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Evaluating Service Charge Administration Practices in South East Nigeria: A Comparative Assessment with Global Standards

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Abstract

In most residential properties in the South East Nigeria, the idea of service charge is not fully appreciated or well understood. Tenants of residential properties are most times being asked to pay for service charge without the landlord or his Agent informing the tenant of the actual components item of service charge. The objective of this study is to evaluate service charge administration in South East Nigeria vis-à-vis global best practice. The study adopted quantitative and qualitative research design to compare that which is obtainable in the study area with global best practices. The study was carried out in the five South Eastern States of Nigeria namely; Anambra, Enugu, Imo, Abia and Ebonyi. The population of the Study was 102 Estate surveying and Valuation firms who are into service charge administration. Data collected were presented with the use of frequency tables and analysed with mean score analysis and percentage. The hypothesis was tested with One-way Analysis of Variance using SPSS. The results from the analysis revealed that most firms of Estate Surveying and Valuation in South East Nigeria include the details of service charge in the tenancy agreement. The mean score analysis revealed that Estate Surveying and Valuation firms practicing in South East Nigeria renders service charge account to payers of service charge at the end of every service charge year, this is evidenced by the mean score of all the response from the five States being above 3.0 which is the average mean score. The One-way Analysis of Variance used to test the hypothesis produced an F-value of 2.137 with a significance (p-value) of 0.213. Since this p-value is greater than the 0.05 level of significance, the observed differences in mean scores among the five states are not strong enough to conclude that the States differ

significantly in the specificity of service charge details. Therefore, the null hypothesis was accepted, which states that there is no significant difference in the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria. The available literature revealed that other climes have legal framework for service charge administration whereas such is not obtainable in South East Nigeria.

Keywords: Service Charge Administration, Property Management, Tenancy Agreements, Global Best Practices, South East Nigeria.

Introduction

According to Bandy (2002), service is not like a manufactured product that has specifications on dimensions, measurements and features associated with it. Service is an intangible product, as such it cannot be quantified easily. Therefore, it is not very easy to maintain consistency of results from those who are part of the service process because, without a well-defined standards, persons tend to operate from their own point of reference, and render the type of service they personally are comfortable receiving. It is challenging to separate the service delivery process from the recipients of the service, as the diverse expectations of the recipients can influence the results of the delivery. This is to say that in rendering services to anyone the recipient must be carried along, this is because his input shall help to enhance the delivery process. In the administration of service charge in multi-tenanted property, the occupiers who are the recipients of these services and the contributors of the service charge fund, must be involved in the whole process starting from clearly stating the components of service charge in the tenancy/lease agreement at the inception of the lease or tenancy as practiced globally. Globally, the concept of service charge is known and appreciated, available literatures revealed that there are practices which administrators of service charge adopts in enhancing service delivery that are not obtainable in South East Nigeria. The objective of this study is to evaluate the existing practice of service charge administration in South East Nigeria vis-a-vis global best practices. It is from this background that this study intends to x-ray the South East Nigeria service charge administration vis-à-vis global best practices in order to recommend practices that can enhance service charge administration in South East Nigeria.

Literature Review

Concept of Service Charge

According to Isle of Man Property Service Charge Act (1989) a "service charge" is an amount payable by the tenant of a dwelling as part of or in addition to the rent which is payable, directly or indirectly, for services, repairs, maintenance or insurance or the landlord's expenses of management; and the whole or part of which varies or may vary according to the relevant expenses. "Relevant expenses" refer to the actual or projected costs (including overheads) that are incurred or expected to be incurred during any given period by or on behalf of the landlord or a

superior landlord. These expenses are associated with the matters for which the service charge is applicable, regardless of whether they are incurred during the period for which the service charge is due or in a previous or subsequent period.

Service charges are governed by individual tenancy agreements and leases, and the common law and legislation in the area. This includes the definition of 'service charge' in the Isle of Man Landlord and Tenant Act 1985, which links service charges to actual costs. In practice this means that service charges can only cover actual costs and must be accounted for to ensure that they are fair and transparent both to tenants and to other stakeholders. Adhering to all relevant law is fundamental to good governance and boards must certify compliance in their annual accounts.

According to the Royal Institute of Chartered Surveyors (2016), service charges are frequently cited as one of the most common sources of conflict in the landlord and tenant relationship. The issue arises from a limited comprehension of the fundamental nature and elements of service charges, as well as the tendency of numerous landlords to view a service charge system as a means of generating extra income. However, service charges are not supposed to be for profit but are cash separate from the owner's income stream. Service charge is defined as an amount payable by a tenant as part of or an addition to rent for services, repairs, maintenance or insurance. But this amount must be separately accounted for. It is also a mandatory subscription or contribution levied on all occupiers of a property for the purpose of providing common services in the property. This amount must not be the same for all the occupiers since some have more space and require more services than others. Young (2014) characterized service charges as the costs borne by the owner of a multi-tenanted property for the upkeep and management of shared areas and facilities utilized by all occupants. The concept of service charges has increasingly gained acceptance among tenants, who have come to appreciate the advantages of well-maintained and effectively managed buildings. Most newly constructed multi-tenanted residential properties are designed with sufficient clarity, and the leases are crafted to ensure that all parties involved have a clear understanding of their respective obligations. Additionally, the complexity surrounding service charges arises from the fact that no two buildings, and consequently no two leases, are identical. Nwankwo (2014) described service charges as an extra rent collected by property owners or their agents from tenants or occupants of a multi-tenanted property, in exchange for the provision of agreed-upon common services. Therefore, service charge is used to take care of those services which the occupiers of multi-tenanted properties were to provide individually if the property where to be a single unit apartment.

Usually than not, the managing agents administers the service charge regime for the occupiers and give a detailed report of same to all the stakeholders while in some other cases the tenants form some sort of association and elect executives among them who oversees and administers the service charge regime without the interference of the landlord or the management. Leases set out obligations in respect of the provision of services, and generally outline how the costs of the services are apportioned between residents. Where there is no specific apportionment required by the lease, this will normally be applied on a pro-rata basis, based on the number of homes receiving the service or size of property.

Global View of Service Charge Administration

Application of Service Charge in Ireland

McKeown and Sirr (2018) assert that Multi-unit developments (MUDs), which generally consist of apartments or a combination of apartments and houses, and may also incorporate commercial elements, are distinct from conventional housing due to three key features: individual ownership of units, shared ownership of communal property, and collective membership in a corporate entity responsible for the management of the development (Christudason, 2004). In the context of Ireland, the entity responsible for managing ownership in multi-unit developments (MUDs) is referred to as the owners' management company (OMC). The legal structure governing ownership in MUDs operates on a leasehold basis, indicating that while the buyer possesses the property itself, they do not own the land upon which it is situated. Typically, leaseholds within a MUD are characterized by extended lease terms, which can be transferred to new owners. To finance the maintenance of shared areas, the OMC imposes an annual service charge on the property owners within the development.

Currently, these service charges are collected on an annual basis, and should a property owner decline to pay, the process of debt recovery can become protracted and costly. This situation is particularly challenging for developments that are already facing financial difficulties. Service charges are also governed by the statute of limitations; if the debt remains unpaid for six years, it becomes statute-barred and cannot be collected, even if the property is sold. This creates a detrimental cycle: the failure to pay service charges adversely affects the maintenance and quality of the development, leading to a reduction or elimination of certain services. Consequently, this may prompt additional property owners to cease their payments, further diminishing services, and perpetuating the cycle. This represents a significant flaw within the Irish system.

Multi-Unit Developments Act (2011) of Ireland

In Ireland, the majority of Owners Management Companies are structured as companies limited by guarantee, lacking share capital. These entities are regulated under the Companies Act of 2014, which serves to consolidate earlier company legislation. The Multi-Unit Developments Act (MUD Act, 2011) pertains to Multi-Unit Developments (MUDs), which are defined as land featuring buildings with a minimum of five residential units, where shared amenities, facilities, and services are intended. Beyond traditional apartment complexes, Section 2 of the Act broadens its scope to include residential housing developments that operate under a management company framework, as well as mixed-use developments that integrate both commercial and residential units, provided that the amenities, facilities, and services are shared between these units. Since the Act's implementation in 2012, challenges have emerged, notably a general lack of awareness and understanding among members, coupled with insufficient penalties for developers, directors, and members who fail to adhere to the Act.

The ownership framework of Multi-Unit Developments (MUDs) presents challenges in corporate governance, leading to difficulties in management and a notable lack of transparency regarding the administration of apartment buildings (Paulsson, 2007). The MUD Act was primarily designed to address apartment schemes and the apartment components within

mixed-use developments, while also encompassing traditional housing that operates under a service charge scheme for common estate areas. Since all owners collectively share, utilize, and possess the common areas—such as hallways, gardens, and parking facilities—MUDs are maintained and owned communally by the unit owners. Each owner contributes an annual service charge to support the upkeep of these shared spaces. These common areas are managed by an Owners' Management Company (OMC), which is a not-for-profit entity established to serve as the registered owner of the common areas within a development. OMCs are governed by the individual apartment owners, who often hire an agent to oversee the development on their behalf and elect a board of directors from among themselves to direct the agent's activities (Gogan, 2008).

As members of the OMC, each owner is obligated to pay a service charge that finances the operations of the OMC, including payments to the managing agent. However, failure to pay these service charges can lead to significant difficulties for the OMC, as it may lack sufficient funds to perform necessary repairs and maintenance or to compensate the managing agent (Bailey and Robertson, 1997). The operational theory of an OMC is sound when all owners collaborate to maintain the development to a high standard. However, issues arise when cooperation breaks down and legal responsibilities are neglected, exacerbated by the limited ability to recover unpaid charges.

Collection of Service Charge

All individual property owners within the development are shareholders of their Owners' Management Company (OMC), thus collectively owning the management entity responsible for overseeing all common areas. During the annual general meeting (AGM) of the OMC, members elect directors through a voting process, with each property owner entitled to one vote in accordance with the provisions of the Multi-Unit Developments (MUD) Act. At this meeting, a property manager, also known as a managing agent, may be appointed to manage the daily maintenance and operations of the development on behalf of the OMC. While the OMC sets the annual service charges for each property, the MUD Act recommends a minimum annual fee of €200. This amount is relatively modest, given that service charges should accurately reflect projected operational costs, both in the short and long term. The obligation of unit owners to pay these service charges, along with the management company's authority to collect them, arises from the covenants and obligations detailed in the conveyancing documents related to their property purchases (Office of the Director of Corporate Enforcement, 2008). This obligation is in addition to the general responsibilities that all OMCs must fulfill as outlined in the MUD Act. Service charges are crucial for generating the cash flow necessary for an OMC to effectively provide services and maintain the development.

Isle of Man Property Service Charge

Meaning of Service Charge

Article 1 of the Isle of Man Property Service Charge Act 1989 characterizes "service charge" as a payment made by a tenant of a residence, which may be included in or added to the rent. This charge is designed to address expenses related to services, repairs, maintenance, insurance, or the management costs incurred by the landlord, and it may vary according to the

actual expenses incurred. The law defined "relevant expenses" to mean the actual or anticipated costs (including overheads) that the landlord or a superior landlord has incurred or expects to incur during a specified period concerning the services associated with the service charge, irrespective of whether these costs relate to the present, past, or future periods. This indicates that the components of the service charge are explicitly outlined in the Act. By linking the service charge to "relevant expenses," the Act implies that the charge is to be settled in arrears, after all expenses have been incurred. Consequently, there should be no occurrence of surplus or deficit in the service charge fund. However, this arrangement poses a risk, as it may allow the landlord or their agent to secure funds to cover service costs, which would later be reimbursed by the tenants. The application of payment of service charge in arrears can easily be implemented in a system that works where collection of such payment will not meet resistance from payers. However, in South East Nigeria it is very difficult to get occupants to make payments in advance which do not have payment of interest attached to it, it shall be more difficult to get occupants to pay service charge fee in arrears when the services had already been rendered and interest is expected to be paid on the actual cost to cater for cost of borrowing. This system is not likely to succeed in South East Nigeria.

Reasonableness of Service Charges

Article 2 of the Act stipulates that relevant expenses shall be considered when calculating the service charge due for a specific period, provided that such expenses are (a) reasonably incurred; and (b) related to services or works that meet a reasonable standard. Consequently, the payable amount shall be restricted accordingly. In instances where a service charge is required prior to the incurrence of the relevant expenses, only a reasonable amount may be charged. Following the incurrence of these expenses, any necessary adjustments will be made through repayment, reduction of future charges, or other means. It is important to emphasize that any service charge imposed must be deemed reasonable. A tenant who is subject to a service charge, or a landlord who is claimed to be owed such a charge, may petition the Commissioner to ascertain whether the expenses related to services, repairs, maintenance, insurance, or management were incurred reasonably, whether the services or works for which these expenses were incurred meet a reasonable standard, or whether the amount due prior to the incurrence of expenses is justified.

Application of Service Charge in Uganda

Belaye (2022) asserted that the tenancy agreement comprehensively outlines the payment conditions and the services included within the service charge. In Uganda, service charges differ based on various factors such as the type of property, the complexity of the building, location, procurement nature, the quality of services provided, and the terms mutually agreed upon by the parties in the lease agreement, which are typically subject to a service charge audit (Belaye, 2022).

Section 46 of the Landlord and Tenant Act 2022 stipulates the following:

“Landlords are permitted to impose fees for additional services.”

1. A landlord is authorized to levy a service fee for any supplementary services rendered to a tenant, which may include services related to security, maintenance, sanitation, and other amenities.
2. In this context, a 'service fee' refers to an amount that a tenant is required to pay as part of or in addition to the rent, which is payable, either directly or indirectly, for services, repairs, maintenance, enhancements, insurance, or the landlord's management expenses. The service fee may fluctuate based on the associated costs.
3. The relevant costs mentioned in subsection (2) encompass the actual or projected expenses incurred or anticipated to be incurred by or on behalf of the landlord in relation to the services for which the service fee is charged."

The Landlord and Tenant Act 2022 has created a legal framework for the management of service charges in Uganda. This development simplifies the administration of service charges, significantly minimizing instances of non-compliance with the service charge stipulations outlined in the lease agreement, as service charges are now governed by law in Uganda.

Service charges provide advantages to landlords by allowing them to recover costs associated with the maintenance of the property as stipulated in the lease terms. Conversely, tenants benefit from the assurance of a well-maintained and operational building, along with the guarantee of accountability, as service charge audits are conducted regularly and budgets are prepared on an annual basis (Belaye, 2022).

It is important to emphasize that effective communication among tenants, landlords, and property managers is a fundamental principle for the successful management of service charges, fostering transparency, accountability, and efficient service delivery (RICS, 2018 as cited in Belaye, 2022).

Lease/ Tenancy Agreement and the Service Charge

The primary consideration in any service charge provision within a lease is the allocation of responsibility for the repair and maintenance of all elements of the building or development. Typically, landlords favor a 'clear lease' that allows them to relieve themselves of the financial obligations associated with essential property services provided to tenants (Edward and Krendel, 2007). Crosby and Murdoch (1998) emphasized that a 'clear lease' should also include a 'full repairing and insuring' or 'FRI' lease. In such agreements, tenants assume all financial responsibilities for the repair and insurance of the leased property, enabling the landlord to manage the premises while being reimbursed for the costs incurred in fulfilling these responsibilities through service charges.

The delineation of responsibilities for repairs, maintenance, and property management between landlords and tenants is a complex and sensitive issue (Crosby and Murdoch, 1998). In cases involving 'leases of whole', the tenant's duty to cover repair and maintenance expenses is relatively clear, as the premises are entirely occupied by a single tenant. In contrast, in residential properties with 'leases of part' involving multiple tenants, it is crucial for the tenant to carefully review a well-defined service charge provision within the lease to avoid potential conflicts with the landlord (Edward and Krendel, 2007).

Moran (2007) emphasized that a standard lease agreement should encompass the following elements regarding service charges:

1. A section at the outset of the lease that clearly defines the terms 'service charges' and 'services.'
2. A specific obligation for the tenant to pay service charges.
3. A commitment from the landlord to deliver the specified services.
4. Comprehensive details concerning the service charges.

The obligations of tenants regarding service charges are typically outlined in the initial sections of the lease agreement, which include the procedures for managing these charges. The obligations of the landlord are outlined in the latter section of the lease, particularly within the schedule of service charges. This portion highlights the services provided, the allocation of service charges, the payment timeline, and the consequences for late payments (McGee, 1984).

Methodology

The study adopted qualitative and quantitative research design to evaluate service charge administration in South East Nigeria. The study was carried out in the five South Eastern States of Nigeria namely; Anambra, Enugu, Imo, Abia and Ebonyi. The population of the Study is 102 Estate surveying and Valuation firms who are into service charge administration. The sampling technique adopted for this study was purposive sampling technique. Estate Surveying and Valuation firms were chosen as the population of study for professional reasons. Data collected were presented with the use of frequency table and analysed with the use of mean Score analysis and percentage. The hypothesis was tested with the use of One-way Analysis of Variance.

Data Presentation and Analysis

Data Presentation

The data collected from 102 respondents across the five states of South-East Nigeria are summarized below. Frequencies and percentages were computed to give a clear picture of the responses.

Table 1: Data Presentation

State	Distributed Questionnaire	Returned Questionnaire	Percentage (%)
Anambra	36	31	86.11
Imo	26	26	100
Enugu	51	32	62.75
Abia	18	9	50
Ebonyi	7	4	57.14
Total	138	102	73.9

Table 1 shows that Enugu state has the highest number of firms practicing Service Charge in management of multi-tenanted residential properties followed by Anambra state and the least was Ebonyi State. The questionnaire returned are responses from Estate Surveying and Valuation firms engaging in the practice of service charge determination and administration in the study area. The returned questionnaire forms a total of 73.9% of the entire population.

The low number of firms in Abia and Ebonyi is as a result of the fact that Estate Surveying and Valuation practice in these States are still evolving.

Data Analysis

Section One: To determine the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria

Table 2: Service Charge Specificity in Tenancy Agreement in Anambra State

Tenancy Agreement only states service charge amount with no detail.

Response	Frequency	Percentage
Yes	8	25.81
No	23	74.19
Total	31	100

From the response in table 2, 23 respondents (74.19%) says that Tenancy agreement do not state only the amount to be paid as service charge, while 8 respondents (25.81%) accepts that Tenancy Agreement only states the amount to be paid as service charge with no other detail.

Table 3: Service Charge Specificity in Tenancy Agreement in Enugu State

Tenancy Agreement only states service charge amount with no detail.

Response	Frequency	Percentage
Yes	11	35.48
No	20	64.52
Total	31	100

From the response in table 3, 23 respondents (64.52%) says that Tenancy agreement do not state only the amount to be paid as service charge, while 8 respondents (35.48%) accepts that Tenancy Agreement only states the amount to be paid as service charge with no other detail.

Table 4: Service Charge Specificity in Tenancy Agreement in Imo State

Tenancy Agreement only states service charge amount with no detail.

Response	Frequency	Percentage
Yes	17	65.38
No	9	34.62
Total	26	100

From the response in table 4, 9 respondents (34.62%) says that Tenancy agreement do not state only the amount to be paid as service charge, while 17 respondents (65.38%) accepts that Tenancy Agreement only states the amount to be paid as service charge with no other detail. Meaning that the case in Imo state is such that majority of the firms merely states the amount to be paid as service charge in the tenancy agreement.

Table 5: Service Charge Specificity in Tenancy Agreement in Abia State
Tenancy Agreement only states service charge amount with no detail.

Response	Frequency	Percentage
Yes	3	33.33
No	6	66.67
Total	9	100

From the response in table 5, 6 respondents (66.67%) says that Tenancy agreement do not state only the amount to be paid as service charge, while 3 respondents (33.33%) accepts that Tenancy Agreement only states the amount to be paid as service charge with no other detail.

Table 6: Service Charge Specificity in Tenancy Agreement in Ebonyi State
Tenancy Agreement only states service charge amount with no detail.

Response	Frequency	Percentage
Yes	3	75
No	1	25
Total	4	100

From the response in table 6, 1 respondents (25%) says that Tenancy agreement do not state only the amount to be paid as service charge, while 3 respondents(75%) accepts that Tenancy Agreement only States the amount to be paid as service charge with no other detail. Meaning that the case in Ebonyi state is such that most firms merely states the amount to be paid as service charge in the tenancy agreement.
It is clear that the majority of the firms detail the components of service charge in their tenancy agreement while a reasonable number (majorly in Imo and Ebonyi State) agreed to the fact that the only mention of service charge in their tenancy agreement was the amount to be paid. This is evidenced by the Tenancy Agreement made available to us by the estate surveying and valuation firms in the study area.

Section Two: To ascertain the rendering of service charge account at the end of service charge year.

Table 7: Service Charge Account is rendered at the End of Every Service Charge Year

Response	Anambra	Enugu	Imo	Abia	Ebonyi
Strongly Agreed	13	12	9	6	1
Agreed	10	18	9	2	3
Undecided	2	2	1	0	0
Disagreed	4	0	4	1	0
Strongly Disagreed	2	0	3	0	0
Total	31	32	26	9	4
Mean Score	3.9	4.31	3.6	4.44	4.25
Remark	Accepted	Accepted	Accepted	Accepted	Accepted

Table 7 shows that Estate Surveying and Valuation firms practicing in South East Nigeria renders service charge account to payers of service charge at the end of every service charge

year. This is evidenced by the mean score of all the response from each State in table 7 being above 3.0 the average mean score.

Test of Hypothesis

Statement:

H_0: There is no significant difference in the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria

This hypothesis investigates whether there is any significant difference in how clearly service charge details are specified in tenancy agreements across the South-Eastern States of Nigeria. Some tenancy agreements only state the service charge amount without explaining what the charge covers. This hypothesis seeks to assess whether the level of detail provided in tenancy agreements differs significantly across the states. The hypothesis was tested using One-Way ANOVA, with mean specificity scores derived from the responses presented in Tables 2 to 6.

ANOVA

Table 8: Specificity of_Service_Charge in Tenancy Agreement

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	327.400	4	81.850	2.137	.213
Within Groups	191.500	5	38.300		
Total	518.900	9			

The ANOVA result indicates that these differences are not statistically significant. The analysis produced an F-value of 2.137 with a significance (p-value) of 0.213. Since this p-value is greater than the 0.05 level of significance, the observed differences in mean scores are not strong enough to conclude that the states differ significantly in the specificity of service charge details. Therefore, we accept the null hypothesis which states there is no significant difference in the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria.

Summary of Findings, Conclusion and Recommendations

Summary of Findings

From the response in table 2 to 6, it is clear that the majority of the firms in the study area detail the components of service charge in their tenancy agreement while a reasonable number agreed to the fact that the only mention of service charge in their tenancy agreement was the amount to be paid.

The result of the analysis in Table 7 revealed that Estate Surveyors and Valuers practicing in South East Nigeria render service charge account to the payers at the end of every service charge year.

The hypothesis states that there is no significant difference in the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria. The ANOVA result indicates that these differences are not statistically significant. The analysis produced a F-value of 2.137 with a significance (p-value) of 0.213. Since this p-value is greater than the 0.05 level of significance, the observed differences in mean scores are not strong enough to

conclude that the states differ significantly in the specificity of service charge details. Therefore, we accept the null hypothesis which states there is no significant difference in the specificity with which details of service charges are covered in tenancy agreement in South East Nigeria**.** This simply means that the details of service charge are included in the tenancy agreement across the South East States of Nigeria.

The global best practices from available literature revealed the following:

i. **Service Charge and Tenancy Agreement:** The Service Charge components and details forms a part tenancy agreement in other climes**.** In south East Nigeria, most Estate Surveying and Valuation firms engage in this practice while vast majority of Estate Surveying and Valuation firms who are into service charge administration do not include details of service charge in tenancy agreement.
ii. **Leasehold Valuation Tribunal:** The establishment of a tribunal where tenants can challenge the reasonableness of a service charge determined by the Landlord. This is practiced in the United Kingdom. There is no such practice in South East Nigeria.
iii. **Payment of Service Charge in Arrears:** The Isle of Man *Property Service Charge Act 1989* provides that service charge is to be paid in arrears. This is to ensure that the actual amount spent during the process of carrying out the maintenance is shared among the occupants of the residential property. This practice is not obtainable in South East Nigeria.
iv. **Enactment of Legal Framework for Service Charge**: Most countries either has a separate law for service Charge or makes a provision for service charge in their Landlord and Tenant Act like the case of Uganda Landlord and Tenant Act of 2022, and the Ireland's Multi-unit Development Act 2011. These laws provided the legal framework and transparency mechanism in the administration of service charge in their various systems. However, the South Eastern States of Nigeria do not have any existing law guiding the administration of service charge in these States thereby creating a legal gap and giving room for exploitations and irresponsibility.

Conclusion

Service Charge administration in South East Nigeria is evolving and requires a lot of legal, systematic and administrative approaches to enhance the practice in South East Nigeria. For this to be achieved all the parties involved in service charge must be carried along. The study established that Estate Surveyors and Valuers practicing in South East Nigeria includes details of service charge in tenancy agreement and equally render account to contributors of service charge fund at the end of service charge year. The major challenge with the practice of Service Charge administration in South East Nigeria is lack of legal framework to regulate the practice as it is done in most advanced countries.

Recommendations

The recommendations drawn from this study is based on the findings.

i. Government should enact laws in the South Eastern States which shall provide legal framework for the administration of service charge as it is done in other climes.

ii. Firms of Estate Surveyors and Valuers should include the components and details of service charge in either the Tenancy Agreement, Offer Letter to prospective tenants or a separate documents.
iii. Property managers should continue with collection of service charge fund in advance as against collection of service charge in arrears as seen in other climes. This is due to the difficulty of compliance likely to be experienced in collecting service charge in arrears in South East Nigeria.

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