



MANAGEMENT

■ THE GREEN COMMUNITY RESIDENTS ARE TOLD TO PAY A 300% SERVICE CHARGE RISE



THE GREEN Community service charge disagreement is certainly a very unfortunate development for its residents, as well as for the greater Dubai property market. It causes concern among residents, investors, potential investors and developers alike.

Such concern left unresolved can over a longer period erode market confidence. The Green Community lease agreement requires the lessee (the tenant) to pay Properties Investment service charges in accordance with the relevant attached

schedule. The schedule confirms that the lessee shall pay a proportionate share of the costs and expenses incurred by Properties Investment in the performance of the Green Community's management obligations.

The payments also go towards meeting Properties Investment's obligations to Dubai Investments Park to pay the park service charges. Based on the above, it is clear that the lessee is obligated to make the service charge payments and no limit or control exists on the amount in the lease agreement. Moreover, such an agreement provides no estimate of the service charges at all.

In the event of non-payment, the lease agreement states that Properties Investment may terminate upon 60 days notice the lease by written notice if the non-

payment continues by the end of such 60 days and may withhold from the lessee the use and privileges of the common use facilities.

It is also entitled to charge a penalty at a rate of 2 per cent above the base lending rate of Emirates Bank International, and withhold consent to any assignment of the lease by the lessee. The company shall also hold liable the lessee for all resulting legal costs, expenses and charges in enforcing such rights.

Limited options

Based on the lease agreement provisions, the situation appears dire indeed for the Green Community residents who are faced with a 300 per cent service charge rise. However, not all is lost for the residents.

Based on media reports, Properties Investment has not complied with its obligations with respect to providing budgets, statements and audited accounts to the lessees. If such reports are correct, then this would mean that Properties Investment is in default of its obligations under the lease Agreement.

The breach of such obligations relate directly to the issue of payment, or more correctly, lack of payment, of service charges by the lessees. It is likely that a fair case can be made by the lessees that their lack of payment is related to Properties Investment's failure to comply with much of its obligations related to service charges under the lease agreement for the past three years.

The lessees could also argue that had they been provided with budgets, state-

