

WRITTEN STATEMENT OF SERVICES

PROPERTY FACTORING

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Introduction

In accordance with the Property Factors (Scotland) Act 2011, the following is our Written Statement setting out in a simple and transparent way, the legal terms and service delivery standards between MXM and you, the homeowner. This should also be read in conjunction with your specific Title Deed of Conditions for your development.

Section 1: Authority to Act

We are the appointed Property Factor (Managing Agent) in accordance with the Deed of Conditions or by homeowners who have delegated authority to do so.

We will manage the development on behalf of all co-proprietors in accordance with the terms stated within the Deed of Conditions governing the property and any subsequent relevant legislation such as the Tenements (Scotland) Act 2004 and Title Conditions (Scotland) Act 2003, if the Deed of Conditions is silent on any matter.

We will where applicable, instruct works as required to ensure the property is maintained and kept to a good standard of repair as set out within the Deed of Conditions governing the property. This will also be subject to the funds available within the Co-Owner's fund. Please also remember the role of the Property Factor (Managing Agent) is to organise and administer the maintenance and repairs, not finance it for the owners, this is their responsible.

We act as Property Factor (Agent) on your behalf to organise and administer the maintenance and repair of your property. We will manage your property with professionalism, integrity, honesty and to the best of our ability. We are not lawyers, chartered surveyors, health & safety, energy or security experts; however, we are your Managing Agent who can and will appoint these people on your behalf when required to do so.

It is also vitally important to understand that we do not own the property therefore as homeowners you have a responsibility to communicate with MXM Property Solutions as your Managing Agent, any items or concerns that you may have in relation to repairs and maintenance of your common property.

Section 2: Services Provided

2.1. General, day to day management services

2.1.1. Introduction: At MXM, our Property Managers, working together with our administration support services, deal with all issues relating to the internal and external areas of the common property for each development. These are just a selection of some of the tasks that our teams are involved in on a day to day basis:

2.1.2. Recording/Attending: to common maintenance and repairs which occur within a development, covering everything internally and externally, mechanical and electrical and other items stated within the Deeds as being common property.

2.1.3. Carrying out regular and frequent inspections: of developments, details of which are recorded and stored electronically.

2.1.4. Administering and collecting charges: associated with common services, communal repairs and maintenance. This work is provided by an independent company appointed by MXM to ensure transparency and effective collection of charges (please also refer to 3.1.13).

2.1.5. Appointing an Independent Insurance Broker: to arrange and administer block buildings insurance, public liability insurance, etc. ensuring that all our client's needs are adequately covered and meet the criteria set out within the Deed of Conditions. As standard, you will likely find that you are obligated to partake, together with your fellow owners, in a common Building Insurance Policy, as it covers your entire building, or development. The insurance broker appointed will market test to obtain the most competitive cover to meet the needs of the building and the Deed of Conditions. (This also includes dealing with all building claims). Please also refer to our website <http://www.mxmps.com/further-information> which provides additional information on the common insurance policies).

2.1.6. Negotiating: and arranging service maintenance contracts, dealing with all aspects of the contract including performance and ensuring all Health and Safety and Insurance requirements have been complied with.

2.1.7. Annual assessment of all development services with a focus on delivering cost effective improvements where possible.

2.1.8. Liaising and effectively communicating with our many individual owners, (please refer to 4.1.5 & 4.1.9), including the recognised Owners Association and Committee where these are applicable.

2.1.9. Financial management accounting, auditing and income & expenditure reporting, is provided by an independent chartered accounting company to ensure financial transparency. (Please also refer to 3.1.12).

2.2. Internal services

2.2.1. Introduction: Flats / Apartments come in all different shapes and sizes, whether old or new, a diverse range of services, both traditional and specialist are required and need to be available to take care of all aspects of the building. This can range from communal cleaning to mechanical and electrical services and many others in between. As Property Factors (Managing Agents), we will assess your developments needs and ensure that all services required are in place. As a proactive company we are always happy to accommodate requests to provide additional services and will be glad to incorporate these if practical within the common services if required. Set out below, are just a selection of some of the tasks that our teams are involved in on a day to day basis:

2.2.2. Cleaning: Cleaning services will be arranged to the communal areas, which would generally include the entrance blocks, stairwells, windows, doors, bin stores, car parking areas, etc. These services will be carried out by a suitable approved contractor in accordance with the specification and the Deed of Conditions for your property.

2.2.3. Mechanical & Electrical: As technology develops, there are more electrical and mechanical services being incorporated into apartment blocks. Which includes systems such as: passenger lifts to water pumping systems, from communal satellite dishes to access control systems and integrated fire alarm systems. Whatever the installation, we will arrange suitable service contracts to ensure that it is safe, maintained and insured to the relevant statutory requirements and standards.

2.2.4. Passenger Lifts: Commonly found in apartment blocks over 3 storeys, we will arrange the necessary maintenance contracts and insurance services to cover the types of lifts within your property. The specification and contract will include for regular testing, servicing, maintenance and repairs, will be carried out in accordance with the manufacturers, installers or maintenance provider's recommendations.

2.2.5. Car Parking Areas: Whether they are located internally within specially designed basement areas or externally integrated within the communal open spaces, we will arrange all the maintenance necessary to ensure that they are accessible, systems operational and spaces identifiable, including lighting and cleaning. We can only assist you with nuisance issues in the common areas, such as illegal parking if practically we can assist. If a vehicle is left or abandoned within your own private car space, as the Legal owner of the space, you are entitled to request information about a vehicle's registered keeper from DVLA, this can be obtained by completing the V888 form and sending this to DVLA, please also refer to the website of DVLA by using the address provided below.

<https://www.gov.uk/government/publications/v888-request-by-an-individual-for-information-about-a-vehicle>

2.2.6. Security/Concierge Services - Manned Guarding: This service is only provided if there is a requirement under the Deed of Conditions or following a safety assessment and recommendations, or a request from Co-owners by a simple majority. If the service does apply, then these are managed on a day by day basis.

2.3. External services

2.3.1. Introduction: Maintenance and repairs are not exclusive to properties, it is as important to ensure that the areas in and around your home are as well maintained as the home itself, for that reason we will ensure that a full range of services are arranged to maintain and insurance if applicable, of such areas:

2.3.2. Soft Landscaping: A suitable maintenance service will be arranged to all areas of soft landscaping, identified as common within your development. Details of the areas deemed to be common can be obtained from the Deed of Conditions.

2.3.3. Hard Landscaping: Not all hard standing areas will be adopted by your local council, where they remain as private, we will arrange maintenance. This will mainly relate to areas such as roads, paths, boundary walls and fences, parking areas, etc. Details of the hard standing areas which remain as private are highlighted on your site plan, which can be obtained from Deed of Conditions.

2.3.4. Play Areas: Some residential developments will have a children or toddler play areas installed, which will require, maintenance, inspection and insurance, in order to comply with local authority regulations and also to ensure that, it is safe for use. For this reason, we will arrange a visual inspection monthly, written reports annually, maintenance and repairs as and when required and insurance cover if applicable, in respect of vandalism or third party liability.

2.3.5. Woodland Areas: We can all agree that woodland areas are worth preserving, both from the point of natural beauty but also from an environmental point of view. We are committed to ensuring that expert maintenance is arranged to areas of woodland, whether covered by protection orders or simply to protect wildlife or species. This will be arranged through suitable qualified landscaping, forestry and technical staff, to ensure that all aspects of woodland maintenance are addressed.

2.3.6. Insurance Services: Insurance cover is usually required to be put in place to cover all external areas which are deemed to be common to all owners within a development. If this is the case, then we will discuss this with the Insurance Broker for guidance to establish the requirements and will arrange for this cover as applicable.

2.4. Emergency Repairs, Contractor Details and Building Claims

2.4.1. What constitutes an emergency: Something dangerous or serious within the common areas of the building for example a fire or flooding and not your individual property, also an accident which, happens suddenly or unexpectedly and needs immediate action in order to avoid dangerous or seriously damaging results" Example: Loss of television reception would NOT be classed as an emergency. If you have a problem within your own property, then please refer to our website using link: <https://www.mxmps.com/further-information.html> which provides additional information on the common insurance policy and emergency contact number for your own property and the common building).

2.4.2. Misuse of Emergency Numbers: Please be advised, that where an owner uses these emergency numbers for individual repairs, they alone will be responsible for the invoice from the contractor, including any emergency call out charges.

2.5. Reporting Repairs

2.5.1. Developer / NHBC: Where your property is less than 2 years old, the repair may be covered by the developer's warranty, either by way of the Build Mark or NHBC Guarantee, individual problems or queries should be reported directly to the Customer Care Department of the Building or Development Company, from whom you purchased the property.

2.5.2. Normal working hours: These are deemed to be 9am to 5pm, Monday to Friday and any problems which occur within this timeframe, which affect a common part of the development or building should be reported directly to MXM using the email: support@mxmps.com or the site team if applicable within your development. (Please also refer to 4.1.4).

2.5.3. Can I arrange a private repair through MXM: We do not arrange private repairs on behalf of owners, but owners can use the services of any of our site approved contractors for individual repairs or other works and can obtain details of these contractors within their building / development, by emailing us as support@mxmps.com

Payment of accounts are dealt with direct between the owner and contractor and do not form part of the common charges accounts. MXM would not become involved in any client / contractor dispute over quality of work or billing issues for these private repairs.

2.5. Reporting Repairs (continued)

2.5.4. How to make a claim on the Building Insurance Policy: If you need to make a claim on the policy and it is out with our normal business hours, then please use the information available on our website: <https://www.mxmps.com/further-information.html>

Within our normal business hours from Monday to Friday, please email us at: support@mxmps.com stating that you want to register a claim and provide the following information listed below:

- What happened and in which flat the damage originated.
- All flats involved.
- When first noticed.
- Likely date of occurrence.
- Photographs of damage.
- What have you done to mitigate further damage.

In the event of a serious incident and this has caused damage to other properties (such as water leak), the Insurers in most circumstances will appoint a Loss Adjuster to investigate and report to them. Invariably they require a site visit and to facilitate that, please advise contact names and telephone numbers for the owners/tenants of all flats affected.

Once this information is received, you will then be provided with a reference number and acknowledgement of your request. If the above is not provided, then this will delay the registration for any claim.

On receipt of this information, once MXM have checked that you follow compliance with any requirements, such as Landlord Registration, then the claim details will be notified to the Insurance Broker who will deal with the Claim on behalf of the Co-Owners policy. This will be confirmed to you once this is completed.

Following the registration of the claim with Broker, you will then receive a call or email from the Insurance Broker, who will then guide you through the process of the claim, including any excess which is payable and what is covered under the claim and what estimates are required for the repairs to the damage suffered.

As MXM only manage the common property, then we will only deal with these areas of the building for any claims, if the claims relate to individual private properties, then these are dealt with via the Insurance Broker.

Please note: When you cause damage to other private properties, including the common areas, then normally this is your responsibility to rectify the damage caused to all areas. This will also be stated within your Deed of Conditions. We would advise that you should inspect your property and know where your isolation points are to mitigate further damage for other properties.

2.6. Inspections

2.6.1. Frequency: Our minimum inspection frequency is as follows: Flatted Developments 12 times annually, but normally these are carried out on a weekly or fortnightly basis if there are no security services (manned guarding) on the site.

During our visits we will carry out a visual inspection of the common external fabric of the building, common grounds if appropriate, internal common parts. We will note any obvious defects and action as required. Our inspections are not risk assessments of the property and do not constitute a survey. If these types of inspections are required, we would arrange for the services of an appropriately qualified person/firm. It is vitally important that homeowners make us aware of any common defects or concerns they may have in relation to the management of their property/development as these may not always be obvious at the time of inspection.

2.7. Repairs

2.7.1. Introduction: The following categories are dependent on funding. If we have adequate floats or maintenance deposits there should not be any difficulties however where that is not the case, we will require funding. The role of the Property Factor (Managing Agent) is to organise and administer the maintenance and repairs, not finance it for the owners, this is their responsible.

2.7.2. Repairs: We expect urgent repairs to be attended to within 8 to 24 hours of notification. We expect routine jobbing repairs to be attended to within 48 to 72 hours of notification. If estimates are required, we ask appointed contractors to ensure these are submitted to our office within 21 working days. There may be circumstances outwith our control when these timescales cannot be achieved i.e. severe weather, access restrictions, trade holidays, lack of funds, etc.

2.7.3. Repair Costs: Excluding emergency and routine jobbing repairs we will contact homeowners in advance of instructing major repair work at their property. Where the amount of float held for the property is less than the cost of specific repairs required we may ask homeowners to provide funding in advance of us instructing a contractor to proceed. (This is normally stated within the Deed of Conditions)

2.7.4. Major Repairs: All homeowners have an obligation to ensure their property is maintained. Where we require authorisation and advance funding to proceed with the work we will write to homeowners providing details of all estimates received and a specification of the work proposed. The Tenement (Scotland) Act (2004) details legislation to allow for repairs to be instructed based on a majority agreement. We will not be able to instruct repairs on this basis without having the necessary funds in place.

Where appropriate, we will supervise and appoint any required and relevant professionals to carry out any major repairs or common insurance repairs on behalf of the owners.

2.7.5. Approved Site Contractors: All contractors appointed to operate at any development are independent companies from MXM and must maintain a high level of service to comply with criteria and to remain on our Approved Site Contractors List. The approval process includes an assessment of competence, a requirement to provide documents such as public liability insurance and appropriate Health & Safety information. Our criteria also state that contractors should ensure adequate supervision during the works and that a final inspection of the work carried out is undertaken by a suitably qualified person, including photographic evidence of the work when this is required. All contractors are deployed under signed contracts or purchase orders with appropriate Terms and Conditions to help protect the co-owner's best interests.

2.8 Disclaimer

2.8.1 Finances: All the above items listed in section 2 all require sufficient funding for MXM to provide the appropriate services and repairs, but sometimes if funding is not available, then this may or will impact on these items stated above. If this is the case, then we cannot accept any formal complaints on these services, when insufficient funding is the cause of the problem.

Section 3: Financial and Charging Arrangements

3.1. Fees/Rendering of Account

3.1.1. Introduction: The following categories relate to the issuing of an account, the charging of management fees and provide an indication of where additional management fees may be applied.

3.1.2. Management Fee: Our management fee is for the provision of our property management service as Property Factor/Managing Agent acting on your behalf and it is reviewed annually at the end of the financial year. Any increase greater than the rate of inflation will be notified to you at the AGM – Annual general meeting. Our modest fee is a unit charge or % contribution per flat and is also included within the overall monthly common services charge invoices provided to all owners. Further details of this are provided within the annual operational budget for the overall development, which is also available via the financial reports provided.

3.1.3. Apportionment Fee: If you sell your property, your Solicitor will normally ask us to provide them with details of the building, including the common insurance, outstanding fees payable, including any repairs, this information is required to complete the sale of the property. If notified in the required timescales as stated below, there will be a final account provided which will incur an additional administration fee. This fee will be notified to your Solicitor and charged on your common charges account. The standard fees are normally £48.00 per flat sold, £102.00 per retirement flat sold, £48.00 per house sold. (Please note: If your solicitor requests this information less than 15 business days before the date of sale, then there will be a further administration fee of £48.00 to ensure this information can be provided in the timescales requested).

Please Note: Once the final account is provided to the Solicitors based on the proposed date of entry and this is formally agreed and accepted by the selling owner in writing from their Solicitor, then our formal reply and the insurance information including all other required responses will be provided for the sale to proceed. We do not accept liability for the sale not proceeding on the planned date of entry due to the selling owner not agreeing to settlement of the final account. We will also notify the purchasing solicitors if this is the position, and the final account has not been agreed.

If the planned date of entry is changed and further adjustments to the account are required, then a further apportionment fee using the fees stated above will be charged to the sellers account for settlement.

3.1. Fees/Rendering of Account (continued)

3.1.4. Late Payment Admin Fee: We have strict credit control procedures in place which is very much in the interest for all homeowners at each building we manage. It is important that we recover outstanding common charges in order to allow us to be in a position to pay and fund common services and maintenance going forward. If we issue more than one reminder to an owner for their monthly common service charges, we reserve the right on behalf of the Co-Owner's Association to raise a late payment fee on the next account. This late payment fee is to cover costs incurred by the Co-Owner's Association which will be charged at £14.40 and then applied to your individual account for the additional administration work and the non-payment of your monthly common charges. To avoid Late Payment Fees, please pay your monthly common charges invoice in the time stated on the invoice. **These fees cannot be removed from your individual account**, as the fee has already been incurred by the Co-Owner's Association for the additional administration and the non-payment of your monthly invoice by you as the owner.

3.1.5. Additional Fees: Circumstances may arise over and above our normal day to day management which could involve extra work and may result in additional charges. Please note any proposed charges will be notified as required.

These would include the following but not limited to:

3.1.5.1. Additional meetings and the provision of the facilities, out with the AGM

3.1.5.2. Repair & Maintenance Schemes, Projects, including improvements and betterment.

3.1.5.3. Dealing with Building Warranties/Claims, including NHBC and Common Building Insurance Claims

3.1.5.4. Supplying copy invoices and statements

3.1.5.5. Unforeseen additional workload such as inherited Building Contractor and Developer issues

3.1.5.6. Apportionment Fees and Final Accounts for property Sales.

3.1.5.7. Extraordinary items which generate workload in excess of what would normally be included within our standard management fee, such examples but not limited to, include dealing with insurance claims and the co-ordination for access and contractors including dealing with Loss Adjusters and site visits and obtaining repairs costs. Additional invoicing for the collection of funds to pay for larger repairs and also for expenditure incurred out with the common services annual budget estimate.

3.1.5.8. Supplying copy invoices for contractors £0.20 pence per copy invoice

3.1. Fees/Rendering of Account (continued)

3.1.6. Common Service Charges Account: The monthly common service charges are set for the year in advance and are based on the previous year's expenditure including any required inflation adjustments. There are twelve monthly payments for each financial period and these are based on the contribution payable by each owner as per the Deed of Conditions for your property.

The payments received from owners are also paid into the Co-Owners account for operation and maintenance of the building and are not paid direct to MXM.

The invoices are therefore issued on the 1st of each month and on a monthly basis in advance. These invoices are due for immediate payment within 14 days.

Any overspend on the monthly expenditure is reviewed on a quarterly basis and if this expenditure is required to be recovered for the period then Co-Owners will be notified.

In summary the common services typically include but not limited to the following services:

- Common Building Insurance
- Common Electricity
- Common Lift Maintenance and Servicing
- Communal TV and Satellite System
- Common Fire Alarm and Dry Riser Maintenance and Servicing
- Water Pump Maintenance for the common water supply
- Security Manned Guarding Services (If applicable within your building)
- Communal Cleaning Services
- Pest Control Services
- Household Goods and Furniture Removal
- Car Park Roller Shutter Maintenance (If applicable within your building)
- MXM Management Fee

To keep costs low for the payment of common service charges, we also offer all owners the facility of monthly invoice statements electronic via email. If this is your preferred option, please select this option on the owner validation form provided. Please note any owner requesting paper copies will be charged at £2.40 per invoice which will be charged to their individual accounts.

Any expenditure out with the common services, will be posted through the maintenance accounts and reported via the Balance sheet report stated within the Quarterly Financial Statements. The recovery of this expenditure is then invoiced on a quarterly basis to all owners, using the contributions provided within the Deed of Conditions.

3.1. Fees/Rendering of Account (continued)

3.1.6. Common Service Charges Account (continued):

The methods available for payment are either by:

- Standing order / BACS / Bank Transfer

Payments should be made (using your customer account reference, (which is stated on your invoice) as the payment reference), to the relevant Owners Association bank account: Using the Bank Name, Account number and sort coded provided on your invoices.

- Cheques (should be made payable to the named Owners Association)
- Direct Debit (via online link on the monthly invoice 1% charge *)
- Direct Debit by telephone using the number provided on the monthly invoice (an e-mail address must be provided for this 1% charge *)
- Online payment using the payment link on the monthly electronic invoices provided (go cardless debit facility 1% charge *)
- By telephone using the number provided on the monthly invoice by go cardless debit facility (1 % charge *)

* The debit facility requires your sort code and account number for payment to be taken. The 1% charge will not be taken at the time of transaction but shall be charged back to your account on an annual basis. This facility is only available to those with a UK bank account.

If you are unable to pay through any of the above methods, or are having difficulties in paying, please contact the Credit Control team immediately using the details provided on your invoice or statement to discuss a suitable alternative.

The monthly common service charges include unrecoverable VAT incurred by the Co-Owner's Association where applicable as stated in 3.4 of this written statement of services at the prevailing rate. If the VAT rate is altered at any time during your Term as an Owner we reserve the right to amend the rates in accordance with the new VAT rate and therefore the irrecoverable VAT cost incurred.

Without prejudice to any other right or remedy that we may have, if you fail to pay your monthly common charges on any due date, we may:

- Take payment of any advanced payments held by you to settle this outstanding invoice.
- Suspend all additional Services until payment has been made in full, such as monthly Common Insurance if this service is applicable for your property, etc
- Charge interest on any such sum from the due date for payment until the date of actual payment at the annual rate of 4% above the base lending rate from time to time of the Bank of Scotland

3.1. Fees/Rendering of Account (continued)

3.1.6. Common Service Charges Account (continued):

- Where such sum has been outstanding for more than 28 days, TLT will be instructed to pursue you for the debt. You will be responsible for all costs of TLT seeking to recover payment from you.
- If the debt remains unpaid after 14 days, then a late payment admin charge of £14.40 will be added to your account and will be payable by you. Please also refer to the MXM Property Solutions Ltd written statement of services 3.1.4 Late Payment Fee.
- We may, without prejudice to any other rights that we may have, set off any liability that we have to you against any liability that you have to us.

3.1.7. Automated Credit Control: All accounts include automated control to ensure all owners meet the monthly payment dates and the requirements within the Deed of Conditions for the day to day running of the common services, the details of this are as follows:

- 22nd of each month, the first reminder will send automatically seven days after due date being the 15th of each month. (You will only receive this notification if payment has not been made).
- 29th of each month, the second reminder will send automatically fourteen days after due date being the 15th of each month. (You will only receive this notification if payment has not been made).
- 30th of each month, you will then receive a statement of your outstanding balance (You will only receive this notification if you are two months or more in arrears) and then legal action may be taken without further warning.

Please Note: If you're contribution to the common charges are not paid and other owners will be required to cover these costs until recovery through the legal process is completed. We will notify other owners of this debt via the reports provided in section 3.3.1 and if they require details for recovery.

3.1. Fees/Rendering of Account (continued)

3.1.8. Debt Recovery Process: Details are available on request via the Credit Control Team, please contact them using the details provided on your invoices and statements, however throughout this process we also reserve the right to register the appropriate NOPL - Notice of Potential Liability against the homeowner's property, the cost of which will be notified to the homeowner and added to your account for payment.

3.1.9. Common Charges Account Queries: If you have any queries with any items on your monthly common charges invoice, this should be taken up with the credit control team, who can be contacted using the information provided on your monthly invoice. If there is any discrepancy, then the credit control team will revert back to you on the matter until this is resolved, however all monthly common service charges must be paid in full as per the Deed of Conditions and as stated above within 3.1.6.

3.1.10. Share of Maintenance/Repair Cost: Share allocations vary for many reasons, the likelihood is that the share allocations are equal or on a percentage or unit basis, some developments tend to have shared responsibility for grounds and possibly lifts, etc. Any percentage or unit share allocations will be detailed on your monthly common charges account invoices and are also stated in your Deed of Conditions.

3.1.11. Insurance Revaluation: As Property Factor (Agent) we will not carry out an insurance revaluation on your property unless specified in the Deed of Conditions. However, we will obtain costs and seek the approval of homeowners, if requested to do so, by the majority of homeowners. Please note that it is the sole responsibility of the homeowner to ensure the property is insured for full reinstatement value. Fees for these assessments are always carried out by independent Chartered Surveyors, these fees would be provided and agreed at appointment.

3.1.12. Financial Management & Auditing Fees: The independent Chartered Accountants who are appointed to manage the financial accounts will charge a monthly fee per property, which is based on the annual budget expenditure and number of properties within the development.

3.1.13. Sales Ledger and Credit Control Service Fees: The independent Sales Ledger and Credit Control Service charge a monthly fee per property, which is based on the annual budget expenditure and number of properties within the development.

3.1.14. Condition Survey Fees: When starting any new commissions, unless there is suitable survey information already available, we would appoint independent Chartered Surveyors to carry out this task. This report would also provide the building specific information, to ensure this is reflected in the long term maintenance and financial plan for the development. These fees would be provided and agreed at appointment.

3.2. Client Money/Funds

3.2.1. Introduction: The following categories relates to the retention of monies on the homeowners' behalf. In this respect we confirm that all client/homeowners funds which are collected will be held in a separate bank account in trust on behalf of our clients/homeowners. This means that each account for each development is ring fenced and not classed as an asset of MXM. It also ensures that each development is treated and operates the same as any business and all interest on the account is credited to this account, if interest is available.

3.2.2. Maintenance Fund: Each homeowner will be required to pay to the maintenance fund; details of this may be included in our introductory letter and charged to their first monthly account. The fund amount will either be set by the Deed of Conditions or based on the annual ad-hoc expenditure for the development outwith the monthly common charges operational budget. The maintenance fund is a contribution to the day to day building maintenance and is necessary to meet all ad-hoc common expenditure incurred for the development. The reporting of the income and expenditure for this account code will be posted on the balance sheet within the general finance reports provided.

3.2.3. Sinking Fund: Each homeowner will be required to pay to the sinking fund if this is stipulated within the Deed of Conditions for your property; details of this may be included in our introductory letter and charged to their first monthly account. The fund amount will be set by the Deed of Conditions. The sinking fund is a contribution to the long term maintenance, including any required asset and capital replacement planned programme for the building and is necessary to meet all common expenditure incurred for the development. The reporting of the income and expenditure for this is account code will be posted on the balance sheet within the general finance reports provided.

3.2.4. Sinking Fund Refunds: Unless the Deed of Conditions states otherwise, in the event of a sale of a property, the residual sinking fund after deductions, will only be automatically be credited to the homeowner's final account if there are no arrears within the development and sufficient funds.

3.2.5. Contingency Fund: We will notify homeowners where we have a contingency fund in place and explain the reason why (this is normally for major repair and replacement projects). This fund will be posted to a separate financial account code including the interest bearing account for the homeowners. Payments to contingency funds are only refundable if this fund is not used for the project.

3.2.6. Cyclical Fund: Each homeowner will be required to pay to this fund if this is stipulated within the Deed of Conditions for your property, if this is not the case then we would provide details of this following the completion of any Condition Survey carried out, (please also refer to 3.1.14).

3.2. Client Money/Funds (continued)

3.2.6. Cyclical Fund (continued): This fund will be posted to a separate financial account code including the interest bearing account for the homeowners. Payments to cyclical funds are non-refundable. The reporting of the income and expenditure for this account code will be posted on the balance sheet within the general finance reports provided.

3.2.7. Deposit/Float: If each homeowner is required to pay a deposit/float; details of this may be included in our introductory letter and charged to their first monthly account. The deposit/float amount will be set by the Deed of Conditions.

The deposit/float is a contribution to the general running and maintenance necessary to meet all common expenditure incurred for the common building property which is normally replenished upon settlement of the monthly common charges account and maintenance fund charges. Thereafter the deposit/float is carried forward to meet the next month's expenditure.

Note: The Deposit/Float is necessary in order to maintain the common building property and the overall common development. If unpaid, it may result in the withdrawal of some services or the prevention of any ad-hoc common repairs. Where this is the case homeowners will be notified.

3.2.8. Deposit/Float Refunds: Unless the Deed of Conditions states otherwise, in the event of a sale of a property, the deposit/float will only be returned subject to "deduction of any share of charges accrued to the date of sale or disposal" and only if the purchaser of the property has already paid his contribution to the deposit/float fund. Accordingly, if the selling homeowner still owes charges, then these will be deducted from the deposit/float and applied. The charges deducted could therefore include any charges still not invoiced and any share or contribution of any deficit outstanding/owed by the co-homeowners account for the common charges and creditors of the development. The Deposit/Float will only be returned once the new owner has paid their Deposit/Float.

Please note: In a situation where the management has been terminated we can only refund Deposits/Floats if there are sufficient funds to do so. All Creditors who are due payments, are also required to be paid before these can be returned.

3.3. Financial Reports

3.3.1. Introduction: Currently via the owner's private communications group, we will provide the following standard reports via (the Appointed Chartered Accounts) for all the owners who have joined the group, which provide the following details:

3.3.2. Quarterly Reports

- Balance Sheet
- Analysis of Maintenance Expenditure Account
- Bank Reconciliation
- Income and Expenditure for the month
- Income and Expenditure year to date
- Aged Creditors (Report which shows the service providers and contractors still to be paid)
- Aged Debtors (Report which just shows the amount outstanding for each account (which currently has no reference to the owner's name or personal details, just the flat reference/code)

Note: Within the Debtors report, we will include the following:

- For commercial companies (Company Name and Flat Reference/Code Only)
- Individual Private Owners (no personal details)
- Summary Details of any court actions which we have raised on behalf of all the owners which are being defended.

Summary Details of any NOPL's registered for securing outstanding common charges on any units who have unpaid common charges still to be paid.

Note: Any Co-Owners who require details of any individual owner to make a claim against them for the recovery of any charges they have paid on behalf of any non-paying owners. These details can be requested by writing to our office on an individual case by case basis.

3.3.3. Monthly Reports

These are available if requested, but are used for the monthly meetings with any of the Co-owner's committee which we engage with on the sites we manage

- Balance Sheet
- Common Services Income and Expenditure for the month
- Aged Creditors – Contractors and Services Providers still not paid in the period

3.4. VAT arrangements

Summarised below is a note about the VAT arrangements for any building and Co-Owner's account we manage on behalf of Co-owners.

The bank account set up for any building owner's account for collecting all owners' common charges and for payment of all common services and contractor payments is set up in the name of the building and is for the sole purpose of the building. (This is also supported by a double entry accounting system - provided by the Chartered Accountants IDS & Co.)

This account is also managed and monitored by Chartered Accountants IDS & Co, who are appointed to provide the monthly financial management reports on the income and expenditure for each building. (The first management report will be provided for the first quarter and thereafter).

As this account is not an MXM account, it is therefore not an asset of MXM and this account is only held in trust and used for the running of the building on behalf of the owners. As the building and co-owners are not a business, then the Co-Owner's Association is not VAT registered, therefore, VAT cannot be charged or recovered. These arrangements for setting up the financial management are also a requirement of the Property Factors (Scotland) Act 2011.

Any VAT charged by the common services / utilities, contractors and the management company MXM to the Co-Owner's Association are therefore all invoiced including VAT to the Building Owners account, as this VAT cannot be claimed back by the Building Co-Owner's Association, then the monthly invoices raised on the sales ledger to each owner are for their % contribution and recovery of the expenditure.

We trust this clarifies the VAT for you, but if you have any further queries, then we can refer these to IDS & Co, the appointed Chartered Accountants responsible for the financial arrangements of the account.

3.5. New Accounts

When owners sell their properties and new owner become responsible for the payment of common service charges, maintenance repairs, including deposits or whatever is stated within the Deed of Conditions. At the time of the sale an owner's validation form is issued to the selling solicitors, requesting completion of this by the new owners for setting up the new account with the correct contact details, security passwords and to ensure the correct share and contribution of charges as per the date of entry is applied to the account.

It is therefore important to ensure this is completed within 14 days and returned to the address provided, so deposits if applicable can be returned to the owner selling the property and the appropriate payments can be made by the purchaser, including cover for the common building insurance policy.

If new owners do not return these forms and the credit control team are required to contact your solicitor, then there will be an administration charge for this process.

Below are the details provided with the formal letter provided to Solicitors:

For the purposes of maintaining the property register as per the Deed of Conditions for the building, please notify the named credit control team at TLT LLP by email if the proposed date of entry has completed and use the email stated on the owner's validation form. We would formally request that you forward on the attached form (MXM/OIV/05) to the buyer's solicitors, which is to be completed by the new owner and returned to the address stated on page 2 for the attention of the named credit control team at TLT LLP. **Please note**, if the form is not returned to TLT within 14 days from the proposed date of entry, a further letter will be issued to the buying solicitors requesting this information again, there will be an administration charge of £24.00 to the new owners account for this additional administrative work. If this form is still not returned then a further letter will be sent, including a further administration charge being applied to the new owners account.

Section 4: Communication Arrangements

4.1. Communication/Response Times

4.1.1. Contacting us: If you want to make a general new business enquiry about our company and the services we can provide for your building, please contact us using the details on our website, we will aim to respond within 10 working days (excluding weekends and public holidays) from receiving your communication.

For any current buildings we manage, please contact us by email using the following company email: Support@mxmps.com

4.1.2. Response Times: For all emails sent to our main company email: Support@mxmps.com you will receive an acknowledgement and reference ID about your enquiry or request.

Our initial response will either be our final response on your query, or it will provide further guidance on what you should do next or who you may need to contact or what we have done to assist with your query.

If we are unable to fully answer your query within this time scale, you will receive an acknowledgement from us, which will confirm an anticipated response time, or if we cannot assist any further with your enquiry we will tell you.

Emails to individuals within MXM are not covered by the above, as they cannot be monitored, referenced and replied to as per the main contact email for MXM.

4.1.3. Telephone Calls: If you call our office number we will endeavour to answer your queries during the telephone call however if we require reverting to you with further information, we aim to do so within 72 hours (excluding weekends and public holidays).

4.1.4. Reporting & Enquiries: To enhance our service we have dedicated departments that will be able to effectively deal with most queries, by way of our support team and helpdesk software for managing all company emails we receive.

Common repairs, building claims, additional security fobs, anti-social issues must be reported to support@mxmps.com or alternatively telephone 0345 340 14711.

If there are security staff at your building, you can also register building leaks with them, by either visiting the site office or by using the contact details provided.

Common Services Charges – Co-owner accounts queries must be reported to the Credit Control team on 0333 006 1336 or alternatively by email to the address provided on your monthly common service charge invoices.

4.1. Communication/Response Times (continued)

4.1.5. Owner/Residents Associations: We support Co-Owner Associations for all properties under our management (please note this does not include tenants, as these are the responsibility of Landlords). Associations are an excellent way of encouraging communication between homeowners and the Property Factor (Agent) and they help to build a sense of teamwork and community. We can provide guidance on forming Associations on request. **For Data Protection purposes, we will not provide any Co-Owners contact details to any Co-Owners Association without their authority or written consent.**

4.1.6. New Clients: When purchasing your property, the appointed Solicitor for the owner selling the property should make the purchaser(s) aware that there is a Property Factor (Managing Agent) in place and what the homeowners' responsibilities and liabilities are. This information is generally detailed in the Deed of Conditions. You can also obtain a copy from your Solicitor, at the time of purchase.

4.1.7. Selling your property: When selling your property, please advise your Solicitors that we are the Property Factor / Managing Agent and use the contact details provided below for them to contact us for your property sale and final account to proceed without any delay. We require 20 working days' notice that the property is being sold and we require 15 working days to prepare the final accounts and formal replies or this will delay the process and you may incur further charges, please also refer to 3.1.3 and 3.1.5.

The contact details for all properties being sold and final accounts are as follows:

Property Sales and Final Accounts
MXM Property Solutions Ltd
Dalsetter Business Centre
Unit 13
42 Dalsetter Avenue
Glasgow
G15 8TE
support@mxmps.com

4.1. Communication/Response Times (continued)

4.1.8. Complaints: MXM is committed to a service which is transparent, fair, polite, honest and always takes into consideration the other co-owners within each building that we manage.

We also recognise on some occasions, that problems can go wrong in the buildings and properties you either own or live in. When this happens, and you're really not pleased with the service then we would like you to let us know, so we can try and put these matters right for you.

We take all complaints very seriously and will endeavour to deal with your complaint promptly and in confidence. Any complaint will also be treated impartially.

To ensure we can deal with your complaint in a consistent manner, we have created step by step procedures.

This procedure has also been developed to meet the requirements of the Property Factors (Scotland) 2011 Act and corresponding Code of Conduct for Property Factors.

What this Complaint Procedure does not cover

- Day to day matters, such as reporting a common building repair
- Owners who are in Litigation with the development and are being pursued by MXM on behalf of the other owners, due to unpaid common service charges
- Owners who are Landlords and not complying with the current legislation and the Deed of Conditions for the building
- Service charge accounts, queries and requests for information about your account for late payment and legal charges
- Defects and problems within your own property are usually outside our remit or control. Some of these issues will need to be referred to the letting agent, the developer or the NHBC. Unless there is a water leak coming into your property (then please use the emergency procedure process provided for your development).
- Complaints by one resident about another resident or residents

You can request a copy of our complaints process by email, using the following email details: support@mxmps.com or alternatively visit our website and download a copy.

Any complaints relating to contractors or suppliers will be dealt with in the same way.

4.1. Communication/Response Times (continued)

4.1.9. Private Internet Communications: To provide secure consistent and cost effective notices, updates, including messages and to save on paper, there is a private Co-Owners communications group set up for all our flatted developments, so we can communicate on a regular basis with Co-Owners and also provide them will secure access to all relevant information for the development via the internet. This system also provides us with details to show who has received our communications, who has opened them and who hasn't.

Owners can also reply to these communications, which we answer to all owners on a collective basis or via the owner's committee if applicable for your building.

We also support the use of any appropriate information and updates being sent on to Agents and Tenants if appropriate and we will notify the owners at the time when any communication is being sent.

Section 5: Declaration of Interest

5.1. Homeowner or Letting Agents

5.1.1. Ownership: We have no financial or business interest with any property on any client development and would deem this to be a conflict of interest for providing independent Factoring / Managing Agent services for Clients/Co-owners on any flatted development.

5.1.2. Letting Agency Services: We have no financial or business interest with any letting agency and would deem this to be a conflict of interest for providing independent Factoring / Managing Agent services for Clients/Co-owners on any flatted development.

5.2. Financial Benefits

5.2.1. Commission: We do not receive any commission from Insurers for arranging the common insurance policy or any administration and claims handling. A letter from the Insurance Broker can also be provided to support this statement.

5.2.2. Contractors/Utility Providers: We have no financial or business interest in any contractor's/ utility providers appointed by MXM Property Solutions on behalf of homeowners. Furthermore, we do not receive any commission, fee, rebates or benefit from the contractors appointed to carry out work on the homeowners' behalf.

The expenditure detailed in the financial management reports for your development, are the amounts invoiced by the contractors and utility providers. These invoice vouchers from contractors and utility providers are also validated and checked on an ongoing monthly basis by the appointed independent Chartered Accountants, including the annual audit process.

If owners request copies of these invoices, then there will be a charge for this as stated above in clause: 3.1.5.8

Section 6: How to End the Arrangement

6.1. Changing Property Factor/Managing Agent

6.1.1. Notice: If homeowners are dissatisfied with the level of service we provide and wish to consider terminating our management service, a meeting of homeowners must be convened in accordance with the terms defined in the Deed of Conditions. In the event that the homeowners are entitled to vote and reach an agreement to terminate our service they must notify us, in writing, confirming details of all homeowners in attendance and providing at least three months' notice of termination. If the Deed is silent on this matter, all homeowners within the property/development must be advised of the proposed termination using the Tenements (Scotland) Act 2004 and Title Conditions (Scotland) Act 2003 legislation. Thereafter, if a majority of homeowners agree to terminate our service, a signed mandate from those homeowners should be sent to us providing at least 3 months' notice, including the requirements of notification for all owners who did not attend any meeting.

6.1.2. Termination Charges: In the event of termination, there may be charges payable by the co-owners for cancellation of any service contracts and the handover documentation to be provided in a suitable format to meet any relevant statutory obligations such as Health & Safety and Data Protection.