

DEPARTMENT OF BUILDING UNIVERSITI TEKNOLOGI MARA (PERAK)

KEY HANDING OVER AND DEFECT RECTIFICATION MONITORING

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It is recommended that the report of this practical training provided

by

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entitled

Key Handing Over and Defect Rectification Monitoring

be accepted in partial fulfillment of Building.	of the rec	quirement for obtaining the Diploma in
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STUDENT'S DECLARATION

I hereby declare that this report is my own work, except for extract and summaries for which the original references are stated herein, prepared during a practical training session that I underwent UDA Holdings Berhad for a duration of 20 weeks starting from 23rd August 2021 and ended on 7th January 2022. It is submitted as one of the prerequisite requirements of BGN310 and accepted as a partial fulfilment of the requirements for obtaining the Diploma in Building.

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Date : 10th January 2022

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I am really grateful for the opportunity to intern at a big corporation, Uda Holding Sdn Bhd, and it is a tremendous honour and golden opportunity for me to study and dive further into how real workers operate in the field of construction building. It was a very valuable opportunity for me since I was able to learn a lot of new things and improve myself in a lot of different areas. First and foremost, I would like to express my gratitude to Pn Ida Nadillah Basri for supervising me throughout my industrial training. I am sincerely and thankful to her, and this is an honest acknowledgement from me to her since she has made numerous contributions, provided advice, and has always assisted me in order for me to fully develop my abilities. I would also like to thank all of the employees of this company, especially the Property Customer Service staff, Group Technical Services Division, for their continuous support and words of encouragement, which allowed my industrial training period to run smoothly and effectively. All of the staff went out of their way to assist me and answer my questions until I was able to successfully complete this industry training. It was a tremendous appreciation for me, and I am grateful for the opportunity to work with them.

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ABSTRACT

Our country, Malaysia, is currently undergoing rapid development in a variety of sectors, particularly in the development sector. There are numerous types of structures with appealing designs in our country, and along with development, the construction of houses to accommodate Malaysians should not be overlooked. There are various types of houses whether it is landed property and high-rise, which allows home purchasers in Malaysia to choose the house that best suits their preferences and financial capabilities. Owning a new home is definitely necessary to ensure that there are no defects and shortcomings in the building purchased and also to ensure that the house keys are safely handed over to the home buyer. This report was conducted at post construction site locate at apartment located in Lot 3338, Seksyen 41, Jalan Raja Muda Musa, Kuala Lumpur. Therefore, the objective of this report is to identify the procedure Key Handing Over and Defect Rectification Monitoring process. It will focus more on how the Key Handing Over procedure and how Defect Rectification Monitoring process is done in detail.

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CHAPTER 1.0

INTRODUCTION

1.1 Background and Scope of Study

When a house buyer receives the keys to the property, one of the first things that must be done is a new home inspection. As a new homeowner, the buyer must be completely satisfied with the quality and final state of their investment. Preferably, the buyer wants a property that shows the type of work result and materials used, that comply with tight control procedures implemented by the developer. When taking vacant possession, the fundamental purpose is to own property with few, minor, or no defects at all. However, the new homeowner is responsible for determining or ensuring that the new property is in excellent condition before it is given over to them. Before moving in, the buyer may either do his own defect assessment or hire a professional building assessor to conduct a defect inspection on their home before moving in or perform any home renovations.

First, in order to understand the Key Handover Process for this study, we must first understand what is the "Vacant Possession" means. It is a situation in which a buyer has received a Notice of Vacant Possession (VP) from the developer, which is basically an official declaration informing the buyer to take possession of the property. The Vacant Possession will be given out to verify that the buyer has fully paid and has a Certificate of Completion and Compliance (CCC). Receiving a Vacant Possession notice also means the start of a Defect Liability Period (DLP), which a buyer should manage immediately before planning to transfer to the new home. The Certificate of Completion and Compliance (CCC) was created to replace the Certificate of Fitness for Occupancy (CFO) in accordance with the Malaysian government's objective to improve the construction delivery system to compete internationally(Norshahida,2019). The Certificate of Completion and Compliance (CCC) was designed by a professional body of architects, engineers, and building draughtsman who are members of the Board of Architects of Malaysia (LAM) (Gamuda, 2021).

Next, defect rectification monitoring is a process in which we monitor a process in carrying out defect rectification work to ensure that it always follows the procedures that have been set to, so that the defect rectification work runs smoothly and problems such as defect rectification work not being completed, the same defects on the house that have been corrected reoccurring, and many other things. To better understand what defect rectification, we also need to first know what "Defect Liability Period" (DLP) is. It is a situation in which the defect liability period begins as soon as the house buyer gets a Vacant Possession (VP) notice containing a Certificate of Completion and Compliance (CCC). The Disability Liability Period clause was included in the prior sale and purchase agreement (SPA) when the buyer signed it.

During the Defect Liability Period (DLP), the buyer is responsible for finding any defects in the property purchased and reporting it to the developer for rectification as soon as possible. The duration of defect liability is usually around 24 and 18 months(Kariya,Norfahayu, 2016). With enough time to identify defects on a new property, a buyer should take advantage of this opportunity to report any defects or things that appear to be inaccurate. However, when the defect liability time has expired, the buyer is with their own to rectify the defect. Therefore, based on what has been said, this report only focuses on the procedure of Key Handing Over and Defect Rectification Monitoring process.

1.2 Objectives

There are several objectives that need to be obtained in the process of preparing this Practical Training Report, among the objectives are as follows:

1. To identify the Procedure of Key Handing Over

To closely observe and study the key handover procedure through inspection, monitoring and stay in touch during the Key Handing Over work.

2. To recognize the Process of Defect Rectification Monitoring

To review the process in completing defect rectification monitoring when the defect report is submitted by the home buyer.

1.3 Method of Study

Several methods are used to achieve the objectives of this report, that are as follows:

1. Observation and practical work

This method was carried out directly on site, where we gained exposure to the real job, particularly regarding with Handing Over Key and Defect Rectification Monitoring. It can be done by making observations while on site while documenting important information cause observing can provide us with direct information and help us pay more attention to something, or by doing the job directly and experiencing the job for ourselves since practising a job may help one become more experienced and understanding more thoroughly about the content of a job.

2. Interviews

The interview process can provide more accurate and complete information in carrying out the objectives of this report. By conducting an interview process, a question will be able to be replied as well as receiving an answer directly, it can facilitate the process to understanding about something that is unknown or poorly understood. On-site research or interviews can be conducted with construction industry experts such as supervisors, architects, engineers, contractor, materials surveyors, and on-site labourers.

3. Document reviews

This method is obtained by conducting a systematic review of documents such as company profiles, construction records, defect work memos, photographs collected, and a variety of other documentation. Most confidential or important information of companies and projects may be obtained, and such matters provide many advantages in carrying out the objectives of this report.

CHAPTER 2.0

COMPANY BACKGROUND

2.1 Introduction of the Company

UDA Holdings Berhad, formerly known as the Urban Development Authority of Malaysia (UDA), is a Malaysian holding company. On November 12, 1971, the Urban Development Authority of Malaysia (UDA) was established under the Ministry of Public Enterprises. It was incorporated in 1996, and its full name was changed to UDA Holdings Sendirian Berhad (UDA Holdings Private Limited) (Abdul, 1991). The company then changed its name to UDA Holdings Berhad and became a public limited company in 1999.

UDA Holdings Berhad operates as a company that initiates and manages urban development projects primarily related to land and property development, property management, and leisure industry operations but, the core business of this companies is still in property development. UDA Holdings is also in charge of the city's infrastructure development. This company has made a commitment to expanding the engagement of Malaysian entrepreneurs in their business eco-system. Their property development projects aim to provide reasonably cost, high-quality properties for people of all income levels. This company is also one of Malaysia's pioneer companies and is also named as among the top ten property developers in Malaysia. The main headquarters of this company is located at Blok Menara, Kompleks Pertama, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

UDA Holdings Berhad is now a Government-Linked Company (GLC) that is wholly owned by the Ministry of Finance Incorporated (MoF Inc.) and supervised by the Ministry of Entrepreneurial Development (MED). Mohd Salem Kailany, the company's founder, has 25 years of experience in the real estate industry and has managed 29 new townships.

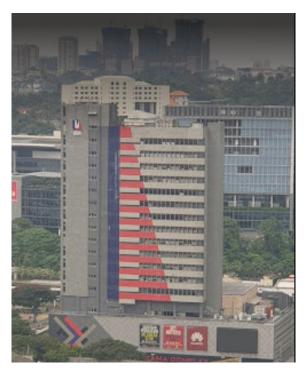


Figure 2.1 Headquarters building of UDA Holdings Berhad.

Source:https://www.google.com.my/maps

2.2 Company Profile



Company Logo:

Figure 2.2.1: UDA Holdings Berhad company logo

Source: http://www.uda.com.my

Company Name: UDA Holdings Berhad.

Business Address: Pertama Complex, Tower Block,

Jalan Tuanku Abdul Rahman,

50100 Kuala Lumpur,

Wilayah Persekutuan Kuala Lumpur.

Tel No: 03-2730 8500 Fax: 03-2713 8500

Email: gcc@udanet.com

2.3 Organization Chart

UDA Holdings Berhad Leadership

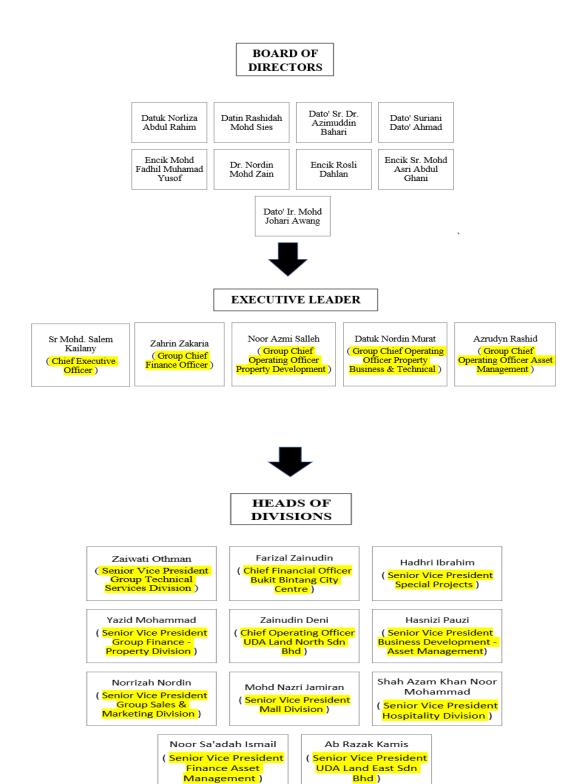


Figure 2.1 Organizational chart of the company.

2.4 List of Projects

2.4.1 Completed Projects

Table of completed project and project in progress: -

No.	Project Title	Project Value	Start Date	Completion Date	Project Duration	Developer
1	Legasi	RM529	September	March 2020	4 years, 3	UDA
	Kampong	million.	2015		month	Land
	Bharu					(Central)
						Sdn
2	Kondominium	RM 76,	February	December	7 years, 10	UDA
	Evoke	996	2012	2019	months	Land
		million				(North)
						Sdn
3	Coast			August 2018		UDA
	Kemaman	-	-		-	Land
						(East)
						Sdn
4	Elevate			June 2020		UDA
	Gravitas	-	-		-	Land
						(North)
						Sdn
5	Neuvo Centro			May 2021		UDA
	-Pac 2	-	-		-	Land
	-1 ac 2					(South)
						Sdn

Table 2.1 Completed project

2.4.2 Project in Progress

No.	Project Title	Project Value	Start Date	Completion Date	Project Duration	Client
1	Pelindung Heights Phase 1b	-	-	-	-	-
2	Dedaun Heights	-	-	-	-	-
3	Pisonia Ville					
	-Pac 2	-	-	-	-	-
4	Taman Sultan Sallehuddin	-	-	-	-	-
5	Legasi Attalea	•	•	-	•	-

Table 2.1 Project in Progress

CHAPTER 3.0

CASE STUDY

3.1 Introduction to Case Study

Case study was conducted on the construction project site that was fully completed, commonly called as a post-construction site. The site is an upcoming leasehold mixed development in Kampong Bahru, Kuala Lumpur. Legasi Kampong Bharu comprises of 43 storey residential apartment and 29 storey office tower. Legasi Kampong Bharu also incorporates 206 units of affordable home in a separate block. There is also a one storey block comprising 43 retail units. The project was completed in June 2020. Project type for this building is apartment. The built-up area of this building reaches up to 950 sq ft - 2,969 sq ft. The site location took place at the 27-1, Jalan Raja Muda Musa, Kampung Baru, 50300 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.



Figure 3.1: Location of site based on the satellite map

Source: https://www.google.com.my/maps

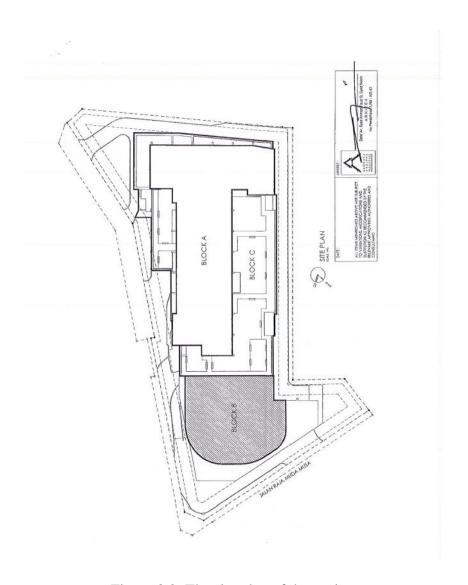


Figure 3.2: The site plan of the project

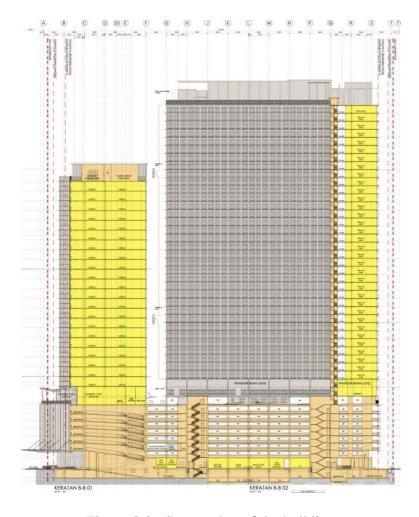


Figure 3.3: Storey plan of the building

Source: https://properly.com.my/legasi-kampong-bharu/#Legasi_Kampong_Bharu8217s_Developer_UDA_Holdings_Bhd

The case study of this report is about hand over key procedure and defect rectification monitoring process. Therefore, the main work done at this post construction site is more to hand over the keys to the homeowner and defect rectification work, but this study focuses entirely on key handing over procedure and defect rectification monitoring process. The primary purpose of the work is to guarantee that homeowners may securely take the keys to the new home they purchased, as well as that any defect or problems in the new home are rectified so that the owners are satisfied with their new home.

3.2 The Procedure of Key Handing Over

Procedure 1: Delivery of Vacant Possession

Before issuing a Vacant Possession (VP), developers are required by law to acquire proof, in the form of an architect's certificate, certifying that the building is ready for water and electricity connections. The Disability Liability (DLP) period begins after the Vacant Possession (VP) notice is issued, and the buyer should go pick up the keys as soon as possible during the Vacant Possession session, the owner will be given several forms such as building layout, handing over document keys, fitting checklist form and premise defect form.

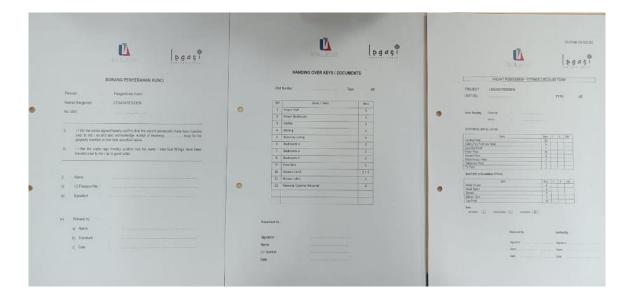


Figure 3.2.1: Among several forms that will be given to the owner

Procedure 2: Defect Inspection

After receiving a Vacant Possession (VP), the buyer should be aware that no building is defect-free upon handover. During the handover, the buyer is responsible for conducting an inspection on their new house and submitting a list of defects to the developer. Therefore, home buyers must proceed with on-site inspection. By doing this the buyer can ensure the ceiling, doors, windows, pipes, tiles, installations and many more. in accordance with the description in the Sales and Purchase Agreement (SPA).

Procedure 3: Defect Inspection Report

Any defects discovered by the homeowner must be submitted in writing and if possible include a photograph of the defect to the developer, as previously stated there will be a Defect Liability Period (DLP). In our country Malaysia, developers are required to give homeowners a period of up to 24 months Defect Liability Period (DLP).

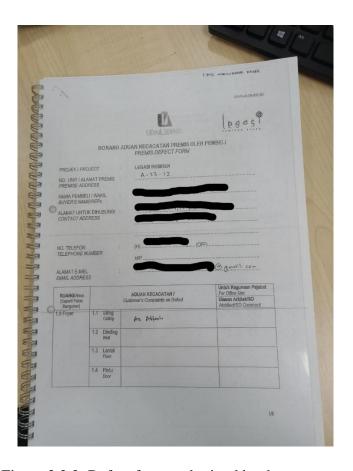


Figure 3.2.2: Defect forms submitted by the owner

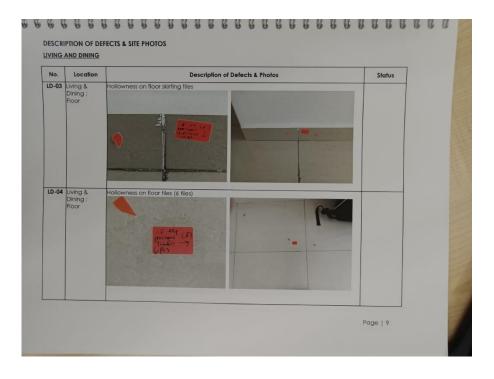


Figure 3.2.3: Example defects stated by the owner in the defect form

Procedure 4: The buyer gets no action from developer

If a defect is not repaired within 30 days, the buyer has the right to make a complaint and notify the developer by sending a notice furnished with an estimated cost. Home buyers can give another grace period to perform the rectification process. If the developer still fails to respond to the homebuyer's notice, then the homebuyer can proceed with the correction and impose costs through the stakeholder's attorney.



Figure 3.2.4: Among the notices sent by the homeowner

Procedure 5: Maintenance Fees, Sinking Funds and Property Taxes

Following the delivery of the Vacant Possession, house buyers will be required to start paying maintenance fees and sinking funds dues.

Maintenance fees, as the name implies, go toward the repair and maintenance of common areas and facilities for residents such as, air conditioning, clubhouse, landscaping, swimming pool, guard house, security guards, and common corridors. It is all require regular maintenance to keep them in good condition so that they can serve you better.

The sinking fund is used for large-ticket expenditures such as upgrading or renewing the building's common properties. Sinking fund will be used to pay for high-cost activities such as repainting the building, renewal or replacement of fixtures and fittings, and many more. Aside from these costs, the home buyer must also pay property tax. All of these matters are managed by building management

3.3 The Process of Defect Rectification Monitoring

Process 1: Receive defect form from homeowner

The defect form will be sent to Property Customer Service (PCS) staff for processing. If there is a mistake stated in the form or the photo attachment provided is not clear, Property Customer Service (PCS) staff will ensure that the form is filled correctly at the time of submission. Property Customer Service (PCS) will continue to require that the homeowner correct mistakes on the defect form directly.

The Property Customer Service (PCS) will also ensure that the homeowner submits the main door key and signs some important forms, such as a defect form and a letter of permission to hold the key, to ensure that permission has been granted for the rectification process to be carried out on the owner's property.



Figure 3.3.1: Among the forms given to the owner, "permission for key holding"



Figure 3.3.2: Owner submits defect form at Property Customer Service (PCS) office.

Process 2: Defective forms will be processed

Following the homeowner's submission of the defect form, the form will be reviewed by Property Customer Service (PCS) staff, who will print the defect form to be used as a reference source and to assist the contractor's work throughout the rectification process.

In addition, each main door key given by the homeowner will be documented in a book and labelled in order to prevent key loss. It is important to ensure that the contractor's correction work is completed, and that no rectification work is performed without the permission of Property Customer Service (PCS).

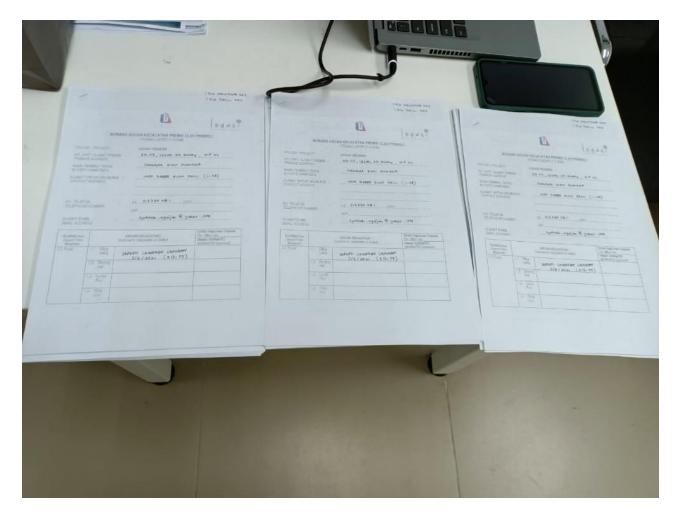


Figure 3.3.3: Defect form that has been printed

Process 3: Verification of permission in performing the rectification process

All printed defect forms are consolidated to be used as defect memos, it is intended to obtain confirmation or authorization from the architect, Property Customer Service (PCS) staff, and the contractor so that defect work on all of the houses can be carried out.

During working hours, the process of receiving the defect form will be closed at 4 p.m. every day, and a defect memo will be issued to verify that the form is signed by the party mentioned earlier.

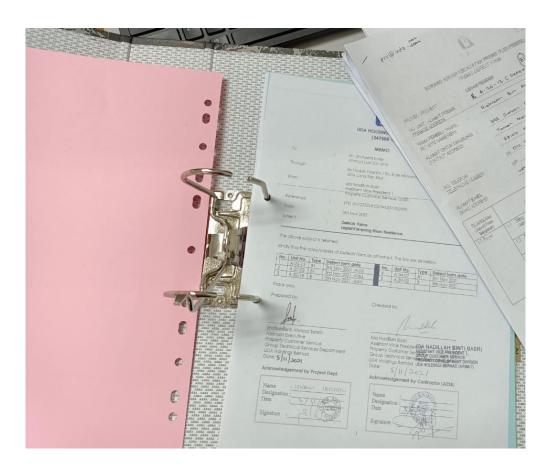


Figure 3.3.5: Defect memo that has been signed

Process 4: Distribution of house keys and defect forms that have been printed

The house keys and defect forms provided by the owner will be distributed to the contractor in the process of the contractor to perform rectification work on all the houses. The keys taken by the contractor will be recorded at the time of key collection and the time of return of the key after the contractor has completed the rectification process.

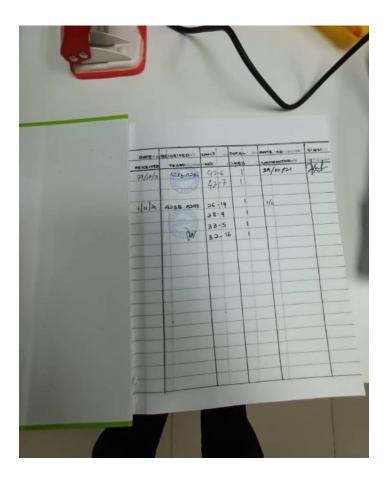


Figure 3.3.4: Logbook for entry and exit records of homeowner keys

Process 5: Inspection and verification of architect defects

Each housing unit that has been rectified by the contractor will be inspected by the defect architect to confirm that each defect stated by the homeowner in the defect form has been rectified properly.

If a defect identified by the owner in the defect form is not fixed or if the defect remains, the architect of the defect could notify the contractor to repeat the rectification process. A defect process that has been completed on the house unit must be ensured so that it gets approval from the architect who inspected it

Process 6: Setting a date to conduct a joint inspection by calling the homeowner

The contractor who performs the defect rectification process must return the keys to the Property Customer Service after the rectification process has been inspected and approved by the architect (PCS).

The Property Customer Service (PCS) employees will then arrange a date and contact the homeowner to conduct a joint inspection of the house with the homeowner whose house has completed the rectification process to ensure the homeowner is satisfied with the rectification work done.



Figure 3.3.5: Joint inspection process that is being carried out with the homeowner

CHAPTER 4.0

CONCLUSION

4.1 Conclusion

To conclude, the key handing over procedure is important because it may improve effectiveness and guarantee that key work is done securely, and it is also a critical procedure that relies on excellent communication to reduce the risk of security incidents and property damage. It is also, critical for the defect rectification monitoring process to guarantee that the work to repair the defect is done correctly, that the cost to repair the defect is reduced, and that the quality of the defect rectification work is improved.

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