

The Landlord

For Landlords and Sectional Title Owners



Volume 7, Apr 2014

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VISTA PARK

The first dozen or so houses are being built at VISTA PARK and sales of house building contracts are going well. One or two stands are still available and some of the prices have been adjusted down while some others have risen slightly to take into account the heavy demand for free standing sites against the road. Available sites will not last long and you should contact Mike Spencer at 082 881 4711 if you are interested in buying a house or duet in this very popular suburb. You buy the site from us and have a building contract for the home of your dreams with one of our approved building contractors. Come and have a look at these really nice designs some of which include great free extras such as fridges, washing machines, flat screen TVs and microwaves – all included in the price.

There are a few church sites available including one with an adjacent crèche site which makes a great business venture for the adjacent church. It will be able to run a child care group during the week to bring income to the church coffers and then use the premises as a Sunday school at the weekends. With so many young up and coming families in the area there will be a good demand for pre-school places. Also available are two business sites opposite to the shopping centre – ideal for building four to 6 dentist/insurance offices (just R440,000) each, a 2150 sq local shopping centre site (R1.5 million) and a 2.5 ha Community Centre (houses, flats (185 to 235 units), motel, hotel and similar buildings). Call Mike Spencer at 082 881 4711 to ask about any of the above properties.

Body Corporates Will Have to Budget for Long Term Maintenance in Future.

Everyone knows how budgeting for the Body Corporate financial year works. Most managing agents do a very simple three column budget – What was spend, what was budgeted and what the proposed budget is going to be. Not very informative but the way that most Body Corporates are run. At Platinum Global we have previously discussed using month by month – item by item, proposed budgets to give far more accurate results and to take into account increases at specific times of the year.

Body Corporates tend to budget for the current years expenses and then thumb suck a figure for the reserve fund – frequently this figure is totally inadequate and not based on realistic expectations. The result is that special levies have to be put into place for almost every long term maintenance item (painting, waterproofing) rather than paying relatively small amounts every month. While some wealthier owners are able to pay out lump sums, many owners simply do not have cash reserves to do so. It is very likely that the sectional title act will change (with the new act) and will make it compulsory to accurately budget in the current financial for future long term maintenance. Platinum Global has been going in this direction for some time by adding into the current years financial budget amounts for future maintenance of such items as lifts, painting, waterproofing and especially the revarnishing of wooden window frames. All that is needed is an understanding of the likely future cost of doing the work with something allowed for inflation less interest that will be accumulated from investing the funds collected. Once you have done this once for each item it is fairly easy to update it each year. The reserve fund can effectively then fall away unless some items are not covered in the normal budget. What is actually happening is that future maintenance is budgeted for proportionally in each current budget and this is a far better way of looking at medium and long term maintenance than suddenly being faced with major bills that result in special levies. It should be remembered that the aim is to look at all long term maintenance so this would include projects that might take place every 50 years or so such as new lifts, replacement of water pipes, renewing driveway concrete slabs etc. So it may not be quite so easy to handle as it sounds but it will definitely be a step in the right direction. It is quite likely that one of the insurance companies that currently offer geyser replacement insurance (in reality a savings account for geyser replacement) will offer a similar policy to cover long term maintenance of the building.

CENTLEC MAKES WINTER LONGER! According to an email received from Centlec in reply to our enquiries on winter tariffs it seems that if you are in a normal home our winter is longer than in a sectional title scheme. For those with non-time of use meters (TOU) – the old disc meters, winter tariffs run from 1 May to 31 August (four months) while those for TOU metered building runs from 1 June to 31 August (3 month). Perhaps the moral is if you want a shorter winter move to a townhouse or flat!

What are the Fiduciary Duties of Letting Agents?

Fiduciary means – acting in good faith. In other words a letting agent must always act in good faith in his dealings with his Landlord/Body Corporate and on behalf of his Landlord. He must always deal with his Landlord/Body Corporate in a professional manner.

Every person who lets property on behalf of another person (or company) is an Estate Agent in terms of the Estate Agency Affairs Act and MUST be registered with the EAAB (Estate Agency Affairs Board). While there has been some time over which the Board has been less than efficient with registrations it is getting better. An email or phone call to the Board will let you know whether an agent or agency is registered or not. If not they MAY NOT let properties or be Body Corporate Managers and you should report them to the EAAB.

When letting one of your properties through an estate agent you should expect the following from them. Good sound advice on such items as to what the rental should be, that any money that they receive is kept in a trust account until paid out. They should answer your questions and requests in an honest way. Remember that they are only mandated to do what they are asked or offer to do. So for example if you insist that they pay you the deposit, then they must do so but cannot be responsible for the deposit if they don't have it. Normally they will offer a range of services to landlords such as inspections when people move in and out, organising repairs, compiling leases and letting you have a copy. Some agencies will actually sign a lease on your behalf if you have given them written permission to do so but usually they will email you the lease and ask you to sign it yourself. They should let you have a copy of the signed lease, copy of the inspection report with an offer to attend to the repairs that need to be done – but you will have to pay for these repairs.

It all depends on what you have agreed with your letting agent. Services can be limited to finding a tenant or to the full service. You cannot complain if your letting agent does not provide a service for which you did not pay/contract. A letting mandate would normally be signed between the Landlord and the Letting Agent and would set out what the Estate Agents services are.

Either way your letting agent must deal with you in your interest. Remember he is your agent not the tenant's, however he must also be fair and reasonable to the tenant.

Unmetered Electricity Charges

Apparently there was an article on a Judge in Bloemfontein who refused to pay his unmetered electricity account to the Body Corporate that he rented in. Was he correct?

There are actually two ways to charge electricity (and other services) either you install individual meters or you charge according to the PQ on the sectional title plans. That's the only choice. You cannot charge equally to all owners (unless all the PQs are identical).

When charging using separate meters you might luckily have individual meters connected directly to the electricity supplier in which case the body corporate is not responsible for the account and the contract is between the owner and the supplier – make sure that the supplier does not simply add the meter on the body corporate account – it does happen often.

When sub-metering you are not supposed to make a profit but is not to say that you cannot charge something for the cost of sub-metering. We sell prepaid electricity and charge R5 per transaction which is what it costs us for the receipts and machine charges.

With standard rates (not time of use) you will know what the tariff is and can simply charge the number of units used on the electricity meter of each property. Remember that meters are only roughly accurate and to be 10% under or over is not unusual. An alternative way to be more accurate would be to take the total bill and divide it by the total units used and then charge the resultant rate per unit. Watch out for anomalies such as zero reading meters (may have been bypassed) or consistently very high readings by having the meters checked.

Time of use meters are computerised meters and read electronically. Tariffs here vary from winter to summer/time of day/day of week and the meters will work out the accounts automatically. In fact residents can go on the internet and see when and how much electricity they are using and when. This solves most of the problems.

What happens if somebody does not pay? Why should the body corporate continue to supply electricity? Pre-paid solves the problem as these meters close down when the credit is zero. One way to encourage payment is to take all payments to water first – if it is not paid then they run out of electricity. The real solution is to be fair, open and consistent and persistent. Report for theft anyone who bypasses a meter.

Levies on Illegal Extensions

I was recently asked whether an owner of illegal extensions has to pay additional levies. The simple answer is no you cant – the reason being that the area of the extension has not been measured and is not on the approved sectional title plans.

However that is not the end of the matter – the extensions are illegal – so what to do? This is something that can initially be handled by the Trustees with the managing agents. The first thing to do is to write to the owner and explain that his extensions are illegal – whether or not it was approved by the local authorities does not matter. No extensions can be started without the approval of the Body Corporate after a properly constituted meeting with proper notice has been given on which the item of the extension is an item of which notice has been given. Remember that the common property is just that – it belongs to everyone and even if it is in an exclusive use area any changes must be approved at a general meeting.

Make it quite clear that the extensions must be demolished immediately. This will usually bring the owner running and it is often possible to explain to him the proper way to go about making changes and to get him to make an application as described above. If they still do nothing then have the body corporate attorney write to them. Also call out the building inspectors (the extensions are usually done without proper building plans approval – which includes the building inspectors having the approval of the body corporate! I have found them to be very helpful. If the changes do not comply to normal building regulations they will often send them an instruction to demolish the changes anyway.

If you continue to have a problem take legal steps including going to court – it will take time but if his extensions are illegal he will loose and it will cost the owner a small fortune - including the cost of demolition! A summons does wonders for most owner!

Whatever you do carry your threat to take legal action. If you don't every owner will know that you are not prepared to stick to your guns and you will continue to have problems. Lastly getting permission to do any additions INCLUDES changing the sectional title plan at the owners cost. And give a time limit to getting the plans changed failing which approval is withdrawn and the alterations must be demolished.

Lastly be consistent. You cannot be hard on one owner and lenient on another. You have to be consistent. Look around your complex and check the sectional plans against what is actually there. If there are discrepancies make sure that you get them sorted out.



Investment Properties

Now is the time to purchase investment properties. Vacancies are low, rentals are readily rising in line with inflation and buyers are serious. If you are letting it is better in the medium term to buy.

Jocapa R375,000

Price of two super upgraded flats from same seller. Each with own carport parking available for second car! Building managed by Platinum Global with excellent funds.

VISTA PARK – new home sales now open. Duet and Full Title homes of exceptional quality and design.

Westcliff – Fleurdal

R585,000

Really nice complex with large children’s play gardens and braai area. Own personal garden too. Well situated within walking distance of Hyperama Centre. Two bedroom one bathroom unit with own parking. Well managed development with great finances.

Witperd R550,000

Neat and tidy, upgraded two bedroom townhouse. Floor to ceiling tiling in modern bathroom (bath and shower). Open plan kitchen. Open garden, north facing. Combined open plan lounge. Lovely little unit ideal for young couple or singles.

Nice own home or letting unit. Popular area.

Contact Ben Miller **081 430 3076**. Not what you are looking for? Ben has what you want.

Rockland 10 townhouses for just R4,250,000

Unusual building in this area. Has full business rights so units can be converted to commercial properties (shops, offices etc). Ideal for doctors, dentists, insurance brokers etc. Makes a great investment property.

Gaudeamus UFS Main Gate

Easy walking distance to UFS, Mimosa Mall. 2 bedroom flat with stoep or balcony. Wide open gardens. Secure, ideal for mature students. Modern clean, excellent finances Platinum Global Managed

Talk

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Thabo Ramabolu 083 593 6185 (Candidate)

Platinum Global can assist you with Body Corporate management, letting of individual units and complete buildings. Buying and selling of residential and commercial buildings. We are consultants to Body Corporates countrywide for practical advice on solving management problems and to Developers on the practical management aspects of new developments. Contact Mike Spencer 082 881 4711