

MEDIA RELEASE

NEW BUILDING MANAGEMENT RULES TAKE EFFECT IN APRIL

1 Come 1 April 2005, the Building Maintenance and Strata Management Act (BMSMA) will set new frontiers in the management of strata properties and building maintenance. The new Act will impact mainly on the subsidiary proprietors or homeowners, management corporations, developers and managing agents from 170,000 strata units and 2,800 Management Corporations in Singapore. (See [Annex A – Significant changes affecting different stakeholders](#))

2 When the new Act comes into force, all subsidiary legislations relating to this Act will also be gazetted and effected at the same time, except for the provisions dealing with staged development, which will be announced later.

3 Some developers have been looking forward to implement the new 2-tier MC scheme (see [Annex B – 2-tier MC system](#)) when the new Act comes into force. City Developments Limited (CDL) has started designing their St Regis Hotel & Residences at Tomlinson / Tanglin Roads, which comprises a mix of hotel and residential units, for the new 2-tier MC scheme. Mr Chia Ngiang Hong, Group General Manager of CDL said, *“We welcome this new Act and besides the new projects, we hope that the 2-tier MC scheme can be extended to existing MCST properties soon.”*

4 Agreeing on the merits of the 2-tier MC scheme, Mr Lim Tow Fok, General Manager (Property Management Department) of Keppel Land also said, *“There are many merits in having a 2-tier MC. They allow developers and ultimately, property owners the flexibilities that are not presently available in the single tier format. We are considering adopting such a scheme in our future projects.”*

5 Other stakeholders from the Management Corporations are also earnestly waiting for certain provisions in the new Act to be effective. These include giving rebates for payment of maintenance and sinking fund contributions by inter-bank GIRO. Many Management Corporations believe that this is an incentive for subsidiary proprietors to pay on time and reduce outstanding contributions.

6 The new provision stating that managing agents are no longer permitted to canvass for proxies would benefit estates that face difficulty in replacing their managing agents who failed to perform. Currently, the managing agents can canvass for proxies to install their own preferred council members to ensure their contracts are renewed. Others are glad that there is greater transparency as the minutes of council meetings are to be posted on the notice board within 7 days of the meeting.

7 For the past two years, BCA has worked together with various stakeholders to improve the Act, to bring about more effective management and maintenance of buildings while recognising the need to balance differing interests. The Building Maintenance and Management Bill was passed by Parliament at its 3rd reading on 19 October 2004, after it was earlier committed to a Select Committee for review.

Introduction of Layman's Guide to BMSMA

8 Seeing that the BMSMA is a highly technical piece of legislation, which laypersons may find difficulty in understanding, BCA published a layperson's guide called "Strata Living in Singapore – A General Guide". ([See Annex C – Contents of the Layperson's Guide](#)) For example, one may find the different types of resolutions that are required to be passed for various situations confusing. The guide then attempts to make it simpler for the layperson by describing and giving examples on the type of situation where the resolution can be applied to.

9 Members of the public can download a free copy of the guide from BCA's website at www.bca.gov.sg. The printed version, which costs \$8 per copy, is also available for sale at BCA.

10 The guide is produced by BCA in collaboration with some stakeholders - the Association of Management Corporations in Singapore (AMCIS), Association of Property and Facility Managers (APFM), Real Estate Developers' Association of Singapore (REDAS), Singapore Institute of Surveyors and Valuers (SISV) and Colliers International Asset Management.

Introduction of New Scheme for Lodgement of Lift Maintenance Records

11 Together with the commencement of the BMSMA, a new scheme for the lodgement of lift maintenance records will be introduced. Building owners are required to engage BCA-registered lift contractors of at least L2 (\$500,000) financial grade and Approved Persons who are professional engineers with the requisite experience in lift maintenance and registered by the Ministry of Manpower to test and certify lifts at regular intervals before operation. These changes will raise the standard of lift maintenance for enhanced public safety.

12 In the new system, no lift maintenance certificate will be issued for display in the lift. The public need not be unduly alarmed when they do not see such certificates, as BCA will monitor all lifts closely to ensure that building owners carry out the specified tests and maintenance on their lifts. The regulations provide for penalties for failure to comply with such requirements.

Issued by the Building and Construction Authority on 29 March 05

Significant changes affecting different stakeholders

(a) Developers

- Developers can design their new developments for 2-tier MC.
- Developers have 12 months instead of 24 months from the formation of MC to convene the 1st Annual General Meeting and hand over management of the strata development to the elected management council of the MC.
- Developers have a grace period of 3 months from date of Temporary Occupation Permit (TOP) to start maintenance contributions for unsold units and sold units not handed over.

(b) Management Corporations (MCs)

Among others, MCs can now effect the following changes:

- Only a quorum of 30% (instead of 50%) of share values of all lots is now needed for general meetings.
- Common property can be leased out for up to 1 year subject to an ordinary resolution, for a period between 1 to 3 years subject to special resolution, and for a period exceeding 3 years subject to a 90% resolution.
- MCs can grant rebates to SPs e.g. for early payment of contributions or payment by GIRO.
- Maintenance contributions need not be based on share value, if all SPs agree in writing.

(c) Management Council

- Office bearers can resign even if they are unable to find a replacement. But they must first notify MC of intention to resign and have a general meeting convened to find a replacement.
- Treasurer can only hold office for not more than two consecutive terms. However smaller MCs (i.e. those with 10 lots or less) can exempt themselves from this requirement, if all the SPs agree.

- Council can call for extraordinary general meeting (EOGM).
- Minutes of council meeting to be posted on notice board within 7 days of the meeting.

(d) Subsidiary Proprietors (SPs)

- SPs in arrears of contributions cannot stand for election.
- SPs who own 2 or more lots can be proportionally represented in the council according to the share values they hold, subject to a cap of up to 49% of council seats.
- Upper unit owner is presumed liable for inter-floor leakage unless he/she proves otherwise.
- SPs can be penalised for failure to maintain their windows and exterior features of buildings.

(e) Managing Agents (MAs)

- MA cannot canvass for proxy votes in connection with the election of council members or if it results in the MA benefiting in any material way.
- MA can be appointed for a term of up to 3 years, subject to annual review of its performance at every AGM.

Two-Tier MC System

Currently, a single MC is set up to look after each strata development. In mixed-use developments, for example, a shopping centre cum residential building, there are various user groups with different interests. As a result, the MC often has difficulty in obtaining consensus on various aspects of managing the development.

The new Act introduces an option of a two-tier MC system for mixed-use strata developments, as well as residential developments that comprise different housing types, such as a mix of low-rise and high-rise dwellings. Under this system, the owner developer of a mixed-use development may delineate specific areas to be exclusively used by one user group. A main MC with several subsidiary MCs ("sub-MCs") is then set up. The main MC will manage the property common to all unit owners, while the sub-MCs will manage the "limited common property" intended for the exclusive use of the specific user groups (e.g. the residential, commercial or office user groups). The sub-MCs will have the right to levy contributions on SPs within their respective user groups for the maintenance or improvement to the "limited common property". The main MC will continue to have the right to levy contributions on all SPs for the maintenance and improvement of the common property.

The two-tier management system will first be implemented for new developments with new building plan applications when the new Act comes into force. This is because the "limited common property" of the various user groups must be clearly delineated in order for the system to be effective. After the system is tried and tested, it will be opened to existing mixed-use developments to convert, with the approval of the Minister.

Contents of the Layperson's Guide

Among other things, the layperson's guide helps to explain and clarify the following:

- meaning of share value and how it is determined
- duties and responsibilities of developer, subsidiary proprietor (SP), management corporation (MC) and managing agent (MA)
- duties of the office bearers of the council
- how meetings of the MC and council are conducted
- what constitutes maintenance contributions
- compulsory by-laws to be observed
- types of resolutions that can be passed by the MC
- how disputes can be resolved
- 2-Tier MC scheme
- Staged development concept