

The Landlord

For Landlords and Sectional Title Owners



[Volume 7, July 2014

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The Rental Housing Act and the House Rules

The rental Housing Act, 50 of 1999 (RHA) requires a landlord to attach house rules to the written lease – with amendments to the RHA it will become compulsory that all leases are in writing! Make sure that it is the correct and registered version of the house rules for your scheme not some “standard” set of rules that your letting agent attaches. It is important also to include in the Lease that your tenant will be responsible for any payment of any penalty due because your tenant breached the Rules of the Body Corporate. Making sure that your tenant behaves well means that you will not have to take responsibility for misbehaviour of whom ever is living in your unit as the Body Corporate will always hold you responsible as they have no direct relationship with your tenant.

DO YOU HATE YOUR MANAGING AGENT?

Being a Managing Agent is a thankless task and it is not an exaggeration to say that some owners hate them! Why is this? Well those who don't like being chased for late or unpaid levies don't like them for a start. Those who receive letters of complaint about barking dogs or miss-behaving tenants don't like them generally either. Those who run out of electricity on a long weekend have no love for managing agents and those who get locked out because their remote's battery has died at 2 in the morning curse them as well.

But funnily enough those that are up to date with their levies, see that there are funds in their account, understand that there will not be a special levy again this year because the budgeting was done properly seem to be quite happy with their managing agents.

Managing Agents are chosen to do a job. They are tasked with collecting levies and ensuring that meetings are called at the right time, properly run and correctly minuted. They are asked to ensure that everyone, owners or tenants, live in your building in terms of the Rules of the Body Corporate. It is their job to send out the warning letters and to pay the accounts. They handle the insurance claims with the company that the body corporate chose.

They are however not miracle workers. If your geyser bursts at 2am in the morning it is quite likely that the plumbers and carpet people will not be able to come out until 8 o'clock in the morning. Switch off the water to stop further damage. If you did not buy electricity in time – they cannot sell it to you from the computer system in the office over a long weekend. (We will talk about the disadvantages of outside electricity sales another time). If your neighbour is having a party or their dog is barking it is not their job to get up, drive to your scheme and knock on your neighbour's door to tell them to shut up. Call the police if necessary or make a written complaint the next morning and they will handle the matter in terms of the Rules. No being a Managing Agent is not an easy job if you have Owners (usually non Trustees) who are not prepared to help themselves. Remember that except for emergencies Managing Agents work normal office hours and have families at home too.

Interest Rates Likely to Rise Soon

There is every indication that interest rates internationally will start rising in the next few months. This is partially in response to improved economic conditions abroad but it will also affect South Africa contrary to the economic cycle because we need to keep our comparative rates up to encourage foreign money inflows. Likely increase to be somewhere between .5 and 1%.

For this reason if you are thinking of selling your home you would be advised to ensure that the price was right from the beginning. Buyers view a number of properties before making a final decision and compare their own value based on what the property offers. They will then by nature make an offer to buy the house that offers them the most for the least. This does not necessarily mean that they are going to buy the cheapest house but rather the best value for money home in their eyes.

What can you do to make your house more attractive to the average buyer? Fix the house up – without spending a fortune. Repainting of a normal flat can be done for R5,000 even if you get somebody in. but you are sure to get more than that in an increased selling price – not an increase on what you are demanding for the house but on what the average buyer would have paid. Do the small things such as dripping taps, cracked windows, missing tiles etc. It is often a good time to have your carpets steam cleaned especially if you have pets. Clean every wall, window, blind, light fitting. Have a jumble sale and throw away. You are determined to sell, when you move you are going to sort out and sell or throw away a ton of clothes and papers – rather do it now. Not only will the house and cupboards look a lot neater but the rooms will look a lot brighter and bigger without all the piles of clutter.

Do a good once over in the garden and take out plants that have just grown. Trim trees, especially close to the building to give more light. Clean gutters and downpipes. Take away the rubbish heap and plant a ton of colourful plants.

Make sure you have a door number that is easy to see outside your home so that potential buyers find your house easily.

It is a fact of life that the same house that is neat and tidy, well cleaned and that smells clean will sell quicker and faster than if it was full of stuff and lived in.

Last tip – keep the curtains open and lights on when you have buyers around to view your home.

Exclusive Use Areas – Do You Know What They Are?

Last week we wrote an article about somebody who would draw the Exclusive Use Areas for your Body Corporate and encouraged you to do so especially in older schemes that were registered before EUA were known.

One of the gripes that I have is that not all EUA are shown on the sectional title plans which is the place where, in my mind, one should go to find out the size of a unit and any reserved areas.

Because it is cheaper to do so many Developers and their transferring attorneys hide these EUAs in the Rules of the Body Corporate together with a very basic plan that does not show much detail at all.

A Sectional Title plan is a public document and can easily be obtained from the Surveyor General's office without much fuss or cost. While in theory it should be as easy to get a copy of the Rules of the Body Corporate this is an entirely different matter. I am sure that you know of instances where the Rules that are "registered" by the Deeds Office bear no reality to the "Rules" that are being used at the complex. Rules are far more costly and difficult to obtain and often come not in a single document but in various pieces being amendments registered from time to time.

Personally I believe the EUAs should be shown on a proper measured diagram so that it is easy to see who has use of what and more importantly that the cost of maintenance of these areas can be correctly allocated according to their size and maintenance requirement. Remember that every EUA should have a levy based on reasonable cost of maintenance ie insurance, management cost, maintenance cost ie painting and repairs (not cleaning – that is the users responsibility) etc. This would then be taken off the total levy budget so that those who do not have use of an EUA do not subsidise somebody who does.

Putting EUAs in the Rules makes it very difficult to find out who has what while putting it into the sectional title plan makes it far easier to organise things correctly.

Either way you need to ensure that the maintenance of these areas are properly allocated to those who have use of them.

Want to Know More about Great Ways to Manage a Body Corporate

Managing a Body Corporate is actually very simple but nonetheless a lot of work. Doing it properly means that everyone from owners to Trustees to the managing agent should know who owns what, who owes what, who has paid what, what has happened to those who did not pay, how much money is in the bank, how is this allocated and what is actually available to spend – to the cent!

Does your body corporate run like this? With any of the Body Corporates that we manage I can actually tell you this at any time but let's say that at the end of the month I can supply every Chairman a statement that shows everything that I have just spoken about. Attached to this statement would be a copy of an invoice for every amount that I have paid. Not only that I prepare a detailed budget to actual for every budget item to show how we are performing month by month against the budget that was approved by Trustees (and owners) in the month before the end of the previous financial year end.

No complicated list of owners and what they should have and have paid which everyone finds almost unreadable because it comes in date of payment rather than unit/flat number order. No more receiving invoices this month for things that were paid months ago. No more difficult to understand transfers of money into your group subaccount at the managing agent for which they receive a bank agency fee from the meagre interest that you receive. In our case each body corporate has its own bank account into which all money is paid in and out of. All interest and bank charges are levied against this account. Even money that is incorrectly referenced stays in the Body Corporate account until somebody claims it.

Mike consults for Body Corporates in management difficulty around South Africa. He also consults to developers on the practical management aspects of new developments to make the future management of body corporates easier.

Mike is available as a workshop leader to talk to Trustees and Owners about the management of their body corporates and is able to talk to groups of Trustees and Owners and show them how they could manage their buildings more effectively. Contrary to the typical situation the buildings managed by Mike's company has an almost nil bad debt situation and every building bar a few have substantial reserve funds. These workshops can be held for individual schemes or as open workshops.

Mike lectures both in South Africa and abroad on Property Development and Property Management and is work shopping in Tanzania, Malaysia and Johannesburg over the next three months.



Rayton – Smallholding for Development

Two really worthwhile smallholdings suitable for townshipping and development. Gently sloping site, high lying with good views. 8.5 ha but can be purchased as two separate erven. Excellent property for “land banking”. This area is a medium term growth point with high volumes of up-market traffic which enhances its potential. Could be used for town housing, low level flats, office park, hotel/motel and more uses. Definitely a property that you will regret not buying. Big house on one stand.

Contact Mike Spencer 082 881 4711



Hillside (Bayswater ext.) R850,000 Townhouse

Low maintenance townhouse with great security. North facing unit is very quiet complex. 2 bedrooms, bathroom, open plan fitted kitchen with built in oven. Garport and parking, Braai area. Owner transferred at end month and would like to sell. Neat spacious unit well worth looking at. Well situated close to Northridge Mall and schools. Light traffic in mornings on the way to work and easy access to N1 highway.

Call Mike Spencer 082 881 4711



Retirement Unit Ready to Move In

Very neat 2 bedroom bathroom retirement unit in Serenitas. Big private sunny garden for those who enjoy gardening. Enclosed laundry drying yard. Bloemfontein’s best loved place to retire to. Facilities include swimming pool, bowling green, snooker room and community lounge. Hair dresser and restaurant. Nursing services available in your own home. Frail care and sick bay. Restaurant and food deliveries if required. Sunny north facing unit with lockable auto door garage. Very reasonable price at R1,120,000.

Contact Ben Miller 081 430 3076



LILYVALE GROUND FLOOR GARDEN FLAT

Two bedroom – 2 closed garages. Lovely big private garden -2 small dogs allowed. New northern suburb shopping to come shortly. Well-built property by well-known local developer.



ROCKLANDS – WITH BUSINESS RIGHTS

10 X 2 townhouses with full business right. 3000 sq m site R4,500.000 unique opportunity. Can be used for offices, doctor’s rooms and more. 082 881 4711 Mike

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Dedicated sales team looking for all types of properties to sell to its qualified buyers. We are looking for serious sellers who want to sell their

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- TOWNHOUSES
- FLATS
- COMMERCIAL PROPERTIES

We offer qualified and knowledgeable sales team. Free prices evaluation and advice. Over 40 years experience.

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