

RED FOCUS

“Registering property managers ensures high standards”

POSITIVE: Sr Haji Ishak Ismail, President of Malaysian Institute of Professional Property Managers (MIPPM) explains how the proposed amendment to Act 242 will change the status quo for the better

This year marks the 31st year since the government introduced the Valuers, Appraisers and Estate Agents Act 1981 (Act 242), an Act of Parliament that provides legislative regulatory control by the Board of Valuers, Appraisers and Estate Agents Malaysia (the Board) on a property manager, be it a person, firm or company, who is carrying out property management services for a fee.

Act 242 came into force on 4th February 1981. In order to improve the regularisation of the professional property management practice, the Board formulated and implemented the Property Management Standards on 1 June 2010. Besides its clear and timely objective to safeguard the interest of the public from unscrupulous and illegal property managers, the standards also serve to tighten the corporate governance legislative framework which lays out a code of conduct for the property managers. In short, the provisions regulate the professional ethics and more importantly the fiduciary duties and obligations of property managers.

Unfortunately, the rapid progress in the property and building industry has given birth to a breed of unlicensed property managers that has been taking the profession for granted. Operating without any license, it could safely be said that a majority of this group are also operating without any background, skills or experience in the field.

This in turn has created a lot of problems for home owners. On a regular basis, we would read about or watch on the local news incidents of misconduct or sheer negligence on the part of unlicensed property managers who have failed to perform their duties, resulting in the affected home owners being left with no recourse on liability.



but are not limited to, building maintenance, facilities and services management, financial management, property laws and insurance management.

Every professional in property management practice for a fee must hold a professional degree in Property Management or Real Estate Management and must be duly registered by the Board. Valuers, who are trained in the art and science of property management which incorporates valuation, land economics and other skills, are first and foremost qualified property managers having obtained their degree in Estate Management or Property Management. After obtaining these degrees, registrants will have to undergo two years of training and pass a Test of Professional Competence. Further, continuous professional development of ten hours per annum must be exhausted in order to remain registered which also makes them eligible for Professional Indemnity Insurance. Anyone who fulfills the above requirements is rendered fit to offer services relating to real estate which include property management, estate agency, consultancy and valuation.

Registering property managers: The proposed amendments to Act 242, amongst others, provides the proposed opening of a Register of Property Managers under the Act to encourage all unlicensed property managers, under certain criteria, to register with the Board, ensuring proper control

or lawyers, it is this same spirit that is put forward by the initiative to amend Act 242. Would you also say that the law which requires all lawyers to be registered and licensed has created a monopoly in the profession among licensed lawyers? If you would not risk your life on an unlicensed lawyer (or any other professionals who are in charge to safeguard and protect the public's well being), why would you risk your life on an unlicensed property manager?

It is very important to note that registered property managers who are found to be negligent are subject to disciplinary actions under the Act and may even face disbarment from practice — which will make the licensed property managers more responsible, failing which they might risk losing their license and will eventually be out of business.

They are also expected to comply with all the laws attached to the profession as well as their fiduciary duties, such as providing audited accounts for public viewing which is one of the homeowner's basic rights.

Having said that, it is to be emphasised that building owners have all the right to manage their own properties, and joint management bodies (JMBs), management corporations (MCs) and shopping centre owners can manage their own buildings or hire a registered property manager of their choice. The Act only applies to those who practise property management and offering

per common property. To say that the management fee is RM50 per unit is not only wrong, but disregards the fact that property managers are only managing the common property and not individual strata units.

Indemnity coverage: It is a fact that property managers not registered under the Act will face difficulty in obtaining indemnity insurance coverage. Even if they do obtain it, if something goes wrong and a claim is filed, the insurance company may deny compensation on grounds that the property managers are not legitimate simply because they are not registered with the Board. The importance of an indemnity coverage cannot be stressed enough.

The basic terms and conditions of a Management Agreement between a JMB or MC and the property manager must provide for indemnity cover because the two parties will eventually be exposed to risk if the companies or people they entrust their duties to are negligent or reckless in performing their duties. Taking the coverage will also be of comfort to the individual property manager as they will not have to suffer in their personal capacity in the event that they are sued for something outside of their control. In this regard, the coverage works for the mutual benefit of both homeowners and the licensed property managers themselves.

Getting qualified: From as early as 1971, the government has introdu-

Malaya's BSc of Estate Management (since 2001) and Universiti Tun Hussein Onn's BSc of Real Estate Management (since 2006).

In 2010, over 420 graduates in Property Management were recorded to be released into the industry annually, not counting undergraduates from various overseas universities that are recognised by the Board. This proves that there can never be a shortage of property managers in the market. Registration ensures that the standards and integrity of the profession are upheld. This in turn will ensure that future practitioners in the industry will be made up of competent professionals who hold their responsibilities seriously and take pride in their profession.

The task of a property manager is not simply "administrative" in nature. It requires clear judgment, immediate reactions to complaints, good communication skills, trustworthiness, good ethics and a lot of other skills, values and competencies which come along with education, training and experience. A good property manager is expected to manage properties under his portfolio as if they were his own, paying a great deal of attention to every management detail, not limited to just the physical asset.

In no way is the proposed amendment denying the fact that there are unlicensed managing agents out there who are absolutely competent and capable of performing their duties.