

The Landlord

For Landlords and Sectional Title Owners



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158 Zastron Street, Westdene
Bloemfontein 9301
051 447 4711 - 082 881 7411
mike@platinumglobal.co.za
www.platinumglobalproperties.co.za

Can You See What You Really Have in the Bank?

How well do your Trustees or Managing Agents manage your money? Good Trustees or Managing Agents should know to the cent how much is in your cheque and saving accounts and move your funds around to get the best interest for the Body Corporate. But money in the bank is not actually “Money in the Bank”! What about money that is from pre-paid electricity or water – that is actually money that is owed to owners? What about money that is part of confirmed maintenance or upgrade funds such as that set aside for painting or roof maintenance? It is in the bank but not actually available to do anything with but what it is designated for. Great managing agents will be able to tell you the profit or loss that you made for that particular month, show you all income including electricity, water, special levies, insurance claims, interest – less all expenses (each should have a corresponding invoice). This profit or loss is added to the money in both bank accounts less amounts allocated to pre-pays and special items such as painting. What is left over after this is what you actually have in your Reserve Account and hopefully the balance is positive not negative?

Parking is a Real Problem

There was a huge building of blocks of flats in the mid 1960’s through to the mid 1980’s. In Bloemfontein with many blocks of flats in Westdene, Navalsig, Arboretum were built around this time. Flat development in Willows for some reason seems to have developed later in the mid 1980’s. Many of these building range from 18 to 80 flats and were designed to get the maximum number of units on the smallest piece of ground. 40 odd years ago most people worked in the centre of town and either walked to work or took the municipal bus. Relatively few people had cars and very few had two cars. Even Post Office telephones were a luxury. Sectional title had not even been invented.

But times have really changed over the past couple of decades. Firstly almost everyone had a Telkom phone and then nobody did – they all got cell phones – everybody has them and amazingly many have more than one! Cars became popular and in many cases the husband and wife each had their own – municipal buses disappeared completely.

But here came the crunch. Not only did more people have cars but more people had more cars. While new building regulation were brought in that required better parking ratios, existing buildings are finding it very hard to cope and parking is often the difference between a home selling/renting or not. Every building is looking for more space to park cars and in many cases gardens have been incorporated for this purpose. Although it looks like the price of petrol is going to make car ownership unaffordable there is little prospect of a really functional public transport system for the town. There has been talk about a dedicated bus lane in the middle of Zastron and Nelson Mandela Streets but in my opinion that is not a viable option and will just lead to more and more serious congestion.

What is the solution? There is a real need to find more parking at buildings. Townhouses seem to have less of a problem and it is often possible to park additional cars outside garages. One solution could be to build basement parking. Sharing the cost of building this with your neighbours could be one option to making it affordable. Also to be considered would be to build first floor parking areas above existing carports or garages. Both these options may seem quite expensive but if the needs must.....

Whatever you do never ever sell your parking space, even if you don’t have a car. You will never get it back and selling it will reduce the value of your unit by 30%

HUGE FIRE BUT INSURANCE WON'T PAY!! WARNING TO TRUSTEES!!



For the second time in as many years a fire occurred at one of our buildings. Both were quite serious with damage to a flat in the building on each occasion. The first fire appears to have been accidental – probably caused by children playing with candles. In this case the insurance company paid out without much of a problem but with a warning that tenants and owners must be aware of the danger of fire. Although this is a very old building the damage to a more modern building would have been as serious – the curtains caught fire from the candles.

Two weeks ago there was another fire. This time it appears to have been an electrical fault – or was it? If you look carefully at the photo you will see the traces of bright copper leading away from the plug. This is the remains of a surface run electric cable from a box mounted plug four or five metres away across the room. It seems that the old wiring had failed and rather than having the problem fixed properly the owner had decided to take power along the skirting from another plug – into what was probably was already a faulty plug housing. The resulting fire did considerable damage to the building. In this case the insurance company refused to pay as it was clearly the owner's fault that the fire happened – the situation being made even worse by piles of wool that were left lying around the plug. The owner will have to rebuild the flat with his own money without help from the insurance company.

What was interesting was that the insurance company queried why there were no fire hydrants as required by the current building regulations but it was clarified by the authorities that providing no major changes have been made to a building it is not necessary to comply with the current fire regulations only those that were applicable at the time that the property was built. All the fire-extinguishers had been properly serviced at each unit every year

Trustees Can Put Owners in Jail!

Every group of Trustees has experienced the problem of impossible Owners. Owners who just don't know when to quit. Owners that are aggressive, interruptive and will never accept the decisions of the Trustees or other Owners at an AGM. Remember those owners that will recall things that happened a decade ago and bring it every time you need to discuss repainting the building! Every building seems to have one.

At the Body Corporate El Sol one of the owners was such a nuisance that he verbally and psychologically harassed the trustees and would just not leave them alone. At the end of the day the Body Corporate took this owner to court for an Order instructing him give written acknowledgement of all notices to him, prohibited him from threatening, harassing or intimidating any trustees, employee or resident in the scheme and prohibiting him from damaging or dealing with any of the property belonging to the building, trustees, employees or residents, directly or indirectly. Phew!!!

Guess what – he ignored the court order and went so far as to remove the roof tiles of trustee's units so that, according to him, that they could experience what it felt like to live without proper roof tiles!

When taken back to court he had lots of reasons and excuses, but the court would have none of it. He was sentenced to a period of imprisonment of six months (suspended for five years), on condition that he did not harass the trustees again and that all communication with the trustees and body corporate must be in writing. The judge felt it was unfair that the owners should pay the costs and ordered that this man had to pay both sides attorney costs!

A very welcome verdict but Trustees should be aware that the prison sentence could be against them. There are trustees who believe being elected as a Trustee and ultimately as a Chairman is like being created a Roman Emperor. That's simply not the case. Trustees can only act as the owners in general meeting direct them. So for example despite the fact that your rules may say that an owner can apply to keep a pet, if the Owners in a general meeting have decided that no animals should be allowed in the building the Trustees cannot decide against their wishes. If they want to do so they must raise the point at a general meeting and get the decision changed.

Pets – What is Fair?

In my personal opinion it is not realistic to expect to be allowed to keep a dog in an upstairs flat, That is my opinion but it is for the owners to decide. This is normally done at a general meeting where in essence the owners are telling the Trustees whether or not they can allow animals in the building and if yes under what conditions. Trustees cannot overrule the wishes of Owners in a general meeting – remember they are elected to represent Owners. It is better if the rules regarding pets in the Annexure 9 rules changed to reflect this desire.

One of the real problems regarding pets is the inconsistency with the application of the pet rule. In many buildings Trustees are reluctant to tell people that they cannot have pets when they bring them in as older animals when they buy a property. At the same time the Trustees or managing agents are expected to tell all the other Owners and Tenants that they cannot have a dog. When an buyer wants to buy a unit in a sectional title scheme it is up to them to find out whether pets are allowed or not and to understand that those rules apply to everyone. Platinum Global has found it useful to put some basic rules on a board at the entrances of building they manage which includes the pet policy for the building.

From years of experience I know the problems that arise with pets in a building. It is never the little old lady with the neutered tom that does not go out of her flat or the toy poodle that is everyone's friend – it is just that nobody knows who peed in the lift or pooped on the staircase!

Townhouses are easier to set standards for and it is not always the tiny dogs that are the best but some sort of standard has to be set. Owners who allow their dogs to bark and howl – often when they are not there (can't be my dog, it never barks) or who only picks up the fly ridden poop on a Saturday – if they are not at Rugby – that makes life hell for everyone else. Cats are a real problem as they cannot be kept in a garden. Frequently they go into neighbours houses and steal food or scrape up their gardens.

Believe it or not we have even had pigs in some units!

Whatever policy owners decide to set it must be applied after serious thought and applied even-handedly. Remember all rules are applicable evenly to all owners AND tenants. Being reasonable will make life easier for everyone. Having the general meeting of owners discussing items such as pets and indicating to the Trustees how they should manage applications means that it is the will of the majority of owners. It also takes the difficult decisions away from Trustees, especially when one considers that Trustees are re-elected or not each year. If it were totally left up to the Trustees despite what the majority of owners wanted then people wanting dogs and cats could have themselves elected as Trustees simply in order to give themselves permission to keep pets!



UFS – Young People's Flat

NEW ON THE MARKET! You wont have seen this one anywhere else. Really close to the UFS gates – no need for transport just walk over the road. Platinum managed low maintenance building with great Trustees who care. Excellent financial situation which means that special levies are highly unlikely. Is your child going to varsity next year – want a safe quality place for them to stay?

Gaudeamus is just the right place for them to. Ask Ben to show you this one today before it sells. He will give you professional guidance on how to buy flats and townhouses correctly.

Give Ben a call today 081 430 3076

Ben knows about Buying!!

WAVERLEY – Innes Ave

Super Waverly home of over 700 sq m. We have received one serious offer already. Every room is big – and I mean big hotel sized rooms! Originally built in the 1960s this solid home is fully north facing making it warm as toast in the winter and cool as a breeze in summer. The kids will love the outdoor space and pool. Dad will lust after the garage and workshop space while mum will get lost in the biggest kitchen I have ever seen! But there is more! Lots of extra rooms and space enough to run a full on home business office with both outside and internal access to these spaces. Waverley is one of the most sought after areas in Bloemfontein and this is the home for you!

Contact Thabo now 083 593 6185

Langenhoven Park

Very popular building – single storey 2 bedroom, 2 bathroom townhouse with double full security “garport” Building recently fully repainted is sexy new stone coloured paint. Own private walled garden – small dogs allowed. Well situated in best part of Langenhoven Park and well run Body Corporate (Platinum Global) with good funds and finance.

DSTV ready. Langenhoven Park is a modern bright upmarket suburb on the north west of town. Lots of lovely shops,

Call Ben Miller 081 430 3076

SUPER BUY – FROM SERIOUS SELLER

Massive 160 sq m 3 bedroom, 2 bathroom plus WC, garage & carport, laundry townhouse. Needs attention inside. Great rental property. Very few three bedroom places available and none anywhere near so big. R740,000

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The BAD Club

Working in the commercial and industrial field Platinum Global continually is in touch with young business people. While they have lots of enthusiasm they have one major drawback – they are young! They simply don't have years of life

Many of them also have the disadvantage that their parents were never in business so that they don't always have a realistic understanding of the real world of business.

Many young business people are very enthusiastic but rather narrow sighted in their businesses. A plumber may be a great plumber but be a terrible accountant. One of the objects of the BAD Club will be to put people with complimentary skills together to help each other – what about having a financial manager as a partner and that they are responsible for credit control, buying, mark ups, budgeting, costing while you get on with the actual business for which you have a passion.

The Bad Club should start functioning in October and is being supported by some big players such as OFM and SEDA.

The Club will have two main functions at which youngsters can learn the skills of business.

Monthly lunchtime get togethers at which a respected speaker will talk about their specialist subject. Some of the topics which we will be having will be "Bread and butter and Jam – how to make your business crash proof" "The Use of Property in Business" "Expanding your business – being 10% better or different".

The BAD Club will also be holding regular workshops with a workshop leader. Intended for 15 to 20 people there will be no agenda as topics will come from the people who are attending.

Everyone is welcome to join the BAD Club with a small annual fee of R100 and R100 for each function that is attended. They will get to hear and meet with inspiring people who are only too happy to part with loads of ways to help. The whole concept of the BAD Club being to get young business people thinking about how business in general really works and why.

Interested in joining? Would like to be a speaker or workshop leader, Call Thandi Xaba 073 270 9114 or email Thandi@centralmediagroup.co.za

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Quality over Quantity.

The letting market is not easy and will not get any easier. Landlords have to deal with poor tenants, bad credit records, lack of control over the payment of services by local authorities the CPA Act and the Rental Tribunal. Not an atmosphere that encourages people to invest in rental property which is why the buy to rent development market has largely collapsed. But simply not building more rental properties in a market that desperately needs new rental properties does nothing to solve the problem. In fact it simply means that the problem gets worse.

Landlords who set themselves (or their agents) high standards actually end up with very few problems. If your tenant has a good credit record, has been shown to pay on a regular basis, pays the full deposit up front, pays early in the month, has signed a proper lease etc. then the chances are that the landlord will have a troubled free lease period.

Where the Landlord has put in or allowed his agent to put in people without rights to live in South Africa, without bar coded IDs, with deposits payable over a period of time, with no references, poor or no credit ratings etc. then expect to have problems.

It is better to have an empty place than to put the wrong people in your property. Not only do you have problems to get your rental, and have to spend money and time to get them out but are likely to receive back a destroyed or damaged property. Above all these sorts of tenants very often are disruptive in the building and actually force out the good tenants which simply makes the situation worse. Never ever accept second quality from your tenants. A tenant that pays late, makes a noise, disturbs other tenants should get one warning and then be sent packing. No second chances. If you keep up your standards there is no guarantee that you will never have problems but the last thing that you do is keep bad tenants – get rid of them ASAP. It is almost always a financial advantage to have your place stay empty for a month or so rather than take in a bad tenant.

When using a managing agent make sure that they understand how you think. Instruct them to take early and urgent action against any tenant who does not pay. Instruct them to give notice to any tenant that does not pay on time, short pays or is disruptive. Good tenants love working with a landlord that is strict. On the other hand help your good tenants. Do inspections from time to time and fix problems before they really become problems. Try not to squeeze tenants for the last cent. Good tenants stay put for long periods and do little or no damage. They tend to be very slow to demand attention to their flats. Most damage is done when people move in and out – personally have tenants that have been in my places for ten year or more – they even fix up small things for themselves.