

**The Straits Times**  
**11 Sep 2006**

**Doubts about foolproof condo management**  
**Paul Chan Poh Hoi**

THE Straits Times reported that a new national standard for property managing agents has been introduced ('New yardstick to assess condo managers'; ST, Sept1) to make them more professional and reduce disputes between them and owners.

I was very impressed to note that the new standard lays out in clear terms the circumstances in which owners can terminate the services of an agent without a general meeting of condo owners.

However, I have some reservations on the procedure of execution to terminate services of the managing agent (MA). The decision to terminate or not rests solely with the current management corporation (MC) after the annual general meeting (AGM). The composition of MC may be only four to seven members though the laws limit it to a maximum 14.

The following paradoxes will throw some light on the effectiveness of the new standard when the laws do not encompass the MAs to ensure no breach of fiduciary duty on the job.

Firstly, how can dissatisfied owners terminate the services of the MA when the decision rests with a few members of the MC? Who is beholden to whom? What can dissatisfied owners do?

The MA can serve three-year terms while the MC needs to be re-elected every year. In the meantime, the performance review of the MA never appear in the agenda of AGM or the last-quarter meeting of MC to consider renewal. It seems to run on autopilot.

Currently, MAs do not even bother to conduct a survey among all residents during the year to gauge their rating. Residents do not receive monthly meeting minutes but only invoices for quarterly contributions and the sinking fund. Is this practice healthy?

Secondly, The Building Maintenance and Strata Management Act came into effect on April 1 last year. The new Act is under the purview of the Ministry of National Development. The Commissioner of Building Control, Building and Construction Authority administers the legislation.

Nevertheless, the non-interfering attitude of the authority does not lend credence to the protection of unwary owners under the Act. This piece of legislation should not stay on no-man's land forever.

Thirdly, a vacuum does exist when the authority depends on the integrity and competency of fewer than 130 MAs which handle nearly a billion dollars a year in the industry while making the MC responsible for the audited accounts involving many million dollars in transactions within each condominium.

The Commissioner of Building Control is the ideal candidate to fill this vacuum and should set up a department to process and vet the audited accounts and also the suitability of members of MCs and the credentials of MAs after they take office.

In other words, members of MCs and MAs are made accountable to all subsidiary proprietors for their actions in managing condo funds. The cardinal rule is to prevent abuse and waste.

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**18 Sep 2006**

**Tighten accounting rules before it's too late**  
**Bibhas C. Ghosh**

I REFER to the letter, 'Doubts about foolproof condo management' by Mr Paul Chan Poh Hoi (ST, Sept 11).

I suspect there are considerable irregularities in the accounts of condos all over the place.

I can give two examples from a case I was personally involved with:

Arrears in payments for maintenance are common in private condos and to prevent this, interest charges are commonly imposed.

In a case where many such charges were imposed on condo owners, selective condoning was allowed which smacked of favouritism but was duly passed by a resolution.

Condo AGMs are normally sparsely attended, hence groups can form and pass resolutions which may seem shady in nature when there is opposition.

When I brought this to the attention of the Building and Construction Authority (BCA), I was told this was 'democracy' in place, condo councils are elected and they can do all things by a majority vote.

Even the auditors, to whose attention I brought this gross irregularity, took a similar position. I was aghast, and by the way, I am a certified public accountant myself, though not a practising one.

In another case, when an expense item, duly approved by the management council, was grossly exceeded by someone, the whole thing was subsequently split into several items and approved retroactively. The person in whose favour this was done was perhaps 'someone' very well-favoured.

These are only two examples in one small condo. It is surely possible that occurrences of this nature go on in many others. The BCA cannot or should not take the stand that it is all (including dishonest favouritism) a matter of 'democratic' management and hence outside the laws of the country.

Democratic institutions have laws or regulations that are meant to be observed.

Mr Chan is absolutely right, legislation in a no man's land is not worth the paper it is written on.

It is time to wake up before a scandal occurs.

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**19 Oct 2006**

**All owners have a say in condo management**

I REFER to Mr Paul Chan Poh Hoi's letter, 'Doubts about foolproof condo management' (ST, Sept 11), and Mr Bibhas C. Ghosh's letter, 'Tighten accounting rules before it's too late' (ST, Sept 18).

The Building Maintenance and Strata Management Act sets out the overall legal framework for the management of strata properties. It gives owners of private strata subdivided properties greater autonomy and responsibility in making decisions concerning their estates.

Owners can elect a management council from among themselves who can best serve their collective interests and ensure that their funds are used properly.

The management council can make operational decisions in the running of the estate.

For matters of importance, the Act classifies them as 'restricted matters', which have to be decided at general meetings of the management corporation (MC), which comprises all owners of the estate as its members.

The Act also recognises that council members may be laypersons, who have limited time, expertise and knowledge of the strata-management laws. Hence, it allows management councils to engage managing agents (MAs) to assist them.

The appointment or termination of the services of the MA is a restricted matter that has to be decided at a general meeting, unless the general meeting has delegated this power to the management council.

The MA can be appointed for a term of up to three years, but its performance has to be reviewed at every annual general meeting of the MC. The decision on whether to continue with the employment of the MA is made by the owners themselves, and not the few council members.

The Act allows the MC to waive interest charges on late contributions, either generally or in a particular case. This is again a restricted matter, which can be decided only at a general meeting. Owners attending the meeting or their proxies are in a position to decide whether or not to grant such waivers.

All owners therefore have a say in the management of their condos.

Owners can also propose additional motions to be included in the agenda of meetings.

If they are dissatisfied with the manner in which the estate is governed, they can raise the issue at the general meetings.

If the owners are still dissatisfied, there are avenues for recourse. They can apply to the Strata Titles Board for resolution of disputes that cannot be settled amicably.

If there is evidence of wrongdoing by the MC or MA, the matter could also be reported to the police or other relevant authorities.

**Reply by**

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