

The Landlord

For Landlords and Sectional Title Owners



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WATER RESTRICTIONS IF IT DOES NOT RAIN

It seems Bloemfontein is using more water than is running into the dams and strict water restrictions may well have to come into force if we do not get good spring rains. While we all understand that water restrictions may be necessary I have a sneaking suspicion that it may be used to gather more revenue by a cash strapped Metro. Indications are that the price of water will increase by 20 % for the period of the restrictions though there is no real indications what restrictions will be placed on the use of water. Please report any leaks that you see in pipes in the roads so that wastage is minimal and the increases and restrictions can be kept to a minimum. Hopefully though with the very cold winter that we have had and the winds that actually came in August for a change we may well see a really nice wet summer.

We Have Space to Manage Your Rentals

You will know that Platinum Global has fully-fledged residential and commercial letting departments that are working full out. If you ask around you will hear that we do a great job of letting landlord's properties. One way and another we have made space to do the same for you on the properties that you let out. Not only do we have three full time dedicated letting agents specialising in residential letting but I am personally involved in the commercial letting side of our business. You are welcome to contact Gillian, Wendy or Imaan to find out more about how we work. Like all letting agents we also do the basics – just a bit better than most - but we also give that personal touch to give even better results. Our letting services are inclusive so we do not charge you extra for paying rates and taxes, water or electricity on your behalf at the municipality. We also handle those small repairs on your behalf without referring back to you for every little thing. Bigger items we will get quotations and pass them on to you so that you retain control over what happens in your buildings.

We have an independent in-house insurance broker who is able to assist you with short term insurance matters and will handle insurance claims on your behalf when they happen inside your units.

You will be notified each time a tenant gives notice and we suggest a rental for the new letting to ensure that your rentals are up to date and compatible with other properties being let in the same building. Inspections are done when tenants move in or out and items damaged by tenants are automatically repaired and taken from the tenant's deposit.

Included in our list of services is a free consultation service for when you feel you need to know more about property, the current letting or buying/selling markets. If you need advice on whether it is a good time to buy or sell we are always ready to talk. Platinum Global is happy to manage single homes, portfolios of properties and multi-unit single buildings. Call Mike Spencer at 082 881 4711.

Only Registered Rules are Enforceable

Changing Rules in a sectional title scheme is not an easy or certain process but it can be done but all too often Trustees are working with Rules that have never been properly changed.

It is a great idea to make sure what rules are registered at your local Deeds Office. You could well find that the standard rules have never been amended and notwithstanding that you are working on an elaborate set of rules that have been in force for years – only the registered rules are legally enforceable.

Another point to check is whether the registered rules in Annexure 8 and Annexure 9 – commonly known as the Body Corporate Rules and House Rules are not in conflict with each other. An example would be that the House Rules which really apply to people who live in the building ie Owners and Tenants says that there is a speed limit of 30 kph while the main rules say that it is 50 kph. Which Rule rules?

In essence the Body Corporate Rules (Annexure 8 Rules) are really intended for the owners of the scheme and how they are able to vote etc. While the House Rules (Annexure 9 Rules) are intended to be used by all owners and residents in the building. There is usually an obviously correct place for a particular rule such as a speed limit which should, in my opinion go into the Annexure 9 Rules because it is about how people physically live in the building.

Some rules should be in both sets of Rules such as the procedure for warnings and issuing of fines because an owner not living in the building needs to know about them as does a tenant who would never see the annexure 8 rules.

All rules should be reasonable and applied evenly to everyone. We recently had a trustee that complained about a cat roaming in the building but kept her own cat inside all day. The rules in that building is no cats never mind who the owner is and if the cat is allowed out or not.

A copy of the Rules has to be sent to the Deeds Office for including in the Sectional Title file for the building and that is where you can get a copy of the so called Registered Rules. If it is not there a rules in not enforceable. Go get a copy and see how they compare to the rules you are working from.

New Development Deposits.

When a Developer starts a new scheme he pays a deposit and gets a builders connection for water and electricity. As the building progresses and units are ready for occupation the Body Corporate has to pay a user's deposit for water and electricity that it requires.

The problem is that the Body Corporate does not exist before the first units are registered. What usually happens is that the Developer puts down the deposit in his name and then demands a pro rata amount from the buyers to refund him what he has just paid.

The problem is that if the new owners (via the Body Corporate and a special levy) pays this over to the Developer, the developer is sitting with the buyer's money AND the deposit at the municipality is still in his name. If he were to go bankrupt then the Body Corporate would loose its "deposit"!

There are two correct ways to sort out this serious problem. One is for the Developer to have the connection made in the Body Corporate's name (if the local authorities will assist). This would then mean that the Developer had lent the Body Corporate the money and there would be no difficulty in repaying the Developer. Alternatively if the local authorities won't allow this to happen (because the Body Corporate does not exist until the first transfer takes place) would be for the Developer to do the deposit in its own name. The Body Corporate would then collect the amount required for the deposit in its own name and connect the electricity in its name when the deposit was available. The developer's deposit would then be refunded by the municipality to him in due course.

If you don't do this then the Developer will be sued for the outstanding account of the Body Corporate and there is a risk that either the Developer goes bankrupt or liquidates his company in which case the liquidator will suddenly cancel the supply and receive the deposit back which was paid by the new owners.

Sounds complicated but is it actually quite easy to sort out.

How Much Should the Developer Pay?

Almost on the same vein as the previous article. We are now talking about how much electricity and water the developer should pay while building.

While good developers will have their own building supply meters it is very tempting for the Developer to use electricity from wherever it is available. So for example semi completed units may have their electricity supply in place but the meters have not yet been handed over to the Body Corporate. It is quite common for the building to run a hose from a completed section of the building to use the water in the building operations on an unfinished section of the building. I have even seen a developer who took water to build a whole new boundary wall for his next development – connecting his pipe to the outside tap of the toilet area of the building next door! Is this fair?

While Builders should be taking power and water from their own supply it often happens that they take it from the Body Corporate and the new owners without their permission.

How do you tackle this problem? Firstly the Trustees and Managing Agents must be vigilant about strange water hoses and cables and remove them when they see them. If a builder needs to use the Body Corporate supplies a temporary meter should be installed and read. The Builder should then be sent at least a monthly account.

Another source of taking unauthorised electricity is where the developer hands over the water and electricity meters to the Body Corporate only when each unit is completed. In the meantime services are being supplied by the Body Corporate to the Developer which allows him to build the units. At some point the builder hands over the completed units to the Body Corporate and a meter reading is only done at that stage. What about the electricity and water that was being used while the developer was completing the units. While the new owner will be charged from the date of moving in/transfer what about the energy used by the developer. Managing agents must not forget to bill the developer. The Body Corporate must really negotiate for the Developer to pay a portion of the Body Corporate Account in lieu of the un metered water and electricity used by the developer in building his units.

Quick pointer, don't allow fire hoses to be used for any other purpose but fighting fire. It's illegal and may well invalidate your fire insurance policy. The Body Corporate must pay for the cost of servicing fire extinguishers even inside units but owners must pay for refills, repairs or replacements.



SISZULU HEIGHTS

Wonderful opportunity to own your own property in a brand new building being constructed by the well known Pearl Company of the Pearl Group. This developer with experience of developing property all over the World is able to bring together in his new project some outstanding innovations. This is a long term low maintenance property that is well priced in the market, offer excellent finishes and is fully north facing. You can buy with confidence either to live in yourself or to let out as a residential investment unit.

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Contact Mike Spencer 082 881 4711 mike@platinumglobal.co.za



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Letting of residential properties has become more complicated over the past few years and it is essential only to take on clean credit clients even if this means leaving your property standing vacant for a while. It is simply not worth taking on suspect tenants when you risk not only not receiving rental but the tenant leaving you will an unpaid electrical bill! Take on foreigners with poor papers at a real risk! It is simply not worth taking the chance

