



## Buying and living in an Apartment

THE LAW SOCIETY  
OF NORTHERN IRELAND



# BUYING AND LIVING IN AN APARTMENT

## Introduction

Many members of the public are finding that apartment living suits their lifestyle and their financial situation. Whether you are a first time buyer or have owned a number of properties throughout your life, there are a number of issues which you must be aware of when thinking of buying an apartment. This leaflet covers some of the issues involved in apartment living. If you are buying a house with shared facilities or common areas please see our other leaflet entitled "Buying & Living in a Property with Common Areas"

Obviously only general matters can be discussed here. We recommend that you discuss fully with your solicitor all aspects of your apartment purchase, including references to the Management Company, service charge and other issues.

## How does an apartment differ from a detached house?

The key distinguishing feature of an apartment is that you, as an owner, will share in the benefit of common areas, amenities and services with your fellow apartment owners.

These areas may include:

- The roof of the apartment block
- A lift
- Gardens and green areas
- Car parking, access roads and footpaths
- Access points, corridors and stairwells
- External walls
- Sewage and drainage systems
- Electricity and gas supply
- Security, cleaning, maintenance and waste disposal services

You will have exclusive ownership of your apartment, including internal structures and normally internal walls, floors and ceilings. In addition, when you purchase your apartment, you, along with the other apartment owners, will be responsible for the upkeep, maintenance, repair and insurance of the common areas, amenities and services.

Ask your solicitor for:

- A copy of the map or plan of the apartment and the apartment development to check what exactly you will own outright and what you will be responsible for with the other owners; and
- A copy of the lease and any other relevant documents in relation to the apartment.

This is so that you have these for future reference. Your solicitor will explain what is contained in these documents.

### How are apartment blocks managed?

This is an issue you will wish to discuss with your solicitor. It is likely that a Management Company will be set up and be responsible for the upkeep, maintenance and insurance of common areas, amenities and services. This Management Company will be made up of the apartment owners, who will each have an equal share in the common areas, amenities and services and equal voting rights.

### What is a service charge?

A service charge is the fee that apartment owners pay as a contribution towards the maintenance and upkeep and insurance of the common areas, amenities and services. You should check out the following in relation to the service charge before agreeing to purchase an apartment:

- How much is the service charge?
- Is it paid monthly/ every six months or every year?
- How is it paid? By direct debit, standing order or by cheque?
- How is the service charge made up?
- Has the service charge been paid up to date by the current owner?
- Is there a sinking fund?
- Is the service charge reasonable given the nature of the development?
- Can I afford to pay the service charge in addition to all other outgoings in respect of the apartment?

### What should I look out for when considering purchasing an apartment?

The key things to identify are what system for the management of the development is in place and whether it is working effectively. Your solicitor should be able to help you with these issues. If it is the case that a Management Company has been established you should obtain:

- Copies of the minutes of the latest meetings
- Copies of any correspondence relating to the Management Company or the service charge
- Copies of the latest available accounts
- Details of any planned future expenditure
- Details of the "sinking fund"
- Details of the insurance arrangements
- Has a managing agent been appointed? If so, on what basis?
- Any other relevant documents

Remember the amount of the service charge can vary from year to year and may go up in the future.

From this information, you and your solicitor should be able to make a reasonable assessment as to whether the development is currently being managed effectively, if there is likely to be a requirement for any significant investment to ensure the upkeep of the property in the near future and whether there is adequate provision to pay for this from the sinking fund.

### What is a "sinking fund"?

A "sinking fund" is a term for the proportion of collected service charge monies which are put away to cover significant investments that may be required to ensure the long term sustainability of the development in the future, for instance repairing the roof. If a sinking fund is not provided and works are required, then the current apartment owners will have to come to an agreement to pay for the works themselves. This can be a significant burden and it can be difficult to come to agreement.

### What are my responsibilities?

Your most significant responsibility is to pay your service charge as and when it falls due.

In addition to paying your service charge as a shareholder of the management company, you have a general responsibility to keep actively involved in the work of the management company. You should do this by:

- Attending annual & extraordinary meetings
- Contributing to discussions and decisions relating to the management of the development
- Analysing the accounts and ways in which the service charge monies are spent.

It is important that you do this to ensure that your home is properly maintained and your money is properly used.

Keep copies of all paperwork in connection with the apartment. You may need this in the future and will need to be able to pass this on to a purchaser if you decide to sell your apartment.

### Insurance

It is very important that the apartment building is fully insured at all times. If this is done by the Management Company or a managing agent get written confirmation that the apartment building is insured. Also make sure that you take out any other insurances that you may need such as contents insurance.

### How will management of the common areas work in practice?

When you first move into your apartment, it may be the case that not all of the apartments have been sold by the developer and so the developer, or his agents, may be responsible for the maintenance and upkeep of the development. You will wish to confirm the position with your solicitor.

If all apartments have been sold the Management Company should be fully established and have appointed Directors and perhaps a Company Secretary. It is likely that the Management Company will appoint a managing agent to carry out the day to day management of the development. A managing agent may indeed act as a Company Director. In these circumstances, the managing agent will carry out cleaning, maintenance work and should make recommendations to the Management Company for more substantial works such as painting the development or repairing the roof.

It is important that the Management Company maintains overall control of the development and ensures the managing agent executes his/her duties effectively. You have a part to play in this and should stay involved in the Management Company and raise any concerns about the effectiveness of the managing agent with the Company Directors and Secretary or at meetings.

#### *What if I have a dispute with my neighbours?*

The relative close proximity between neighbours in apartment blocks can lead to difficulties. The most common issue to arise is complaints regarding noise. It is likely that your development will have a set of "house rules" which set the standards and rules of behaviour expected of apartment owners.

Your solicitor will do this for you.



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