



# Residents' Handbook



Tailored. Local. Personal.



# About HML

We are property management professionals with more than 50 years' experience.

We manage the communal areas of blocks of flats, mixed use developments, housing estates and more.

If you are reading this, it's likely that your landlord, resident management company (RMC), housebuilder or developer have appointed us to manage the communal parts of the buildings and grounds on their behalf.

Most importantly, we take great pride in helping ensure our clients and property owners live in a well-maintained environment.

## Where are we?

With offices across England, we aim never to be more than an hour away from the sites we manage, so we can use local contractors, services and knowledge to provide optimal services to our clients.

Visit [www.hmlgroup.com/find](http://www.hmlgroup.com/find) to get the contact details of your nearest HML office.

## What do you need to know when reading this handbook?

You'll see that we refer a lot to 'legal documentation' in this handbook. Below is a brief summary of the documents mentioned.

### Legal Documentation

#### Leasehold

Leasehold means that the property owner has obtained a lease from the freeholder/landlord to use the property for a specified number of years. The leases are usually long term, often 90-120 years but can go as high as 999 years.

#### Freehold

Freehold means that the property owner is the freeholder or landlord, owning the property and the land it stands on in perpetuity. The type of freehold ownership depends on the transfer held - part or whole.

#### Lease

A lease is a contractual agreement between the property owner, freeholder and, in some cases, a management company, outlining the obligations of all relevant parties.

#### Transfer of Part (TP1)

A Transfer of Part (TP1) is a contractual agreement between the property owner, the 'transferor' (the original owner of the land) and the management company. It outlines the obligations of all relevant parties.

For example, a TP1 would be the legal document used for a freehold house on an estate; the property owner would own the house and the specified land around it while the original developer or landowner would own all other land not covered by a TP1.

#### Transfer of Whole (TR1)

A Transfer of Whole (TR1) is much like the TP1, but covers the ownership of all land included within the property. This would be held by the developer, freeholder or management company, depending on who the current owner is.

#### Management Agreement

The management agreement is the contract held between ourselves as the managing agent and the instructing client - be that the landlord, freeholder, resident management company or developer. It stipulates what services we will perform for the stated management fee, as well as what services will be charged separately.

The agreement will also include details agreed in advance with the instructing client. This includes the number of visits we will make each year, the number of meetings we will hold and the fee we are charging for providing the service. This fee is calculated on a per unit basis plus VAT.

Our standard agreement includes sections for HML Company Secretarial Services and HML Concierge Services, and we have a separate agreement in place for collecting ground rent or insurance premiums on behalf of the landlord.

Our term is one year less a day, with a three-month notice period. Each year we'll issue an updated agreement to the instructing client.

## Table of Contents

About HML	pg 3
Service Charges	pg 7
Additional Information	pg 8
Emergencies & Incidents	pg 10

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## What exactly do we do?

We act on behalf of our clients to make sure the communal parts of their developments and apartment blocks are well looked after. We provide clients with advice and recommendations and act on their instructions. We ensure that our clients are able to fulfil their obligations which are set out in the lease and/or transfer documents for their properties.

Services such as gardening, cleaning and general repairs are arranged by us. We also arrange the relevant insurances for buildings, plant equipment and the wider estate. All this is done in conjunction with the clients' instructions.

For many developments we also look after matters relating to the management company, including arranging meetings (like the AGM), filing the annual accounts and keeping the company records up-to-date at Companies House.

Our wide range of ancillary services cover company secretarial services, insurance brokerage, surveying, site staff and more. It may be that we provide these services at your development, which allows us to tailor everything to the needs and desires of our clients and residents.

It is important to remember that we only manage communal areas such as lobbies and landings inside, grounds and parking outside, so any issues within the flat or house are the responsibility of the property owner. To see where these boundaries are, please refer to your legal documentation.

While we try to assist where we can, we don't have the legal authority to maintain areas which have been demised to the property owner. For further information on the services that are in place at your property, please speak to your property manager.

## How are the services to your property or development funded?

Residents pay service charges as part of their lease or transfer document. These payments fund the work we do on behalf of our clients. Often this is billed in advance to ensure there is enough money to provide the services required.

Unpaid or late payments can have an impact on the upkeep of the communal areas at your property. To find out more, refer to the 'Service Charges' section of this handbook.

## How do you contact us?

When we take over the management of a development, we will introduce ourselves and our services in writing. This letter will contain the contact information for your local property manager, whom you are welcome to contact during normal working hours.

The property manager will visit the site periodically to inspect the grounds and buildings. They ensure that the development's condition is at a high standard and will make a note of anything that requires attention so that it can be addressed. Please let your property manager know if there is anything you would like them to look at when they visit.

Meetings will also be held throughout the year, including the AGM for the management company in place (where applicable). These are good opportunities to raise concerns and discuss with us and your fellow residents what you want to achieve at the development.

To find answers to frequently asked questions, visit [www.hmlgroup.com](http://www.hmlgroup.com). To contact your local office, visit [www.hmlgroup.com/find](http://www.hmlgroup.com/find). In addition, you can interact with us on social media.

## Who regulates HML?

There are independent organisations which ensure that the industry operates well.

We are members of the Association of Residential Managing Agents (ARMA), endorsed by the Leasehold Knowledge Partnership (LKP) and follow the RICS Service Charge Residential Management Code to ensure our services are up to standard. Our accounting procedures follow the relevant laws and statutes, and we are regulated by the Financial Conduct Authority.

We are also held accountable by our clients and, of course, residents like you. Feedback is welcomed, so please get in touch if there are areas you feel we could improve.







# Service Charges

All estates and properties with communal areas must have service charges paid to cover the cost of maintenance and any company matters related to the management of the development.

Your legal documentation, such as the lease or transfer you signed when you purchased the property, will outline how and when these charges are billed and paid. Please refer to it for clarification.

## What is a reserve fund?

A reserve fund is like a savings account for the management company. Money is paid in annually and the amount is outlined in the budget each year. This money is held until an item of unbudgeted maintenance is required or when large works, which have been agreed at an Annual General Meeting of the management company, are due to be carried out.

The money in the reserve fund will be used to cover these costs.

## Why do you need to pay them?

In order to ensure the development is maintained and serviced, the charges outlined in your lease or freehold document must be paid as agreed.

As an agent, we have no financial or legal interest in the development, and we cannot pay for services ourselves on behalf of residents. Some expenses, such as insurance, must be paid promptly.

Your legal documentation will stipulate that these charges are required from you, the leaseholder or freeholder of your property. By signing the documents, you are agreeing to pay as and when required.

## How do you pay them?

Your payment options will be shown on the bill (also referred to as a 'demand') or the Application for Payment that you will receive when the charges are due.

In some areas residents can pay by Direct Debits and Standing Orders, if both the legal documentation and client allow. A small

administrative charge will be applied to these methods of payment. You can also pay via electronic transfer or cheque.

Due to the legislative changes regarding charges for using credit and debit cards, we cannot accept payment by card. We are also unable to accept cash or post-dated cheques.

## Who sets the budget?

We will work with the developer to create a budget that encompasses the anticipated expenditure for the year(s) ahead. We will liaise with the client to provide a sensible and realistic budget.

## How secure is your money?

It is very secure. The strict codes of practice that we follow ensure that we comply with all relevant legislation and industry requirements and that we hold service charge funds in separate secure trust accounts.

In accordance with the Landlord and Tenant Act (CLRA 2002) and trust legislation, we open separate bank accounts for service charge monies, reserve fund monies and ground rent monies, where applicable.

All bank accounts are interest-bearing with interest credited to the service charge fund and accounted for in the annual service charge accounts, which are verified independently. All accounts conform to FCA regulations, ICAEW and ARMA-Q requirements.

## What happens if there is a deficit or surplus in the budget?

This depends on the legal documentation for each development. Some documents stipulate that any surpluses are credited back to the residents, some outline that the money is to be retained, and others will make no mention of how these funds are handled. We will follow the instructions laid out in the documentation, as well as the wishes of the instructing client.

Deficits are rare but possible, even with the best financial planning. If the deficit



means core services cannot be maintained, a call for further funds may be issued by ourselves on behalf of the client.

We'll use the legal documentation, the relevant laws and regulations, and the views of the client and residents to find a good solution. Where deficits are caused by a lack of funds due to late payment, we will attempt to recover them as soon as possible. If we need to go down the

debt recovery route, we will do so at the request of our client.

In rare situations, and where there are not enough funds in the reserve fund (if one is in place), a call for further funds may be issued in addition to the usual service charge. This will only be done on the grounds of health and safety or security, to protect residents like you.

## Additional Information

### Completion Funds

As part of the purchase you will have provided Completion Funds. Upon purchase completion, you are responsible for your set percentage contribution to the upkeep of the communal areas. These Completion Funds are a proportion of the estimated budget to ensure funds are on account so that the maintenance provisions within the transfer documents can be undertaken.

The developer continues to maintain the completed common parts and has the ability to recharge qualifying maintenance works such as cleaning, insurance, gardening etc. The developer will transfer the management and any remaining completion funds to HML (and you will be informed when this will take place) and HML will begin to demand the service charges in advance. At the end of the first service charge year, an independent accountant will prepare the accounts showing funds received and funds spent. The difference is then recharged to ensure that your contribution is adjusted to reflect actual expenditure for the year.

As part of the accounts HML also reconcile the Completion Funds against qualifying developer expenditure and any unspent Completions will form a credit on your service charge account or transfer to Reserves (depending on legal obligation set out in the property deeds).

### Non-Transferred Lands

As the budgets are produced in advance,

HML have to account for areas that may currently be under construction (should they be scheduled to be part of the management Company Land and are due to become live at any point in the service charge year).

No monies are spent on these areas until a formal handover. Any funds provided within the service charge are held until the year end accounts are completed. Any credits will be refunded if unspent.

For example, a play area may not come live until 4 months into the service charge year but HML have had to budget for the contract and repairs from the start of the year. The service charge funds spent by HML will be for the contract of the live 8 months and any repairs needed in that time, with the remaining 4 months credited back. The funds passed to HML are for maintenance of handed over areas only - these funds are not used on construction of any part of the development or upkeep prior to it being handed over.

Some areas such as roadways scheduled to be adopted by the local authority are not Management Company lands and as such are not managed by HML or contributed to via the service charges. These remain Croudace Homes' ownership and responsibility until such time as they are adopted by the relevant authority. For clarity on what areas are covered by the service charges, what areas are demised to an individual and what is set to be adopted (if any), please refer to the plans provided by the developer which should denote clearly the various areas of responsibility.









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