



# Standard Property Management Agreement

# Disclaimer

This publication is prepared by the Property and Facility Management Division of the Hong Kong Institute of Surveyors. It aims to provide the industry a unique standard document for reference and broad adoption of Incorporated Owners in appointment of Property Manager and management of their Property.

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# Standard Property Management Agreement

FOR

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Principal / Incorporated Owners : \_\_\_\_\_  
(Name of Incorporated Owners)

Agent / Manager : \_\_\_\_\_  
(Name of Management Company)

Date : \_\_\_\_\_

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This Agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_ Two thousand and \_\_\_\_\_

Between The Incorporated Owners of \_\_\_\_\_,  
whose registered address is situated at \_\_\_\_\_  
\_\_\_\_\_, acting by the  
Management Committee with its successors and permitted assignees  
(hereinafter called "the Incorporated Owners" or "the Principal") of the  
one part

And \_\_\_\_\_ (Name of Management Company),  
whose registered address is situated at \_\_\_\_\_  
\_\_\_\_\_  
registered Company together with its successors and permitted assignees  
(hereinafter called "the Manager" or "the Agent") of the other part.

NOW IT IS HEREBY AGREED as follows:

## 1. Terms and Appointment

- 1.1 The Incorporated Owners agrees to appoint and delegate his authority to the Manager and the Manager also accepts the appointment to provide general management services to the common areas and communal facilities of \_\_\_\_\_ at the address of \_\_\_\_\_  
\_\_\_\_\_  
(hereinafter collectively called "the Property") which erected on the piece or parcel of land known and registered in the Land Registry as \_\_\_\_\_ in accordance with the provisions of the Deed of Mutual Covenants ("the DMC") and the Building Management Ordinance (Cap.344) ("the BMO") upon the terms and conditions hereinafter appearing.
- 1.2 This Agreement shall be for a period of Two (2) Years commencing from \_\_\_\_\_ (commencement date) to \_\_\_\_\_ (expiry date), both days inclusive subject to the terms and conditions of this Agreement.

## 2. General Duties of Manager

- 2.1 The Manager shall manage and provide services to the Property in accordance with the terms of this Agreement, the DMC and the BMO.

- 2.2 The Manager agrees to comply with all reasonable directions of the Incorporated Owners specifying such further duties as the Incorporated Owners considers necessary to meet the objectives of this Agreement.
- 2.3 The Manager shall remain fully responsible for the performance of this Agreement and shall not be relieved from any of its obligation under the terms and conditions of this Agreement notwithstanding that the written consent has been given by the Incorporated Owners entering into any sub-contract for the performance of any part of this Agreement.
- 2.4 Without prejudice to clause 2.1 hereof, the Manager shall repair and keep in good repair common parts and common facilities, fabric of all buildings within the Property and to replace such when necessary. In the event of any routine repair or maintenance work which involves an expenditure of more than HK\$\_\_\_\_\_ the Manager shall obtain prior consent and approval of the Incorporated Owners before commencing any work.
- 2.5 The Manager shall not offer or give or agree to give to any person, any gift or consideration of any kind as an inducement or reward for doing or forbearing from doing or for having done or forborne to do any act in relation to the obtaining or execution of this or any other agreement or for showing or forbearing to show favour or disfavour to any person in relation to this or any other agreement. Any breach of this condition by the Manager, or by any one employed by it or action on its behalf in relation to this or any other agreement shall entitle the Incorporated Owners to terminate this Agreement forthwith and to recover from the Manager the amount of any loss resulting from such termination and/or to recover from the Manager the amount or value of any such gift, consideration or commission.
- 2.6 The Manager shall not, except with permission of the Incorporated Owners, solicit or accept any advantage when performing the duties under this Agreement, from any person serving the Incorporated Owners.
- 2.7 The Manager shall avoid and declare any potential conflict of interest in the course of performing its duties under this Agreement, including any personal relationship with the suppliers and service providers serving the Incorporated Owners or any financial interest in its business.
- 2.8 The Manager shall take every reasonable precaution to ensure that its officers, employees or agents will not disclose any confidential information obtained

in the course of performing its duties under this Agreement. The aforesaid clause shall not operate so as to prevent a disclosure which is made to:

- (i) a public authority under compulsion of law;
- (ii) a court of law in the Hong Kong Special Administrative Region or elsewhere or otherwise in any legal proceeding;
- (iii) the auditors of, or any lawyer or professional body being made under a duty of confidentiality in acting for the Manager, or when advising the Manager as to the performance of its obligations under this Agreement, or otherwise in connection with this Agreement.

2.9 Any urgent notice or instruction to be given to the Manager by the Incorporated Owners may be given by the Chairman of the Incorporated Owners or the Acting Chairman of the Incorporated Owners in case the Chairman is absent from office or his authorized delegates.

2.10 The Incorporated Owners shall be entitled to inspect the Property at a reasonable time upon prior notice during the term of this Agreement to ensure that a good management standard is kept.

### **3. Responsibilities of Manager**

3.1 Without prejudice to clause 2.1 hereof, the Manager shall at all times be responsible for the management and control of the Property on behalf of the Incorporated Owners as set out in Schedule I.

3.2 The 'HKIS Guide to Good Property Management Practices' issued by the Hong Kong Institute of Surveyors in 2009 shall be used as a reference of the standard of good management.

### **4. Rights of Manager**

4.1 The Manager shall have all powers of the Incorporated Owners under the DMC and the BMO insofar as applicable and insofar as it may lawfully exercise such powers.

4.2 Without prejudice to clause 4.1 hereof, the Manager shall have the following rights and powers:

- (i) to enter into any part or area of the Property for the purposes of inspecting, repairing, maintaining, renovating, improving, cleansing, painting or decorating any part of the Property upon reasonable notice (except in case of emergency);
  - (ii) to take appropriate actions against any un-authorized or illegal obstruction/ occupation to common parts or access of the Property, with incurred expenses reimbursable from the corresponding party(ies), if identified;
  - (iii) to take appropriate actions in accordance with the DMC and other legislations against any unauthorized or illegal building constructions or alterations appearing at common parts of the Property or at private parts but which may affect common integrity of the Property or common interest of co-owners. All necessary costs incurred shall be recoverable from the individual owner.
- 4.3 When considered necessary, the Manager shall have the right to consult, engage, remunerate and dismiss solicitors, architects or other professional advisers/consultants, with prior consent and approval of the Incorporated Owners, to commence, conduct, carry on and defend legal and other proceedings touching or concerning the Property or the management thereof.
- 4.4 The Manager shall have the right to assign or sub-contract all or any part of this Agreement (except as expressly provided herein) or all or any of the rights or obligations herein contained to any third party with the prior consent of the Incorporated Owners.
- 4.5 The Manager shall have the right to resign or terminate this Agreement at any time by giving to the Incorporated Owners not less than three (3) months' notice in writing.

## 5. Manager's Remuneration

During the term of this Agreement, the Incorporated Owners shall pay to the Manager the following:

- 5.1 A monthly fee as remuneration equivalent to \_\_\_\_\_% of the total expenditure for the management of the Property or in the sum of



HK\$ \_\_\_\_\_, PLUS the headquarters staff/administration charge in the sum of HK\$ \_\_\_\_\_ payable in advance on the 1st day of each month. The Manager shall not be required to disburse or provide from such money any cost, expense, salary or fee for any staff, facilities, accounting services or other professional expenditure the cost of which shall be a direct charge upon the management funds.

- 5.2 All damages, costs, charges, expenses, debts or sums for which the Manager is liable to the Incorporated Owners may be deducted from any monies due to the Manager under this Agreement.
- 5.3 The Manager shall use its best endeavours in carrying out its duties under the Agreement. If the Manager fails to carry out any or all its duties under the Agreement resulting from its negligence, mal-administration or inefficiency during its term of services, the Incorporated Owners may give the Manager notice in writing to carry out such work within a reasonable time. If the Manager fails to comply with the said notice, the Incorporated Owners may without prejudice to any right of the Incorporated Owners hereunder carry out such work. Without prejudice to any other remedy, the costs incurred can be recoverable by the Incorporated Owners from the Manager. Such costs will be borne by the Manager itself and not be chargeable to the management fee account nor the operating fund.

## 6 Indemnity

The Manager and its servants, or its agents/ subcontractors shall not be liable to the owners or any of them or to any person or persons whomever whether claiming through, under or in trust for any owner otherwise, for or in respect of any act, deed, matter or thing done or omitted in pursuance or purported pursuance of the provisions of this Agreement not being an act or omission involving criminal liability or dishonesty or wilful negligence and the Incorporated Owners shall fully and effectually indemnify the Manager, its officers, employees, and its agents/ subcontractors from and against all actions, proceedings, claims and demands whatsoever arising directly or indirectly out of or in connection with any such act, deed, matter or thing done or omitted as aforesaid and all costs and expenses in connection therewith unless it involves criminal liability, dishonesty or wilful negligence on the part of the Manager or any of its officers, employees, agents, or subcontractors.

## 7. Insurance

- 7.1 The Manager shall insure and keep insured all employees for the Property against Employees' Compensation and to insure and keep insured the Incorporated Owners and the Manager itself for the time being of the Property against Public Liability and Fire for common areas and common facilities, Fidelity insurance and Money-All Risks insurance with some reputable Insurance Company or Companies and to pay all premiums required to keep such policies in force and to produce the receipts for such premiums to the Incorporated Owners on demand.
- 7.2 The Manager shall with utmost dispatch assist the Incorporated Owners or any owners, occupiers of other non-residential accommodations, licensees, visitors in processing all claims against relevant insurance company.

## 8. Termination

- 8.1 Should the Manager at any time:
- (i) commit any breach of this Agreement or otherwise fail to observe or perform any of the provisions herein contained without reasonable excuse; the Incorporated Owners may terminate this Agreement by giving the Manager three (3) months' notice in writing, or
  - (ii) enter into any composition with its creditors or enter into liquidation whether compulsory or voluntary (other than for the purposes of solvent reconstruction or amalgamation) or have a Receiver appointed of all or any of its assets or undertaking; then the Incorporated Owners may forthwith terminate this Agreement entirely without prejudice to its right to recover any sum due or which may become due under the terms of this Agreement.
- 8.2 Either party may terminate this Agreement at any time by giving to the other not less than three (3) months' notice in writing or three (3) months' payment of Manager's Remuneration and Headquarters staff /Administration cost mentioned in this Agreement hereof in lieu.
- 8.3 Upon the expiry or sooner termination of this Agreement, the Manager shall,

- (i) give its utmost assistance and cooperation to arrange for the handover of a complete set of accounts including up-to-date account and all other books and records and details of the management of the Property and in any event within fourteen (14) days from the date of expiry or sooner termination.
- (ii) otherwise in all respects comply with Paragraph 8 of 7th Schedule of the BMO.

## 9. Notices to Contract Parties

All notices or communications to or upon the parties hereto shall be deemed to have been duly given or made when delivered in writing to the party to which such notice or communication is required to be given or made under this Agreement addressed in writing to the parties' on-site offices and sent by prepaid ordinary post or left at its following registered office or last known address:

- (i) to the Incorporated Owners of \_\_\_\_\_(Property Name)  
at the address of \_\_\_\_\_.
- (ii) to \_\_\_\_\_(Property Management Company Name)  
whose address is \_\_\_\_\_.

## 10. Governing Law

This Agreement shall be subject to and be construed in accordance with the laws of the Hong Kong Special Administrative Region. The illegality, invalidity or unenforceability of any provision of this Agreement under the laws of Hong Kong shall not affect the legality, validity or enforceability of any other provisions hereunder.

## 11. Mediation/Arbitration of Disputes

In the event of any dispute or difference in regard to any matter or thing of whatsoever nature arising out of this Agreement or in connection therewith, it shall be initially referred to Mediation in the first place in accordance with the latest Mediation Rules set out by the Hong Kong International Arbitration Centre, under which only if both parties fail to reach a solution after a reasonable time shall be

settled by arbitration in Hong Kong pursuant to the Domestic Arbitration Rules of the Hong Kong International Arbitration Centre.

## 12. Other Conditions

- 12.1 The terms of this Agreement shall be binding upon and endure to the benefit of the parties hereto, their respective successors and permitted assignees or transferees, provided however that the Manager may not assign or otherwise dispose of any of its rights, benefits or obligations hereunder without the expressed prior written consent and approval of the Incorporated Owners.
- 12.2 This Agreement when executed by both parties shall constitute the entire agreement between the parties and may not be modified or amended except in writing duly signed by both parties.
- 12.3 For the avoidance of doubt it is hereby stated that during the subsistence of this Agreement the Manager shall be an independent contractor and not be the servant or employee of the Incorporated Owners and nothing herein contained shall be construed or have effect in constituting the relation of partners of employer and employee between the parties hereto.
- 12.4 In case of large-scale renovation or improvement works as required by relevant Ordinances or Regulations or as proposed by the Incorporated Owners, the Incorporated Owners shall appoint professional consultants to act as the Project Manager. If they shall opt to appoint the Manager as the Project Manager and the Manager has proven professional competence, the Manager may at its discretion accept the appointment. Under such circumstances, the Manager shall charge, on the Incorporated Owners' account, a service fee for carrying out project management works. The amount of service fee for project management shall be negotiated between the two parties.
- 12.5 The above-mentioned large-scale renovation or improvement works in Clause 12.4 shall include the following items :
- (i) major and non-recurring renovation or improvement works; or
  - (ii) the estimated expenditure of the renovation or improvement works exceeds 20% of the annual budgeted expenditure of the Property.

In witness whereof the parties have executed this Agreement the day and year above mentioned

(a) SIGNED, for and on behalf of \_\_\_\_\_  
The Incorporated Owners of \_\_\_\_\_  
(Name of the Property)

In the presence of : -            )  
  )  
  )  
  )

\_\_\_\_\_

(b) SIGNED, for and on behalf of \_\_\_\_\_  
(Name of Property Management Company)

In the presence of : -            )  
  )  
  )  
  )

\_\_\_\_\_

# Schedule I

## Responsibilities of Manager

1. To keep the building structure, fabric, enclosure and finishes in good repair and condition
2. To maintain the common areas of the Property in clean and sanitary conditions
3. To keep the lighting and ventilation of common areas in good order and repair
4. To keep and maintain the plumbing and drainage systems including water pumps and tanks, if any, which are wholly or partly for the common use of the owners and occupiers of the Property, in good repair and operation
5. To keep and maintain the electrical and mechanical systems including lifts, fire services, air-conditioning, etc., which are wholly or partly for the common use of the owners and occupiers of the Property, in good repair and operation
6. To arrange refuse disposal and to maintain the refuse collection system properly
7. To invite tender with prior consent of the Incorporated Owners for cleaning, repair and maintenance, consultancy services, etc., and to manage and supervise all contractual parties of the Property to ensure their fulfillment of their respective duties and obligations
8. To prohibit employed sub-contractors, servants, agents and their employees from soliciting and accepting gifts of any kind
9. To insure and keep insured all common areas and facilities
10. To set up security control plan and procedures, to supervise security staff, to regularly review and strengthen crime prevention measures in the Property
11. To keep and maintain the security monitoring system and patrol equipment like alarms, access control, closed-circuit television, intercom system, etc., in good repair and operation

12. To prevent unauthorized entry to the Property
13. To demand, collect and receive all amounts payable by owners under the provisions of DMC, to collect any other monies by resolution of the Incorporated Owners, and to deposit all monies so collected into a bank account in the name of the Property
14. To collect management fee deposits payable by new owners according to DMC
15. To take appropriate actions like legal proceedings against any owner who fails to pay any amount payable under DMC, thirty (30) days after the due date for payment
16. To collect, upon a change of ownership of any flat, from the new owner a sum to be held as deposit according to DMC, and bank into account in the name of the Property
17. To hold on behalf of the Incorporated Owners with HK\$\_\_\_\_\_ (equivalent to three (3) months of management fee as the initial deposit) on the commencement date of this Agreement, to set up the Operating Fund for settlement of all the monthly expenses for the good management of the Property
18. To open a separate bank account with the Operating Fund in the name of the Property and keep separate ledgers for the Incorporated Owners of the Property
19. To account for the quarterly surplus to the Incorporated Owners before 30th day of next month by transferring the same to a bank account designated by the Incorporated Owners, and to request the Incorporated Owners to provide further funds into the Operating Fund in the event that the balance of the Operating Fund shall fall below the aggregate amount of two months' management fees
20. To monthly make use of the Operating Fund to pay the following:
  - (i) charges for common use of electricity, water, Government Rent and Rate (excluding those payable by respective owners) payable in respect of the said property and for the management and maintenance of the Property as a whole

- (ii) remuneration to the employees of the Manager, who are employed solely and exclusively for the purposes of this Agreement
  - (iii) costs for refuse disposal
  - (iv) costs for other matters including professional fees and consultants' charges relevant to DMC as approved by the Incorporated Owners
  - (v) such legal expenses in connection with the enforcement of DMC
  - (vi) all other outgoings of the Property
  - (vii) insurance premiums of the Property, notwithstanding that the insurance policies are in the name of the Incorporated Owners and/or the Manager
21. To prepare budgets showing the estimated operating expenses for the management of the Property for the ensuing financial year as defined herein for the approval of the Incorporated Owners in not less than three (3) months' prior to the commencement of the financial year
- (i) for the purposes of this Agreement, the current "financial year" shall be from \_\_\_\_\_ (financial year starting date).
  - (ii) the budget annexed hereto as Schedule II shall be the first budget.
22. To monitor and control the approved budget to avoid deficit
23. To provide and ensure sufficient, adequate and competent employees in performing duties of Manager subject to the following conditions:
- (i) an agreed number of persons are employed as approved by the Incorporated Owners including on-site management staff, security guard, gardener, cleaner, technician, etc. as necessary with a list of the employees provided for the sole purpose of this Agreement.
  - (ii) without the approval of the Incorporated Owners, the total staff cost shall not exceed the amount as stipulated in the Management Budget.
  - (iii) no person shall be employed nor continued to be employed for the purposes of this Agreement upon receiving a reasonable notice from the Incorporated Owners for a reasonable objection.
  - (iv) all employees shall be provided with uniforms of an adequate design.
24. To bring to the attention of the Incorporated Owners all significant changes including revision of the management fee level for approval before implementation
25. To produce statements of accounts for each calendar month within two (2)



months from the last day of that month and to prepare the annual account of the relevant financial year for audit by an auditor approved by the Incorporated Owners

26. To keep proper accounts of all expenditure incurred by and of all payments made to the Manager in respect of carrying out its duties
27. To hold regular meetings with the Management Committee (including to attend and to give secretarial support to the Management Committee) for monitoring the management standards and management arrangements of the Property at a time stipulated by the Management Committee
28. To advise and update Incorporated Owners from time to time the latest laws and regulations governing management of properties
29. To advise Incorporated Owners the appropriate time in carrying out building condition surveys for diagnosis and necessary maintenance planning
30. To attend and handle with reasonable speed any complaints received from the Incorporated Owners, individual owners, or occupiers relating to the management of the Property
31. To resolve conflict between / among owners
32. To enforce due observance and performance by the owners of the covenants, terms and conditions of DMC, and to take corresponding action in respect of any breach thereof
33. To prevent and to take action to remedy any breach by any owner or other person residing in or visiting the Property
34. To prevent any person from detrimentally altering or injuring any part of the Property or any of the equipment, services or facilities thereof
35. To prevent any person other than residents and occupiers of the Property and their bona fide guests and visitors from using the open spaces, if any, of the Property
36. To prevent and monitor any parts of the Property including external facades are free of unauthorized structures or appendages being installed in breach

of DMC or other legislations

37. To prevent obstruction of any common areas
38. To control, direct and regulate vehicular traffic, if any, within the Property
39. To remove any vehicle unlawfully parked in any part of the Property
40. To represent all the owners or any of them as their or his agent in all matters and dealings with the Government or any public utility or other competent authority or any other person whomsoever in any way touching or concerning the Property its equipment, services and facilities
41. To carry out all such other responsibilities those are reasonably incidental to the management of the Property.



The Hong Kong Institute of Surveyors  
Room 1205, 12/F Wing On Centre,  
111 Connaught Road Central, Sheung Wan, Hong Kong.  
Telephone: (852) 2526 3679 Facsimile: (852) 2868 4612  
Email: [info@hkis.org.hk](mailto:info@hkis.org.hk)

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