

ASSIGNING MANAGEMENT RIGHTS

Assignment Interview with Committee Frequently Asked Questions



PROPOSED ASSIGNMENT OF MANAGEMENT RIGHTS – INTERVIEW QUESTIONS

1. Understanding the duties required under the caretaking agreement

- 1.1 Has the new building manager read the caretaking agreement and the by-laws in their entirety?
- 1.2 Do you have a current copy of the Body Corporate and Community Management Act 1997?
- 1.3 Do you have a current copy of the ABMA Building Management Code©?
- 1.4 From reading the agreement, are there any areas of uncertainty as to what is required to fulfil the obligations in the caretaking agreement? For instance, can the new building manager explicitly provide to the committee:
 - 1.4.1 What essential services infrastructure requires maintaining (under legislation) in the common property?
 - 1.4.2 How much gardening will be done?
 - 1.4.3 The methods to be used to keep the common property clean?
 - 1.4.4 Is there a pool to be cleaned – if so, how?
 - 1.4.5 What will be the office hours of the new operation?
 - 1.4.6 The probable number of working hours required to performing the caretaking duties?
 - 1.4.7 What are the after-hours contact details?
 - 1.4.8 Who will provide relief services during annual leave, sick leave or holidays?
 - 1.4.9 Does the new building manager understand what equipment is supplied by the body corporate and what equipment the manager must supply themselves?

2. Future changes in operations

- 2.1 What opportunities has the new building manager identified in the way the current building manager delivers the services and the way the new building manager wishes to deliver the services?
- 2.2 Does the new manager require an increase in profitability in order to achieve their personal business projections?
- 2.3 Will the new building manager be doing property sales?
- 2.4 Agreement Length - Does the new manager know the unexpired term of the current agreement, including remaining option periods?
- 2.5 Does the new manager rely heavily on finance and need to secure a “top up” for the financier’s conditions?

3. Some specifics about the new building manager and how they will deliver their service

- 3.1 If the new building manager is a company or a partnership, which individuals control the company/partnership?
- 3.2 Who will be the licensee?

ASSIGNING MANAGEMENT RIGHTS

Assignment Interview with Committee Frequently Asked Questions



- 3.3 Will staff be employed to carry-out any duties as stated under the Caretaker's Agreement?
- 3.4 Who will be the physical onsite contact, at all times?
- 3.5 Why did the new manager select this management rights?
- 3.6 What is the organisational structure and position descriptions of all stakeholders?

4. Character

- 4.1 Have you been convicted of charges invoicing fraud or dishonesty?
- 4.2 Have you been convicted of causing bodily harm or assault?
- 4.3 Have you been the subject of a domestic violence order?
- 4.4 Have you ever had judgement entered against you for a debt?
- 4.5 Are you involved in any litigation? If so, then please provide details. This includes applications before the Commissioner for Body Corporate and Community Management.
- 4.6 Have you ever been involved with a company that has gone into voluntary administration, receivership or liquidation?
- 4.7 Have you been granted a restricted letting licence? If so, please provide a copy. If you have not yet been granted one, then are there reasons why such a licence may be refused?

5. Qualifications

- 5.1 Do you have any formal trade or educational qualifications? If so, then please provide details.
- 5.2 Are you aware of industry-specific training programs? If so, are you prepared to enrol in skills development programs including continuing professional development?
- 5.3 Are you subscribed to the ABMA Building Management Code©?
- 5.4 Do you have Accreditation as an Industry Practitioner with Australian Building Management Accreditation?
- 5.5 Are you a member of any industry association? If not, are you willing to become an ongoing member for the duration of the agreement?

6. Experience

- 6.1 Have you submitted a written resume detailing your previous work experience? (attach)
- 6.2 Have you submitted two professional work references? (attach)
- 6.3 Have you submitted a business plan? (attach)
- 6.4 Have you ever owned or worked in a management rights business before?
- 6.5 If you have owned or worked in a management rights business before, then please provide details, such as number of lots and your reason for leaving.
- 6.6 What experience does the new building manager have in property rentals and property sales?
- 6.7 What advertising strategies will you put in place to ensure hotel rentals are maintained at the current levels?
- 6.8 What experience does the new building manager have in facility management?

ASSIGNING MANAGEMENT RIGHTS

Assignment Interview with Committee Frequently Asked Questions



- 6.9 Has the new building manager ever done any professional cleaning?
- 6.10 What does the new building manager know about gardens?
- 6.11 Has the new building manager ever had a job dealing with the public?
- 6.12 Are you able to develop a Building Management Plan for the maintenance of the common property of the scheme?

7. Training

- 7.1 How much due diligence has the new building manager done on the present operations? Explain how the due diligence has been done?
- 7.2 Does your contract provide for training by the current resident manager? If so, then please provide details.
- 7.3 It is industry standard for the building manager to provide the new manager training during the period 2 weeks before settlement and 2 weeks after settlement.
- 7.4 Is this amount of "on the job" training adequate for the new manager and for the body corporate?
- 7.5 Has the new building manager received training in the approval process for authorising and coding body corporate invoices so that the body corporate accounts are accurate?
- 7.6 Do you have a "Handover" checklist (in accordance with Chapter 5 of the ABMA Building Management Code©) of matters to review with the current resident manager before you become the owner of management rights?
- 7.7 Have you undertaken a TAFE or REIQ course on management rights?
- 7.8 Have you undertaken any other training around building/facilities management?
- 7.9 If yes, then provide details of who attended, which course you attended and when you undertook the course.
- 7.10 If no, are you prepared to undertake the next available course as a condition of the approval of transfer of the management rights?

8. Competence

- 8.1 What is your state of health? Please give details of any health problems you have that may affect performance of your duties.
- 8.2 Will you be employing staff? If so, then what will they do for you? (Position descriptions and organisational structure chart).
- 8.3 Will you be involved in the day-to-day management of your business?
- 8.4 Will you take out and maintain professional indemnity insurance to cover the body corporate against your negligence?

9. Financial standing

- 9.1 Are you borrowing money to purchase the management rights? If so, then how much are you borrowing as a percentage of the value of the management rights excluding the manager's unit? (Note: more than 60% would be a matter of concern.)
- 9.2 If a company is purchasing the management rights, then are the directors of the company prepared to give the body corporate a written guarantee for the

ASSIGNING MANAGEMENT RIGHTS

Assignment Interview with Committee Frequently Asked Questions



performance of the company's obligation under the management rights? (Note: a "no" answer to this question would justify declining approval).

9.3 If you are obtaining finance, then does your financier require the body corporate to enter a deed of consent to its security over the management rights? (Note: this is normal but you need to ask the question).

9.4 What are the building manager's expectations in respect of any future contract extensions?

9.5 How will the new building manager's financial position be affected in the event that no future extension is granted, and the contract is allowed to expire without extension or renewal (which the owners have the right to withhold)?

9.6 Can you provide a certificate from any lender that confirms the strength of the borrower's financial position?

10. Proposed terms of transfer

10.1. What price are you paying for the management rights, excluding the resident manager's unit? (Note: this is relevant to the calculation of the transfer fee if one is payable).

10.2 Are you, or is any entity related to you, buying the resident manager's unit?

10.3 Will you agree in writing to be bound by the obligations under the management rights as if you were named as the original resident unit manager?