

ARCHERY ESTATES

Property Management Services

Designated Service Charge Bank Accounts: Ensuring Compliance, Security and Transparency

Your managing agent is entrusted with managing your service charge funds. These funds are crucial for the ongoing maintenance and management of your property, and at Archery Estates we take this responsibility extremely seriously. Here's an explanation of how we handle these funds, the legalities involved, who actually owns the money, and why many of our clients prefer to use our designated service charge accounts.

Holding Service Charge Funds: Client Trust or Escrow Accounts

Service charge funds are held in a designated client trust or escrow account. These accounts are set up specifically to keep your money separate from the company's own funds, ensuring that it is used exclusively for managing and maintaining your property. You collectively remain the principal owner of these funds as the Property Owner, a shareholder in the Residents Management Company or a member of the RTM Company.

Legal Framework and Ownership of Funds in Resident Managed Properties:

Legally, the money in these accounts belongs to the leaseholders or residents who have paid into the service charge. We, as the managing agent, are responsible for managing these funds but do not own them. This legal structure provides assurance that your money is safeguarded and used only for the intended purposes.

Ownership of Service Charge Funds in Freeholder-Managed Properties

In cases where the property is managed by the freeholder, the service charge funds are still ultimately meant for the benefit of the property and its leaseholders. However, the legal ownership of these funds typically rests with the freeholder or the entity managing the property on their behalf. The freeholder is responsible for using these funds strictly for the purposes outlined in the lease, such as maintaining communal areas, performing necessary repairs, and covering shared expenses.

While the freeholder has control over these funds, they are held in a fiduciary capacity, meaning the freeholder must manage them in the best interests of the leaseholders and in accordance with the terms of the lease and relevant legislation. The leaseholders, while not the legal owners of the funds, are the beneficiaries, and the funds must be used exclusively for the property's maintenance and management. This is where a reputable managing agent is useful as an experience and a reputable managing agent will ensure that your funds are held and used in a compliant manner.

Transparency in Managing Your Funds

Transparency is an essential part of block management. Transparency is provided through the provision of end of year service charge accounts and where required regular reports and updates detailing how the funds are being spent. This includes itemised reports on maintenance, repairs, and other expenses, cash flow reports, income and expenditure reports, budget vs actual reports and so on. Our goal is to keep you informed about where your money is going and to ensure that you have peace of mind that it is being managed and held safely and responsibly.

Archery Estates Property Services

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Why We Recommend Using Our Designated Service Charge Accounts

While some clients choose to manage their own service charge accounts, many opt to use our designated accounts for several practical reasons:

1. **Streamlined Management:** Using our accounts allows us to handle payments and expenses efficiently, ensuring that services and maintenance are carried out without unnecessary delays.
2. **Experienced Oversight:** Our team has extensive experience in managing these accounts, which helps to minimise the risk of errors and ensures that funds are used appropriately.
3. **Regulatory Compliance:** Our accounts are set up in compliance with legal and regulatory requirements, providing an added layer of security and protection for your funds.
4. **Widely Trusted:** The majority of our clients—around 90%—use our designated accounts, reflecting a broad level of trust in this approach.

Conclusion

By holding service charge funds in designated client trust or escrow accounts, we ensure that your money is secure, legally protected, and used transparently for the benefit of your property. We encourage clients to use our designated service charge accounts for the practical benefits they offer, including efficiency, a streamlined payment process, expert oversight, and compliance with regulations.

If you have any questions about how your service charge funds are managed, please feel free to reach out to us on 020 3488 2093