

The Landlord

For Landlords and Sectional Title Owners



[Volume 6, Sep 2013

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Body Corporate is Responsible for Outside Maintenance

Quite correctly outside maintenance is the responsibility of the Body Corporate. What happens when an owner wants to change their garage door and demands that the body corporate pays half! The BC is ONLY responsible for **maintenance** of the OUTSIDE of the door! So if an owner wants to replace a door (when the door might be old and ugly but still functional) then they would have to pay the total cost of the replacement. The Body Corporate is only responsible for MAINTAINING the door. They could have for example re-varnished the door. They cannot be forced to replace it if the real maintenance solution is to service the outside of the door. Nor are they responsible for the mechanism of the door which invariably is inside the door and therefore the responsibility of the owner. So if the weights fall off or the door comes loose this is the owner's responsibility. They are also not responsible for remotes. Keys could be questionable but in my mind are the responsibility of the owner/user. I would also suggest that faulty locks should be shared 50/50 with the owner. Remember an owner cannot simply call in somebody to do things and then demand that the body corporate pays half. They must report the problem to the body corporate who will then attend to the problem in the normal way using their preferred contractors.

TAKING ON A NEW BODY CORPORATE

Taking on a new body corporate is no easy task. Here are a few hints and tips for developers, Trustees, and managing agents to make it easier.

1. Get a list of buyers from the transferring attorney or a list of owners from the last Managing Agents (MA). Phone everyone and make sure that you have all the right details.
2. Invite all owners (even if they are not in the first phases) to come to a welcome event. We organise a few snacks and some wine. The idea being to let your company tell owners how you work and for them to ask questions. We do this for both new schemes and existing ones.
3. Hold the IGM or a Special General Meeting and prepare well. You need to go through the current or proposed budget in detail. (We do it item by item and month by month on a spreadsheet on the overhead projector). This is the most important aspect of the meeting. It is also important to go through the rules too!
4. Have a general item on the agenda. No you cannot make serious decisions but 99% of what is talked about is pure management and any serious item would need quotes etc and later discussion.
5. Have snacks and tea/coffee after every general meeting - it gives people time to ask questions.
6. Do an inspection of the building before your general meetings. It helps if not only the portfolio manager goes but also letting clerks, book keepers and building managers so they all have a vision of the building.
7. Communicate, communicate, communicate! We send out an easy to read newsletters after every meeting. To all owners AND tenants! How can you blame somebody for not keeping to the rules if they don't know what is going on in their building?

Above all well budgeted buildings with good communication work well.

On Line Trustees & General Meetings Make Sense.

Jennifer Paddock's suggestion of online meetings makes sense. The Sectional Titles Act says that meetings of the Body Corporate have to be held in the same magisterial district as the Sectional Title Sectional building is situated in but it does not say where the participants have to be! Modern technology allows for the meeting to be held in the Managing Agents office, but owners and Trustees could log into the meeting from anywhere in the World! Many buildings, such as holiday flats at the coast have scattered owners who find it time consuming and expensive to physically travel to a meeting. Even investor buyers of standard flats are often scattered around the country. Calling in electronically not only makes it easier to get a quorum but helps in getting these out of town owners to participate in the meeting. What do you think? With technology advancing as quickly as it is, it should be possible for you to sit in front of your TV and participate in a meeting across the country at the same time.

There are a number of different programs that are available for conference calls and this would include Skype. Often these programs are fee but the paid, more up market versions could well be the better option. They seldom cost an arm and a leg. Owners are able to log into the meeting and see and hear what is happening. They are able to participate in much the same way as they would in a normal meeting. Otherwise, and possibly easier to achieve at this stage, simply type a comment or question. Documents can easily be passed back and forwards. It may take a while to get used to this new meeting format but it should not be too difficult to market. Sessions can also be recorded and used for writing up the minutes.

Agendas and minutes can also be distributed in the same way. Interesting? For us old fogies it might take a bit of getting used to – we will just have to get the younger members of staff to set up the meetings! But for those of us who run coastal holiday homes or schemes with a fair share of overseas owners it might be the difference between able to hold a meeting or not.

Larger schemes that have to hire outside halls to hold meetings, could also make use of this technology and thus reduce costs. Using electronic meetings with Trustees meetings could mean that you will have a wider selection of Trustees to choose from. I suppose that before long it will be the norm.

Security is Only as Good as the People Who Stay There

There has definitely been an increase in the burglary rate in Bloemfontein over the past month or two. Even my own flat has been broken into twice in the past six months. Ugh.

But security is only as good as the people who stay in the building. In the centre of town we have units that are always standing open while just down the road another building is always locked up. Simply put some tenants (and it is mainly the tenants that are the problem) find security to be unimportant to them. We have buildings where somebody (and it is always Mr Nobody), cuts the control wires to the automated security gate, or physically breaks the mechanism. Mr Nobody is constantly putting stones in the gate to stop it from closing – probably because they are sending their kids to the shops and are too lazy to lend them a key. It is unbelievable that anyone in a communal building has such little concern for security. In most of our buildings we have been able to update the rules to include a fine system for breach of the rules and security was one of the main breaches for which a fine can be imposed. For those of you who are unsure about including a fine system in your rules I must say that we very seldom have to impose a fine – but the threat definitely helps to get people to abide by the rules.

Regarding security it is most important that trustees and Managing Agents view this as one of their most important functions to enforce. Any tenant that does not abide by security arrangements should understand that the Managing Agents will ask the owner to make alternative arrangements. Owners who are casual about security should be sanctioned by the Body Corporate with the hardest measures possible in terms of the rules.

Trustees and Managing Agents should not be lulled into a false sense of security about their security measures. Things may not be as secure as one thinks. I have known of building where the electric fence did not work but nobody had bothered to have it checked. Have you made sure that trees and weeds are not shorting out the wires? Have trees grown to the extent that burglars can use them for climbing over the wall. Are there holes in the security fence? Look around carefully – it is amazing how often you will spot “weak” spots in your security. Gates are a real weak point with outside people simply walking in behind cars. We have been very successful with installing security cameras in these high risk portions of the building which allows us to see who is coming in and out and if the security are doing their job.

Restrictions on the Trustees

At Platinum Global, even though we do have a “general” item on our agenda – those of you who read my newsletters will understand that I believe that this is where all owners can ask about what is concerning them – the meetings seldom last more than 45 min. to an hour. Well prepared meetings without major items for discussion should not take longer than this.

One item that is always on the agenda but is very seldom acted on is the one asking about “any restrictions on the actions of the Trustees”. In the 33 years that I have been running body corporates I can only think of the odd one or two occasions that this has been made use of – inevitably to be reversed the following year!

I sometimes get the impression that this was put in as a safeguard as a result of some of the excesses of the Share Block era when some very funny things did happen including pyramid schemes where one building lent money to other building who lent money to other buildings

The real problem with restrictions is where the Body Corporate would like to limit the Trustees in the amount that they may spend. If the level is too low – the problems then arise that many of the monthly accounts will exceed this value and a special general meeting would have to be held to allow the payment to be made. If the level is too high then it does not achieve what the proposers wanted to achieve. In reality most body corporates are actually quite big businesses and from time to time they have to spend quite large amounts. Electricity, water and approved major maintenance etc can easily exceed even the upper end restrictions.

In reality these restrictions are seldom really practical and are more of a nuisance than anything else. If the owners are happy with the Trustees that they have chosen then they should have no worries about the Trustees unwisely spending their money. Anyway stopping them from spending large amounts does not stop them from wasting smaller sums. What actually happens in most cases is that there is a balance between the Trustees and the Managing Agents where the Managing Agents are able to advise the Trustees regarding the value for money for projects that they would like to do and are able to inform them of how much money is available in the budget or reserves to do the work. Trustees cannot misspend money because the Managing Agents won't authorise the payment.

The most likely time when Trustees waste money is when one of the Trustees has their own favourite workman who does substandard work for a high price. Unfortunately this happens far too often. Some Trustees have no real concept of the difference between cheap work and reasonably priced work. As they say “cheap is not necessarily better”.



VISTA PARK FIRST HOMES NOW BUILDING

Platinum Global and their sales team of sub-agents are now able to offer close to a hundred new homes in Vista Park ranging from two bedroom single bathroom townhouses to special free standing houses in the sort after suburb of Vista Park. Prices will range from R695,000 to R895,000 for the biggest units. Normal finance will be available from all the main banks including high percentage bonds to qualifying buyers. Interested buyers can contact Platinum Global or the

network of active emerging real estate agents that form part of the Platinum Global team. These exciting designs can be bought as complete packages which overcomes the difficulty of getting finance on even alone.

Finishes are high quality throughout and the choice of colours and styles will ensure a light and attractive interior and exterior finish. Platinum are awaiting the design details of homes that are being offered by other developers who bought into this phase of Vista Park.



VISTA PARK HOMES NOW ON THE MARKET

The final documents for the registration of Vista Park have now been signed off. All that needs to be done is for the MEC of Traditional Affairs & Human Settlements to sign off the town shipping documents and the job is complete!

The Developer was delighted with the speed with which the stands were sold, especially as there is a waiting list for any stands that fall through.

Just this last week the first of three church sites was sold together with the adjacent crèche site. The 2,500 sq m business site was also sold. All three went to a cash buyer.

Demand for stands in the area continues to be strong with continuous enquiries for any stands that might be available. Demand for the completed houses are also expected to be strong and already the first sketches and plans of the Developer's new buildings have just been made available. (see adjacent offerings). These well-built and modern architect designs are expected to draw full crowds of onlookers and buyers when they are finally launched. Further designs from other developers will also be available.

Three designs have been made available from the first developer;

- 2 bedroom duets
- 3 bedroom duets
- And
- 3 bedroom 2 bathroom houses.

Prices range from R695,000 to R895,000 for the largest units. These homes are exclusively available from Platinum Global or its co-marketing companies.

Baruk Group have appointed Platinum Global to market their range of homes in Vista Park. Platinum Global will be employing their very successful formula of sub-contracting to a number of emerging estate agencies and small northern suburb agencies. This unusual way of marketing has proved to be very successful and will be extended to other projects that are in the pipeline. Developers are very comfortable with this method of working as it ensures that good exposure and rapid sales on properties that they bring to the market.

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