

EXPERT
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OA bank accounts – are we close?

With the news that RERA is looking to finalize approval for local banks in Dubai to open accounts for the Interim Owners Associations (IOA) by January of next year, many owners are waking up to the fact that they could shortly be managing their own finances.

Owners currently have two options – the developer maintains and manages a bank account where the building's monies are held, or the IOA pays an escrow agent to manage the account on their behalf.

The majority of service fee accounts in Dubai are still being managed by developers. This has led to obvious problems – with accusations of co-mingling and incorrect allocations, as well as pervading lack of trust. Some owners refuse to pay their service fees as they are unwilling to pay such fees into the developer's account.

Buildings also have the option of using an escrow account for their service fees. There are companies in Dubai that provide this service, but for a fee. IOAs may be unwilling to have an escrow account due to the additional expense.

If OAs are shortly able to open their own bank accounts, this will be a welcome move towards ensuring buildings are fully owner managed.

However, board members will understandably be nervous about this. Being a board member is a voluntary non-paying role. With the long hours that most people work in Dubai at their regular jobs, do board members want the extra headache of monitoring their building's bank account? Will it put off owners from putting themselves forward as potential board members if they know that they now have to add being responsible for the building's bank account to their long list of duties and daily obligations?

If the building has a good OA manager who is experienced in all the financial aspects of managing a building, this should give the board confidence that the account will be or is being properly managed.

When looking for an OA manager, the board should check their financial acumen and should ask what financial reports they will provide.