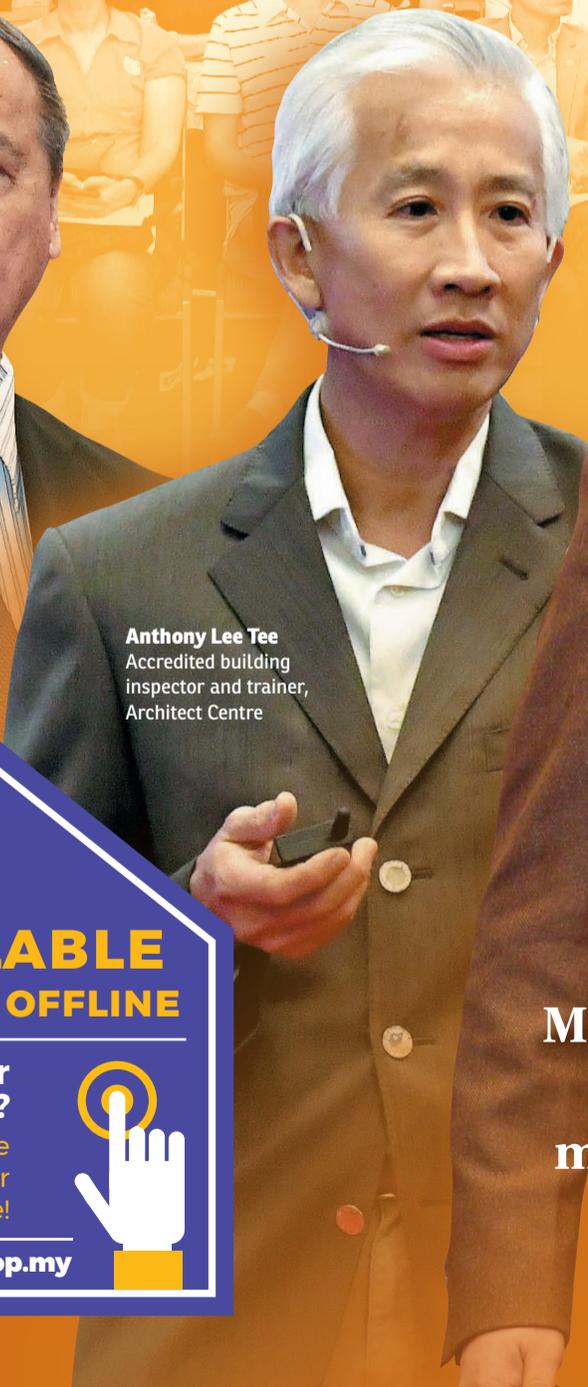
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SYMPOSIUM ON
**EXCELLENT PROPERTY
MANAGEMENT 2019**

Is your investment
**FUTURE-
PROOF?**



Dr Lim Lan Yuan
President, Association
of Property and Facility
Managers (Singapore)



Anthony Lee Tee
Accredited building
inspector and trainer,
Architect Centre



Chris Tan
Founder & Managing
Partner, Chur
Associates



**Datuk Chang
Kim Loong**
Honorary
Secretary
General,
National
House Buyers
Association

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Ill-managed real estate is not future-proof

PICTURES BY LOW YEN YEING | EdgeProp.my

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From left: EdgeProp.my executive editor Sharon Kam, Nippon Paint Malaysia assistant manager of marketing Gabriel Ng, Tan, Chang, Lee, Lim, Gamuda Land assistant general manager of marketing and sales Dede Pong, Panasonic Malaysia managing director (QAFL Business Promotion Office) Ichiro Suganuma, Au and EdgeProp.my director of product development Alvin Ong.

BY **CHIN WAI LUN****PETALING JAYA:** Location, timing and pricing are not the only factors you must consider when buying any property. It is important to ensure that the desired property has been designed and built for quality property management.

EdgeProp.my managing director and editor-in-chief Au Foong Yee said this is because the value of ill-managed real estate would not be future-proof.

“Property that is maintained well... would appreciate in value. Half the battle is won if the real estate has been designed and built for property management in the first place,” stressed Au.

Au was speaking at the EdgeProp.my Symposium on Excellent Property Management 2019 held at a hotel here on April 27. Themed “Is your investment future-proof?” the symposium was organised by EdgeProp.my in partnership with Nippon Paint Malaysia while the supporting sponsors were Gamuda Land and Panasonic Malaysia. The event was also supported by The Edge Malaysia, Architect Centre Sdn Bhd, Chur Associates, the National House Buyers Association (HBA) and the Association of Property and Facility Managers (APFM) Singapore.

Over 550 people turned up for the event which was held following Edgeprop Malaysia’s Best Managed Property Awards 2019 on April 21.

The symposium started off with HBA honorary secretary general Datuk Chang Kim Loong with his presentation titled, “Creativity vs sustainability – Buyer’s don’t be fooled”. In his talk, he cautioned buyers to be wary of sales pitches that sounded too good to be true.

Citing offers of free maintenance fees for three years, Chang said the developer is presumably able to honour the offer, as no big capital expenses are expected during the first few years for a new building.

The next speaker was Architect Centre accredited building inspector and trainer



Au: Property that is maintained well... would appreciate in value. Half the battle is won, however, if the real estate has been designed and built for property management in the first place.

Anthony Lee Tee who shared some insights on the topic, “Aesthetics OR safety? You decide!” He advised the audience to better comprehend the management and maintenance costs of a property.

According to Lee, in order to future-proof a property, one has to understand the building’s life cycle cost, of which the first 25% is for the initial period after completion. The balance will only surface within the next 25 to 30 years.

“The balance 75% goes towards the next 25 to 30 years, or even 40 and 50 years after the property is done, which includes the cost for

security, utility bills and maintenance,” he said.

Lee’s session was followed by founder and managing partner of Chur Associates Chris Tan’s presentation on the topic “Of COBs and the Tribunal – Do you know your rights?” where he explained the role of the Commissioner of Buildings (COB) and the Strata Management Tribunal.

“The COB, as the enforcer appointed by the state government, has the power to investigate and the power to attach moveable property,” he said. However, the COB is limited to the role of enforcer for the Strata Management Act, and is subject to the Strata Management Tribunal (SMT) which is under the Ministry of Housing and Local Government.

The last speaker to take the floor before the panel discussion was president of the Association of Property and Facility Managers (Singapore) Dr Lim Lan Yuan. His presentation was titled, “How does Malaysia score for property management?”

“From my observation, over the past three years, as one of the judges of EdgeProp Malaysia’s Best Managed Property Awards,



The crowd streaming into the hall before the start of the symposium.

IS YOUR INVESTMENT FUTURE-PROOF?



Ng of Nippon Paint Malaysia attending to enquiries.



Participants checking out a development scale model at Gamuda Land's booth.



Learning more about indoor air quality at the Panasonic Malaysia booth.

"I do think Malaysia's property management is good," said Lim.

He said Malaysia's property managers have been performing well overall, based on seven aspects of property management, which are: administration and standard operating procedures, building maintenance and operations, estate and building security, compliance with law and regulations, development design and facilities, financial control and management, and community relations.

However, Lim observed that property management in Malaysia could do better in terms of financial control and management as well as compliance with laws and regulations.

Lee, Tan and Lim then took part in the panel discussion titled, "What happens when the party stops?" with Au as the moderator. Notably, all three speakers were on the judging panel of EdgeProp Malaysia's Best Managed Property Awards 2019.

During the panel discussion, the speakers took questions from the floor including one on the use of the sinking fund to pay for the maintenance costs of a strata property due to insufficient maintenance collection.

In response, Tan emphasised that any utilisation of the sinking fund must follow the proper process and procedure.

"You shouldn't simply touch the sinking fund as it is reserved for certain important things only and should not be used for the things that should be paid with maintenance charges. To use the sinking fund, you need to have a proper procedure of conducting a general meeting to approve the usage of the sinking fund at the meeting," he said.

Lee, weighing in, said some property owners are reluctant to contribute to the sinking fund as they are in denial and refuse to take ownership of the maintenance issues in their building.

Meanwhile, Lim noted that Singapore also

faces the same issue with educating owners about the importance of the sinking fund.

"In Singapore, we also face the same difficulties. But we are educating owners to put aside sufficient funds so that in the future, they don't need to carve out so much when something major in the building needs to be fixed," he said.

The half-day event concluded with two lucky draws. The first round saw eight attendees receiving a pair of Skytropolis Funland preview tickets each, courtesy of Resorts World Genting while another five winners walked away with a Home Safety Inspection package each, courtesy of Architect Centre.

Every symposium participant also received the Strata OMG Owner's manual and guidebook authored by Tan. Participants also had the opportunity to check out the booths set up by EdgeProp.my, FundMyHome, Panasonic, Nippon Paint and Gamuda Land.



A participant asking a question during the panel discussion session.

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Don't be fooled when buying a home

BY NATALIE KHOO

Don't buy a home that you will regret later. To avoid this, there are some things you need to take note of before you sign on the dotted line, said National House Buyers Association honorary secretary-general Datuk Chang Kim Loong.

"If you flip through magazines or advertisements, you will be bombarded with picture-perfect and too-good-to-be-true products. The advertisers' aim is to entice, and to do so, advertisements have to be impressive. What if you have bought a property because you are attracted to the artist's impressions on the brochure but found out later that it is not up to expectations?" Chang asked the audience during his talk titled "Creativity vs sustainability: Buyers don't be fooled" at the EdgeProp.my Symposium on Excellent Property Management 2019 "Is your investment future-proof?" held in a hotel in Petaling Jaya on Saturday, April 27.

The symposium was organised by EdgeProp.my with partner Nippon Paint Malaysia and supporting sponsors Gamuda Land and Panasonic Malaysia. The event was also supported by The Edge Malaysia.

Purchasers must demand to see the Schedule of Parcels and Certificate of Share Unit Formula (more commonly known as SiFUS) before they commit themselves to buying the property. Almost all developers never display them although the Strata Management Act 2013 (SMA 2013) requires developers to do so, he said.

"Purchasers must know what they are buying especially the common facilities in a strata development. Some facilities, like the car park, may belong to the developer to be rented to the residents in future," he warned.

If in doubt, said Chang, ask. Also check whether there is or are provisional block(s) in the strata scheme which may give rise to problems in future if the developer abandons or delays the construction of such provisional blocks. Residents could also unwittingly be paying for the cost of maintenance covering these provisional blocks.

"Effective August 2014, it is mandatory to attach the Approved Drawing Plans: layout, site-plan, building (front and rear elevations) to the Sales and Purchase Agreement (SPA)," Chang noted, hence purchasers should scrutinise them.

He also advised those buying into commercial developments to not sign separate agreements to relocate or reallocate the car park bays that were earlier allocated in the Schedule of Parcels.

"Otherwise, it may entail endless disputes especially when it comes to the issuance of strata titles and share units' identification. There are developers who may qualify that the car park bays on the basement floor(s) are exclusively theirs and retain sole ownership," said Chang.

Meanwhile, he also cautioned potential homebuyers against offers of free maintenance charges in a property development.

"This may be promised at the time of



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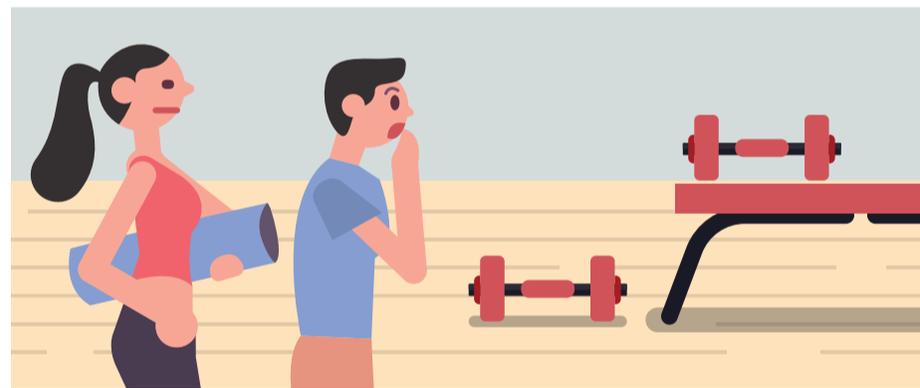
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for Q & A with
Chang and other
speakers.

Chang: Purchasers must know what they are buying especially the common facilities in a strata development.

10 things to watch out for as a homebuyer



- 1 Sales pitch** — Free maintenance charges, really?
- 2 Know your facts** about gated-and-guarded communities
- 3 Make sure Vacant Possession** is simultaneous with strata titles
- 4 Do not sign separate agreement** for **car parking bays** allocation
- 5 Are your common facilities equipped?**
- 6 Are you paying for maintenance charges** for **uncompleted blocks?**
- 7 Make sure SiFus and Schedule of Parcel** are conspicuously displayed
- 8 Make sure JMB/MC** does not inherit debt and liabilities from developers
- 9 Are the green buildings** really cost-saving in the long run?
- 10 Appoint a licensed registered** property manager



sale but the reality is that the SMA 2013 says that the developer must form the Joint Management Body (JMB) within 12 months from date of Vacant Possession (VP). Accordingly, the developer must pay the maintenance charge to the JMB for the second and third year, after the developer's management period in the first year has lapsed," said Chang.

The developer presumably, is able to honour offers such as free maintenance charges because of factors such as no big capital expenses since it's a new building and only the bare minimum expenses are incurred during this period.

"Thus, it is not wrong or misleading for a developer to offer to pay the maintenance charges in the first year (developer's managing period) but in the second and third year, it becomes apparently difficult when the JMB takes over with the developer contributing minimum charges. The JMB is an entirely new set up. Can they sustain without maintenance fee charges?" Chang questioned.

Chang also warned of numerous facilities being indicated by the developer for a project despite a lack of

definition of the facilities. For instance, a gym or library may not be what the homebuyer imagines it to be when the development is completed.

"We think of a library as being stocked with books and magazines catalogued properly and managed by a librarian. Well, a library is an empty room — named and tagged 'Library'. Books may be stocked later. Similarly, you may think that a gym will be fully equipped with 'cardio packages' of treadmills, chest press, cable row machines for biceps and triceps like those in a fitness club but instead you may find the gym in a completed project has only two dumbbells. Does that constitute a gym?" asked Chang.

He also highlighted the definition of a gated-and-guarded community and stressed that strata titles must be issued simultaneously with the VP. He also added that a JMB or MC should not inherit debts and liabilities from developers. Potential property buyers of green buildings should also understand the true cost of maintaining them. Last but not least, he advised JMBs and MCs to always appoint a licensed property manager.

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BY SHAWN NG

Assume you own an old car that you rely on to commute to work and to transport your family, but you only have a limited budget to spend on it. What would you spend it on? Would you polish it or repaint it to make the car (and yourself) look good, or would you conduct a thorough check on the car to ensure every part is in order so that you and your family will not be in danger?

The answer is pretty obvious: safety should never be compromised.

However, in the context of property maintenance, many property owners have yet to realise the importance of conducting regular checkups on their buildings and replacing important parts or equipment that can pose a danger to their safety if ignored. Many people spend on renovations or on aesthetic changes instead, said Architect Centre Sdn Bhd accredited architect and trainer Anthony Lee Tee.

“Most of us start to do decorative things as though a nice coat of paint will fix all the problems in our property – at the expense of safety.

“The things that you should be doing to your property is exactly how you should treat your car – fix the important things. If you have a car and it has bald tires and defective brakes – those are the things that you should be spending your money on,” he told the audience at EdgeProp.my’s Symposium on Excellent Property Management 2019 “Is your investment future-proof?” on April 27.

Lee’s talk was entitled “Aesthetics OR safety? You decide!”

The symposium was organised by EdgeProp.my in collaboration with partner Nippon Paint Malaysia and supporting sponsors Gamuda Land and Panasonic Malaysia. The event was also supported by The Edge Malaysia.

“What’s happening in Malaysia is that aesthetics have taken over safety,” he said, warning that this can lead to a tragedy.

He cited glass handrails in buildings as an example. “We love the use of glass and it is everywhere. But in Malaysia, there is no regulation on the use of glass in [our buildings]. There is no regulation on how handrails should be designed as well as how much load it can take,” he said.

“Lately, we see stickers on glass rails in malls that say ‘Do not lean on the glass.’ That sticker alone means that everything is safe?

“But if this happens in your property, it is no laughing matter,” he added.

Hence, he urged owners to implement predictive and preventive maintenance on the important equipment and areas in their property, instead of spending money on trivial things.

“You take your car to service every 10,000km mileage – that is predictive maintenance as you don’t wait until the car breaks down. But sadly, the truth is that we don’t do that to our property and we wait until things break down before we decide to act,” he said.

However, in order to future proof a property, it is crucial for one to understand the management and maintenance cost of the property, especially the long-term cost.

“Many of us are seduced by the exclusiveness, swimming pool, landscape and water features when we walk into



Lee: The things you should be doing to your property is exactly how you should treat your car – fix the important things.



LOW YEN YEING | EdgeProp.my

Don't let aesthetics come above safety

an agreement to buy a property. And after we have bought the property, we choose to be apathetic. Some of us are even in denial — denying that we are part of this little government that we have to contribute to maintain all these features,” Lee said.

As a result of that, the initial wonderful features begin to get neglected and owners will get a broken and disharmonious living environment, he added.

“The common denominator is, the property must be managed and thus understanding the building lifecycle cost is fundamental. That is the key message that I would like you to take away today,” he said.

Lee also urged owners to take active participation in meetings by the management body of their property instead of having a “tidak apa” attitude as this will jeopardise the long-term maintenance of their building.

Lee who has more than 30 years of experience in architecture, project

management and construction said the initial three to five years of a building only constitutes 25% of the building’s life cycle cost and the balance will only surface within the next 25 to 30 years.

“When the building is completed, the cost in the initial [period] only represents about 25% of the overall cost of maintaining the building throughout its lifespan. The balance 75% goes towards the next 25 to 30 years, or even 40 and 50 years after the property is done, which includes the cost for security, utility bills and maintenance.

“You need to understand that owning a property is a long-term commitment and you will have all these hidden costs which you need to deal with. So you must plan for the next 75% to make sure that you are ready for it,” he said.

Among the long-term maintenance works include the repainting of the building (every 10 years) and the replacement of pipes, pumps, electrical fittings, roof and drains (about every 20 years).



DOs

- Understand the building’s lifecycle cost before you buy
- Inculcate the property maintenance and management mindset
- Get involved in the maintenance and management
- Ensure regular maintenance works are being conducted and plan for the long-term cost

DON'Ts

- Overlook the safety hazard in the design of your property
- Get seduced by the frivolous features that require lots of maintenance in the future
- Have the “tidak apa” attitude and let other people decide
- Spend the money on aesthetical features instead of ensuring the safety in the building

What are the mandatory areas that need regular checkups?

- 1 Fire certificate **YEARLY**
- 2 Lifts and escalators **YEARLY**
- 3 Electrical installation **EVERY TWO YEARS**
- 4 Gas pipelines **EVERY THREE YEARS**
- 5 Building structure **EVERY 10 YEARS**



What are the areas that are not mandated but need regular checkups?

- 1 Slopes and retaining walls **YEARLY**
- 2 Internal gas fittings **YEARLY**
- 3 Gas detection meter **YEARLY**
- 4 Safety inspection **YEARLY**
- 5 Sewerage and pipes **BI-YEARLY**



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BY TAN AI LENG

The number of filed cases at the Strata Management Tribunal (SMT) has increased over the years since the tribunal was formed in July 2015. This means that problems faced by strata living is on the rise, said Chur Associates founder and managing partner Chris Tan.

Since the SMT was established, it has recorded about 10,000 cases, or an average of 2,500 cases per year.

In 2017, there were 4,390 cases while in the first half of 2018 alone, the number of cases reached 2,355 cases.

A majority of the cases were related to maintenance fee collection.

In comparison, the Homebuyer Tribunal has received 45,000 cases since it was established in Jan 2003. In 2017, it recorded 2,082 cases.

“In the first half of 2018, the SMT received a total of 2,355 cases from the public compared to the Homebuyer Tribunal’s 709 cases filed during the same period,” Tan told the audience at the EdgeProp.my Symposium on Excellent Property Management 2019 themed “Is your investment future-proof?”

In his session titled “Of COBs and the Tribunal — Do you know your rights?”, he noted that some property owners might be confused between the SMT and Homebuyer Tribunal although both are under the Housing and Local Government Ministry.

The Homebuyer Tribunal, or Tribunal for Homebuyer Claims (TTPR) was established under the Housing Development (Control and Licensing) Act 1966. It is a special tribunal established to hear disputes between property purchasers and developers. TTPR has the jurisdiction to determine a claim of not more than RM50,000.

However, for issues related to strata properties, property owners could make a claim before the SMT under Section 107 of the Strata Management Act 2013 (SMA) for claims up to RM250,000.

Issues that can be brought to the SMT include disputes over decisions made by Management Corporations (MC) or Joint Management Bodies (JMB), disputes over maintenance cost or misuse of sinking funds, by-law amendments, and debt recovery.



CLICK/TAP HERE
for Q & A with
Tan and other
speakers.

Tan: The COB has the power to investigate and the power to seize the movable property of those who refuse to pay the maintenance fees.

Problems related to strata living are escalating

SMT only serves selected stakeholders, namely the managing agent, the proprietor, the developer, the management body, purchasers and interested persons decided by the SMT.

What is the COB then?

For strata property owners who find themselves mired in problems related to strata living, filing complaints to the SMT should be their last resort as they could seek the help of the Commissioner of Buildings (COB) first, said Tan.

For example, when a management committee fails to be formed during an Annual General Meeting, the COB

could step in to appoint a managing agent to handle issues related to the property’s management.

The COBs are appointed by district and city councils like the Kajang Municipal Council (MPKJ) and Kuala Lumpur City Hall (DBKL), and they are tasked to regulate the MC and JMB.

The power and duties of the COB include enforcing the provisions in the SMA, as a record keeper of all the audited accounts, AGM minutes and the additional by-laws by the MC and JMB, as well as a trustee to the common property defects account.

When dealing with stubborn owners who refuse to pay maintenance fees and service charges, the COB could also step in by serving notices to the defaulters.

“Besides these, the COB also has the power to investigate and the power to attach movable property of those who refuse to pay their maintenance fees,” said Tan. He cited for example, MPKJ’s COB who had in October 2017 seized the movable properties of maintenance fee dodgers at Vista Seri Putra in Bandar Seri Putra, Bangi.

The MC of Vista Seri Putra had approached the COB in MPKJ for help to take action against 10 unit owners who had refused to pay their fees. The unsettled service charges amounted from about RM5,000 to RM9,735, accumulated over a few years.

Subsequently, the COB together with the police issued warrants to confiscate the movable properties of the fee dodgers.

“Following this incident, the collection rate of the apartment has increased to 78% from 40% previously,” said Tan. However, he added that the role of

Types of claims handled by SMT

Management body

- Performance
- Duty
- Power

Recovery

- Service charges
- Sinking fund
- Any debt
- Interests

Information disclosure

- Management body

Insurance

- Premium/claim

General meeting

- Annual/extraordinary
- Convene/proceeding/resolution

By-laws

- Resolve/amend

Costs/repairs

- Common property defects

Matters dealing with COB

- To challenge the decision made by COB

The role of COB

<p>ADMINISTRATOR Strata Management Act</p> <ul style="list-style-type: none"> • Enforce • Perform • Fill in the gaps 	<p>SUPERVISOR Managing body</p> <ul style="list-style-type: none"> • Appointing managing agent in the event of non-appointment or failure in management committee
<p>POLICE Power to investigate with SMT</p>	<p>ENFORCER Movable property (to recover arrears)</p>
<p>TRUSTEE Common Property Defect Account</p>	<p>RECORD KEEPER</p> <ul style="list-style-type: none"> • Audited account • Additional by-laws • AGM minutes • SOP

the COB is limited to the role of enforcer for the SMA, thus, their power is subject to the SMT.

For cases that could not be handled by the COB, such as to remove the entire JMB or MC, property owners will need to bring the case to the SMT.

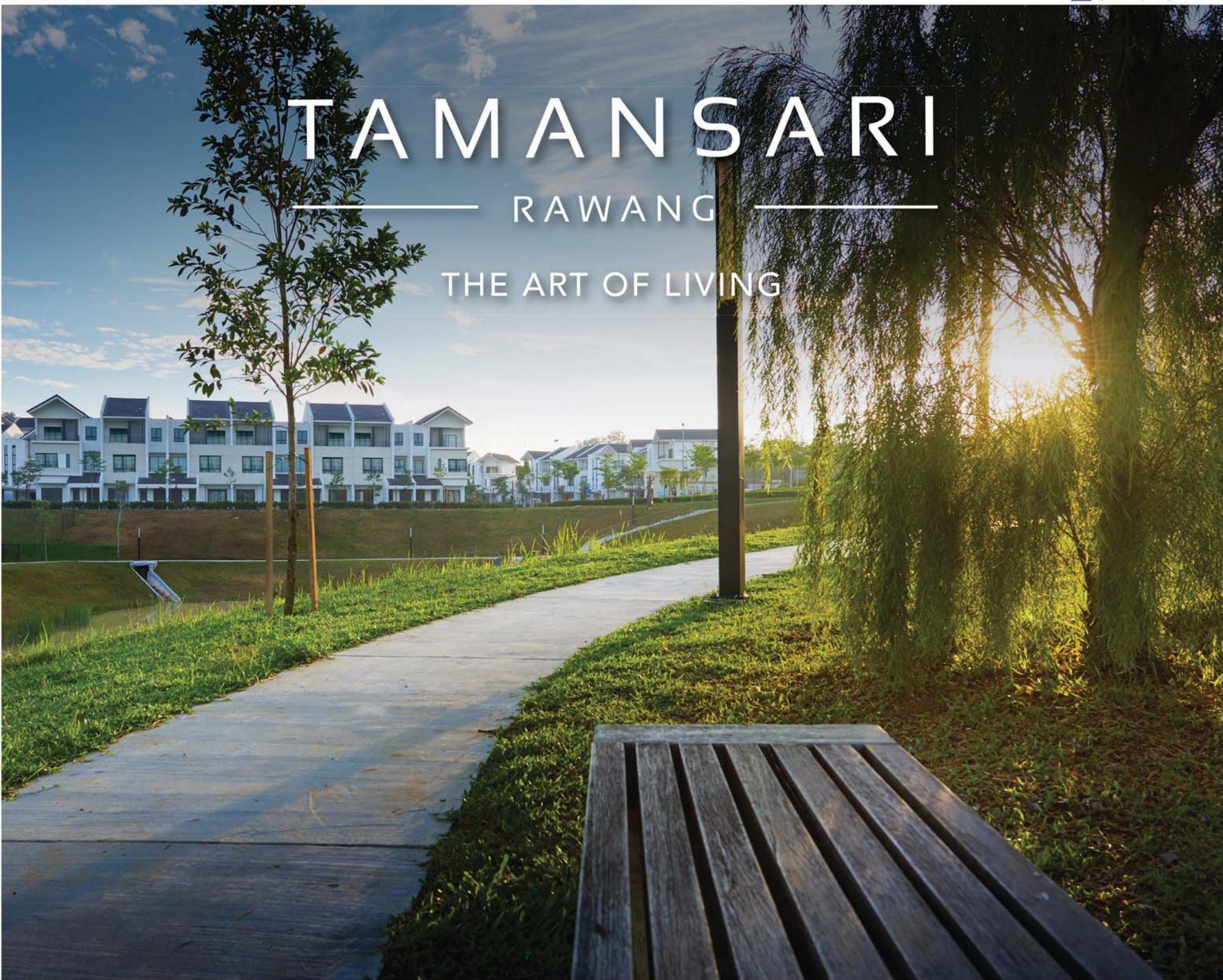
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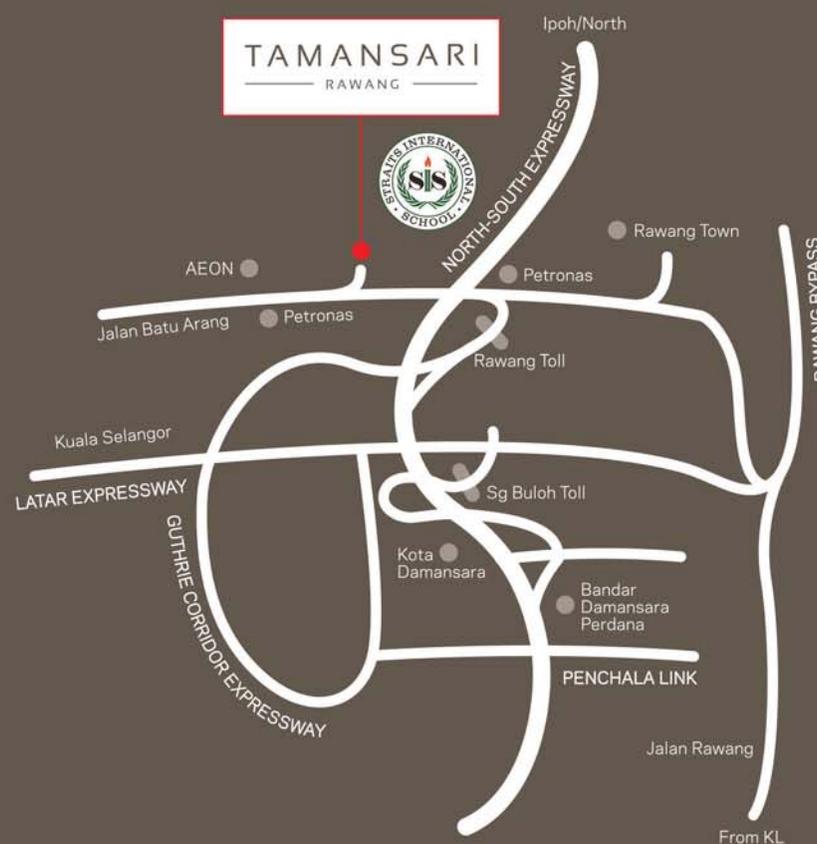
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Malaysia property management good, but...

BY RACHEL CHEW

While Dr Lim Lan Yuan, president of the Association of Property and Facility Managers Singapore considers Malaysia's overall quality of property management to be good, there are two areas that he finds lacking.

"As a judge of EdgeProp Malaysia's Best Managed Property Awards over the past three years, I do think Malaysia's property management report card score is good," he said.

The score, he explained, was based on performance in seven major aspects of work in property management, namely: administration and standard operating procedures (SOP), building maintenance and operations, estate and building security, compliance with law and regulations, development design and facilities, financial control and management, and community relations.

Lim was speaking during his presentation entitled "How does Malaysia score in Property Management?" at the EdgeProp.my Symposium in Excellent Property Management 2019 "Is your investment future-proof?" on April 27 in Petaling Jaya.

Malaysia needs improvement in two key areas, he said, the first of which is financial control. "Property managers need to understand the importance of financial control because it is related to how you plan things ahead, and how you ensure that planned works can be carried out smoothly," he explained.

According to Lim, the second area that needs improvement is in compliance with requirements and regulations. He said that enforcement seems to be lacking as well, and that a property manager has to be familiar with a host of legislation and regulations.

"For example, the property manager should have the knowledge about how to deal with people who smoke in non-smoking areas. They should know what is required of owners or managers to comply with the law," he said.

As for other areas, Lim said Malaysia has done well. For instance, in administration and SOP, the majority of property managers have complete sets of SOPs to help them carry out their tasks properly.

"While the SOP is not everything, it is still an important guide or checklist to make sure the staff carry out all the necessary work to ensure the property is well taken-care of," Lim noted.

He also praised Malaysia's property managers in doing a good job in building maintenance and operations. "Property management is not just about the building structure but also about the daily operations and maintenance such as M&E (Mechanical and Electrical) and cleanliness in the common areas."

Lim highlighted that when it comes to estate and building security, it doesn't mean "the more the merrier".

"Different buildings require different security programmes, you do not need



Lim: The property manager's most important task is to build up the community to increase the sense of belonging in the community.

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Main tasks of a property manager



An all-embracing role

In conclusion, Lim said a property manager's role is all-embracing. He or she should be able to handle maintenance management, lease management, financial management, investment management and relations management.

The most challenging task, he believes, is in managing community relations.

Lim said managing community relations helps to develop a cohesive community with a strong sense of belonging and civic consciousness in using and enjoying common property and facilities.

"The property manager is not just the property caretaker, their most important task is to build up the community via various activities that could increase the sense of belonging in the community."

"Property management deals with more than building maintenance, as it involves a whole spectrum of management from the start of the planning and design process to the construction and the redevelopment of a building when it is obsolete," Lim noted.

The symposium was organised by EdgeProp.my with Nippon Paint Malaysia as event partner. Gamuda Land and Panasonic Malaysia were the supporting sponsors. This event was also supported by The Edge Malaysia.

to have all the security features just because other buildings have them. For example, one could consider having in-house security officers instead of outsourcing. Regardless, the property manager should be able to determine the responsibilities of the security officers and how they are deployed," he said.

As for a development's design and facilities, Lim said it is essential to involve property managers in a development's early planning stage.

"When property managers are not involved at the planning stage, problems in building maintenance and facilities will arise. It is simple, when you (developer) have fancy design and facilities, please tell us how to maintain it," he stressed.

Seven aspects of work in property management

1. Administration and standard operating procedures
2. Building maintenance and operations
3. Estate and building security
4. Compliance with law and regulations
5. Development design and facilities
6. Financial control and management
7. Community relations





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Guard the sinking fund for your building!

BY SHAWN NG

Strata property owners should understand why they are contributing to the sinking fund in their buildings, and ensure that it is used in a proper manner. Unfortunately, this is lacking in Malaysia and even in Singapore, said industry experts during a panel discussion themed “What happens when the party stops?!” at EdgeProp.my’s Symposium on Excellent Property Management “Is your investment future-proof?” on April 27.

The symposium was organised by EdgeProp.my in collaboration with partner Nippon Paint Malaysia and supporting sponsors Gamuda Land and Panasonic Malaysia. The event was also supported by The Edge Malaysia.

The panel discussion was moderated by EdgeProp.my managing director and editor-in-chief Au Foong Yee. The panellists were Architect Centre Sdn Bhd accredited architect and trainer Anthony Lee Tee, Chur Associates founder and managing partner Chris Tan and Singapore’s Association of Property and Facility Managers (APFM) president Dr Lim Lan Yuan. All three were on the panel of judges of EdgeProp Malaysia’s Best Managed Property Awards 2019 which took place a week before the symposium.

The discussion on the sinking fund was raised from the floor when a participant brought up a case where the Joint Management Body (JMB) of a strata property was forced to use its sinking fund to pay for maintenance due to insufficient maintenance fee collections.

In response, Tan said any utilisation of the sinking fund must follow the proper process.

“You shouldn’t simply touch the sinking fund as it is reserved for certain important things only. It should not be used for things that should be paid for with maintenance charges. To use the sinking fund, you need to undergo the proper procedure of conducting a general meeting and approving the usage of the sinking fund for a specified usage at the meeting,” he said.

He warned committee members of management bodies in strata properties to be careful with the usage of the sinking fund because the management body is liable

The panel discussion – (from left) Au, Lim, Lee and Tan.



and can be sued if there is any misuse of the fund. The committee members could even end up in jail.

While owners should get involved in the management and maintenance of their property, they should also behave themselves, said Tan.

“No matter how urgent or critical it is, it is important to follow procedures,” he reiterated.

If an owner has evidence that the sinking fund is being utilised in a manner that is not in accordance with the budget approved at the annual general meeting, he or she can take action and bring the matter to the Commissioner of Buildings, the Strata Management Tribunal or the civil courts, he added.

Architect Centre’s Lee explained that the sinking fund is meant for owners to carry out major building maintenance works such as malfunctioning lifts, water-proofing, upgrades of fire-fighting equipment and other upgrading works throughout the lifespan of a building.

He added that touching the sinking fund will only lead the owners to face circumstances where they do not have sufficient funds to fix the important things in their property.

“The only way you can establish a sufficient sinking fund is to understand the building completely, and that requires long

term planning. However, I have not seen any property in Malaysia having done that, not even one,” he elaborated.

In fact, many tend to spend their money on the aesthetic aspects of their building instead of important equipment that ensures the safety of the building and the occupants.

“I don’t know how people establish the sinking fund other than saying we need some money to repaint the building — I think our sinking fund goes only as far as that.

“So what happens when the lift has a problem and what happens when you need to put in new waterproofing? And if you have no money in the sinking fund, how are you going to replace fire fighting equipment, such as pumps and fire fighting tanks which are required in the fire certificate?” he asked the audience.

Meanwhile, Lim noted that Singapore also faces the same issue and it needs to educate owners about the importance of the sinking fund.

“In Singapore, we also have the same difficulties. But we are educating the owners to put aside sufficient funds so that in the future, you don’t need to cough up so much when something major in the building needs to be fixed,” he said.

He added that most professional property managers in Singapore would be able to

estimate the budget needed in future and thus allow the owners to plan for the maintenance cost of a property over the long term.

“For example, if you need to spend RM300,000 in three years’ time, then every year you should set aside RM100,000 so that by the third year, you would have accumulated RM300,000 to pay for whatever expenditure you want.

Architect Centre’s Lee also urged strata property owners to get involved in the management and maintenance of their building.

“It is very important to get involved, especially when the DLP (defects liability period) is still valid. There could be things in your own property and common property areas that are not done properly or may not be operating properly,” he said, adding that the defects could expose the property to all kinds of risks and will be very expensive to fix later on.

It can be difficult sometimes given the technical nature of the defects but if you can’t do it, contact the professionals, he advised.

“When you take over a property, you are taking it over as a layperson. How do you know what’s happening in the lift motor room or pump room? It is very difficult. So it is important to understand that you may need to get a good professional manager and together, you must take ownership of these issues. Know that they belong to you and whether they run well or break down — it is up to you,” Lee said.



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