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## SECTIONAL TITLES MANAGEMENT ACT – COSTLY TO ADMINISTER!

The new Sectional Titles Management Act (STMA) has now had time to bed down and the real cost of administration it is beginning to be felt. The STMA is far more detailed than the old Sectional Titles Act and requires far more paperwork than the old act. Firstly, there is the time and effort needed to obtain quotations for and implement the ring fenced reserves for painting, roof maintenance, and anything else that needs to be repaired in the next 10 years. These quotations need to be revised on a regular basis.

Then there is the three-yearly valuation of the building for replacement cost valuation. When you consider that a Quantity Surveyor could charge up to 2% of the value of the building for their services. For a small building of say 40 flats the replacement cost could easily be R20,000,000 or a fee of R400,000 – clearly beyond the means of most body corporates. There is a need for qualified valuers who are prepared to do these valuations for far less – it could be difficult to find them.

Each Body Corporate must be registered with CSOS and needs to fill in complicated forms to do so. No forms – no registration. The fine for non-compliance can be up to R50,000 and even a jail term!

Then there are the CSOS hearings. While some of these are actually justified many of them are simply blowing off steam by dissatisfied owners (and even tenants). These require the managing agents AND trustees to attend the reconciliation meeting and if agreement is not reached then the following Arbitration meeting. The concept is quite good, but the real problem is that the type of complaint can be trivial and should have been solved at the body corporate meeting. Typical would be the owner who complained about the shade of grey being used to paint a portion of the building (which was identical to what had been used before) that it was too dark for the staircase – despite that owner being at the meeting when the colour was chosen. Or the owner who complains about the cost of electricity despite the fact that what they are being charged is identical to that charged by Centlec. It all takes time and effort to solve and makes management more time consuming and costly. Therefore, we are finding that many Trustees are resigning rather than get involved in this extra work for which they are not being paid. In my opinion the act is curing problems that are not really there by making general life difficult for everyone.

# The Landlord

Newsletter for  
Sectional Title  
Trustees & Landlords



October 2018

## The Rules RULE

It seems sometimes that the owners of sectional title units don't give their tenants a copy of the Conduct Rules although it is a legal requirement to do so.

To make life easier Platinum Global are putting these rules onto our web site so that any owner or tenant can get a copy.

[www.platinumglobalproperty.co.za](http://www.platinumglobalproperty.co.za).

Have a look at your rules and make sure your tenant gets a copy. It may also be a good idea for you to refresh yourself over the dos and don'ts of your complex.

Generally, body corporate rules are well written but they do need updating from time to time. Rules should be logical, easy to understand and relevant to your building. They should also not be overly restrictive.

# Talk Shop

By Platinum Global

## HELPING TO GET A QUORUM

Have you arrived at the AGM only to find that there are not enough people there to hold the meeting? Join the club. This is now far more common since the STMA has increased the number of people required for a quorum in larger buildings.

Getting 35% of the owners in a small building is not normally a problem but imagine how the problem changes when you have 700 units in a scheme! Some schemes are 5000 units or more! Just finding a venue can be a problem. Adding to the difficulty of getting a quorum is the fact that now it is only possible to have two proxies per attendee. In theory a 100-unit scheme needs to have 35 owners present of which 24 could be proxies – the difficulty is know who is going to attend the meeting and of those who is going to have two proxies. Not an easy task in a large scheme. The effect has been that more and more AGMs are having to be postponed. (redone for a second time).

In my mind this is a very unfortunate situation as only two owners need to attend the postponed meeting and in effect they can make the decisions for the other 98 owners. Worse in my mind is that the very people who bother to attend the first meeting are not able to have a say in the running of the building unless they come to the second meeting. Many owners travel long distances and are busy people who cannot attend twice.

Personally, I feel that the situation should revert to the situation as it was under the old act and that it should be the right of any owner to give a proxy to anyone that they wish. If one owner “collects” proxies this year he won't get them again next year if he acts against the owners.

## Managing Agents Cannot Supervise Contractors

Managing Agents frequently look after the small things in life for the Owners and Trustees in a Sectional Title scheme or HOA but it should be understood that their job is to manage the building and not to supervise building, refurbishment or large maintenance projects. They are not building contractors and cannot be expected to supervise repainting jobs, waterproofing of the roof or similar complicated and specialist jobs. Supervision of these sort of jobs is something that should be undertaken by an architect or building engineer. Decisions regarding this size of projects need to be done by the Trustees after the managing agents have obtained suitable quotations. One of the most frustrating things for Trustees and Managing Agents alike is to get competitive and comparable quotations. Each contractor has a different way of quoting. It may be necessary to take the best laid out contract, remove the amounts and ask the other contractors to quote based on the same specs. Getting reasonable detailed quotes is also a real problem. Contractors just don't understand the need for really describing the work that they are going to do.

## Creating Additional Parking

There is never enough parking and providing additional parking can really improve the value of your scheme's units. This can be in the form of additional parking spots or upgrading open parking into carports.

Care must to be taken to get the approval in the correct way from owners. This additional parking can be sold to owners or hired out. When selling the exclusive use of parking it is necessary to correctly register these rights as they become attached to that specific unit and have real right values. Normally those that want these facilities must at least pay for the cost of erecting the additional parking and can be expected to pay a little more, for the benefit of the body corporate, as they are getting an additional facility.

Hiring out has the advantage that there will be a steady income for the body corporate, but the additional parking has to be financed in the first place. Providing you get proper approval it should be possible for the Body Corporate to take out a bond to do this and providing that the income exceeds the bond payment it is still an advantage to the body corporate.

## SPEED LIMIT – WHAT SPEED LIMIT?

**If you have rules that have been adjusted to be more practical than the standard rules, then you have probably added a speed limit inside your complex. But what is reasonable? I have seen anything from 5 kph to 25 kph. In a block of flats or townhouses, 5 kph is, in my mind, a bit too low – most cars would battle to go so slowly – and you are likely to fall off your push bike. 25 kph may be too fast. On the other hand, 40 kph in a game park scheme may be fine.**

**Be careful when installing speed humps to slow traffic in your complex as they can cause serious damage to cars if they are too high. Those chrome domes can also be quite damaging and dangerous – imagining riding your bike over them, especially in the wet. Take care if you want to give a speeding fine – how would you actually know how fast the car is travelling?**



**Rare Opportunity next to UFS**  
**This building sees only about 1 sale per year! We are able to offer a 1 bedroom flat almost across the road from UFS at R550,000. Platinum Global managed with excellent finances. Sound investment.**  
**Christine Kabere 081 474 2357**



**Lilyvale Super Townhouse**  
**New on the market stand alone townhouse. R1,250,000 gives you 3 bedrooms, 2 bathrooms, 2 garages and open plan kitchen with island prep area. Very large unit and good value for money. Security. Talk to me.**  
**Christine Kabere 081 474 2357**



**Bainsvlei Upmarket Student Bachelor**  
**Super unit in modern architect designed building. Really lovely flat ideal for single ladies. Security patrols in complex, secure parking areas, very much a young person building.**  
**Christine Kabere 081 474 2357**



**Langenhoven Park R600,000**  
**2 bedrooms plus study flat in modern complex with swimming pool. Ideally just down the road from UFS. Close to shops and entertainment making it a well situated building. Call today**  
**Mike Spencer 082 881 4711**



**Large One Bedroom Flats R380,000**  
**Large one bedroom flats, some on ground floor, in well run and well financed sectional title building. Great value for money. Good for investment or own use. Early occupation**  
**Mike Spencer 082 881 4711**



**LANGENHOVEN PARK B & W**  
**There is no choice - Langenhoven Park is the best. But there is a choice of units. Solid architect designed units each with a private garden. Just right for you. Huge rooms and quality finish**  
**Mike Spencer 082 881 4711**

**Choosing New Trustees.**

**The new STMA makes life very difficult for Trustees. They are responsible even if they have proactive and progressive managing agents to help them. When CSOs receives a complaint, they are expected to attend, the hearings, not the managing agents – many trustees have resigned simply because of this. It is however vital that you vote in people who really know what they are doing. Trustees should become trustees for the betterment of the building, not because they want to achieve their personal goals. A trustee is not there to push for his agenda, he/she should be there to make a difference. The difference is their vision to get the body corporate running in a financially sound manner, to enforce the rules of the body corporate, to ensure that everyone pays their levy and on time and to make sure that action is taken against any owner that does not pay. They should be there to ensure that maintenance is done on a regular basis when it is needed, that the quality of the work is up to standard and done on time. They are not there to get work for themselves or their buddies and MUST NOT take part in any discussions on any quotations that involve their company's or friends quotations.**

**Trustees are there to ensure that the body corporate runs smoothly. They are there to ensure that it runs legally correctly but should not nit pick every item. A body corporate is a business and should be run like one. A good trustee that ensures the smooth running of the body corporate is worth their weight in gold.**