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LETTING – SALES – BODY CORPORATE MANAGEMENT

[Document subtitle]

The Landlord

For Landlords and Sectional Title Owners



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Maybe We Have Space for Your Body Corporate?

Platinum Global have employed well-known accountant Tinus Ferreira to assist us with our ever growing Sectional Title Management Department. Tinus is here to increase the number and size of sectional title schemes that we will be able to handle. While we would like to help everyone size does count and we prefer to manage schemes of 25 plus with our largest scheme being a sizeable 288 units. If you have a bigger scheme we are well capable of giving the same top class service that we give to all our Body Corporates. For smaller schemes, that should really be self-managed, we are able to offer a very affordable advisory service where we can make suggestions regarding day to day problems, assist Trustees in setting up a practical management system, assist in budget creation, analyse Annual Financials and give advice on how to proceed. We have been experimenting with this low cost assistance to smaller schemes and it is proving worthwhile as it gives a level of professionalism to the running of smaller schemes. Contact us at mike@platinumglobal.co.za to manage your building.

Home Owners Association – Efficient Management?

Every Home Owners Association (HOA) is different. For those that don't know, an HOA is essentially the "local authority" that looks after the streets, sewage, water electricity, parks, and security for an area such as Woodlands or Wild Olive in Bloemfontein. They keep the roads clean, clear sewage blockages, collect the HOA levy from each property owner, employ and supervise the security for the entrance area and more. The practical running of an HOA is in many ways similar to a Body Corporate but there are some important differences. For example a body corporate runs under the Sectional Titles Act while an HOA usually runs under the Company's Act and they have Directors rather than Trustees. But in much the same way a Director of a company must act in good faith for the HOA that he is directing and can be personally sued if he was grossly negligent or Mala Fide.

The day to day management of an HOA should be as well run as a Body Corporate and proper books must obviously be kept and audited. If the HOA is set up correctly the amount of administration can be reduced considerably. For example why can the HOA not have an annual levy rather than a monthly one? That way although monthly income and expenses accounts will be rendered by the Managing Agents to the Directors, they only need to account for those stands that have not paid. If the rules of the HOA are properly set up, owners would be given say 90 days from 1st January each year to pay their accounts, failing which on the 1st of April they would receive an automatic reminder and be charged say 25% on the outstanding amount. If by the 1st July they still had not paid then they would be handed over for collection. This would considerably reduce the accounting red tape and equally give everyone a fair chance to pay their annual levy.

The balance of the work of an HOA managing agent is essentially to create the budget that sets up the HOA levies and to maintain the HOA property. Budgeting for long term maintenance of re-tarring road needs special skills and would require professional outside help. Care would need to be taken to ensure that the HOA covered what needed to be covered and to clarify whether, if the local authorities were receiving income from the sale of electricity and water to individuals, that they should be responsible for the maintenance of the pipes providing these services even though they ran over the HOA ground. Thought should be given, in view of the very long term major maintenance items (roads, pipework, cabling, etc) as to whether it was possible to obtain a maintenance insurance policy that smoothed out any possible major maintenance peaks. Seeing that HOAs should not involve the managing agents in frequent contact with individual owners the cost per unit for running an HOA should be about half of that of running a body corporate scheme.

Is Your Gate Motor up to the Job?

With Centlec and Eskom falling apart at the seams electricity is likely to fail at any time! Everybody is inconvenienced but the biggest problem is the damage that it causes. Appliances are not intended to be switched on and off because of power failures, especially when they turn on the electricity again. This can cause an electricity spike that can kill appliances by frying circuitry. Some people have successfully sued Centlec/Eskom for damage to appliances and recovered the costs involved.

One of the most important items is your electric gate motor for the automatic gate. When the electricity is out the gate will not work if you do not have a battery back up pack. Older gate motors came with separate back up packs but the modern motors have their own built in battery packs. Batteries do not last indefinitely – though there are some new batteries coming out with a 10 year guarantee. Check your gate motor and have a professional look to make sure your batteries are still keeping their charge. Battery packs are not available any more for older motors so that once they fail the gate will not open during power downs. Tenants and owners will then be stuck in or out until the power comes back on. A big problem, when the electricity turns on again, is that the older motors can lose their memory and not work correctly. Quite frequently they will not open or close fully or may not recognise remotes. A contractor may have to be called out each time the power fails – which can be almost daily at times.

The alternative is to replace the motor with a more modern version with its own power pack. When power fails the battery backup is available for a considerable time to allow the gate to open and close. The gate will also not lose its settings so when the power comes back on everything should be the same. Only if the power is off for a really long time will the battery run out.

Choose the right motor for your complex. Small schemes with say twenty units might have the gate opening as much as 100 times a day. That is far more than you would expect a small domestic motor to handle. Large schemes need to have heavy duty high use motors fitted. It is always better to buy the best motor that you can afford.

Not having a motor that works can mean that your gate stays open when the power is off which is a real security risk. Finally think about changing swing gates to sliding gates. Swing gates are not at all strong and are easy to force. They also tend to fail more often than railed gates. Platinum Global recommend Centurion gates for reliability.

Read Your Annual Financials Fully

Annual Financial Reports are prepared by the Body Corporate's Auditors. These financials are prepared from the accounts that are recorded by the Body Corporate Trustees or Managing Agents. The Financials can only be as good as the quality of the accounts that have been kept. Bad Accounts means bad Financials.

Financials are the lifeblood of any Body Corporates. How can you run a proper body corporate if you don't know your real financial position? Trustees and Managing Agents have to keep proper logical books of account of income and expenses.

Annual Financials must show correct income and expenses for the years, profit or loss that the building has made and whether the building is financially sound – or not.

One of the important parts of the financials are the notes. Notes break down the financial sections into important parts. From the notes you will be able to see who is outstanding on their levy, water or electricity. It is important to ask the management what action has been taken against people who are in arrears with their accounts.

It also shows how much has been spent on different aspects of management – ask questions if anything does not look right.

Importantly one must look at each item of expense. Does it look right when compared to the previous year – are the differences in line with inflation? If not ask why not.

Check whether the amounts budgets in the Levy Budget are in line with what has been spent? If not ask why. Remember most items will increase roughly at the rate of inflation – based on what was spent last year.

If your Trustees or Managing Agents cannot provide proper books ON TIME for the AGM to be held within the first four months of the year – fire them – there is no excuse. A copy of the Annual Financials MUST go out with the notice of the AGM so that owners can study them BEFORE the AGM is held. It is not acceptable to give them out on the night of the AGM.

Who is Responsible for Your Security?

One of the main reasons for moving into a townhouse scheme or flat apartment building is for added security. But who is ultimately responsible for the security of your individual unit?

While the Body Corporate does what it can to make sure that the boundary of the complex is secure it is actually the individual's responsibility to secure their own unit.

Body Corporates should, as far as possible, make sure that nobody can get into the complex except through the authorised entrances and exits. The boundary should have reasonable security measures that could include high walls, electric fence, or wrought iron fences or walls.

Gates should be as security as possible with automatic closing motors and security guards in very large schemes. A good system of visitor sign in should be put into place. One of the biggest security problems in many buildings is that of tenants and owners allowing anyone into the building – even if they do not know who they are. You should never open the gate for anyone you do not know.

Ideally gates should not be controlled by remotes as these are seldom returned when people leave. Rather install a cell to gate. When new occupants move in, all the phone numbers of previous occupiers and their staff are removed.

Individual units should have the appropriate level of security installed by the owner of the unit. Don't complain to the Body Corporate if your unit is broken into. It is almost impossible to keep everyone out of a complex. It has been found in the past that the persons breaking in actually live inside the building or that staff have let their friends in. Each unit should have its own security. Individual burglar alarms are a good idea. Preferably from a single security company who can install a chip into the gate motor to allow them in when they have a call out. Normal burglar bars are usually installed but remember that there is likely to be a standard style and colour in your scheme.

Security should be discussed from time to time at the AGM so that everyone can make comments on the current system. IT is better to make a proposal for new security at the AGM so that it gets approved by all owners rather than just imposing what Trustees think are a good idea.

Apart from break-ins it is better to take simple precautions against other problems that might arise, such as burst pipes. If you are going away for a few days or weeks leave your keys with one of your friends or neighbours so that they can get into your unit if they spot problems.



Bloemanda R460,000

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Contact Thabo Ramaboulu 083 593 6185 mike@platinumglobal.co.za



Fauna Full House R900,000

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Call Ben Miller 081 430 3076



VISTA PARK LESS THAN 50 STANDS LEFT

Vista Park continues to be popular with buyers and builders alike. Despite the difficulty of obtaining bond funding stands are selling steadily. As a builder you can buy more than one stand and put two houses on a site. Prices for houses that are building built range fro R600,000 to over a Million. Contact Mike Spencer 082 881 4711

The demand for rentals has taken the normal upswing for this time of year and vacant properties are being let fast now than they have been for months. There is a strong demand for upmarket properties and these properties are in short supply. Talk to Platinum Global about us managing your letting properties. From single flats/houses to major buildings. Full management services offered.

Platinum Global – Recommended by many.

