



# The Landlord

Newsletter for  
Sectional Title  
Trustees & Landlords



**Choice of 11 units – take one or all! Building with real potential for office zoning and would make a super office complex. ALL owners have agreed to sell.**

## **Good Accounting is the Minimum Needed for Good Body Corporates**

Not everyone is good at accounts. But good accounts are essential to a well run body corporate. If your budgeting is sensible and realistic and well detailed, you will be able to run a budget to actual every month. It will quickly show you what is overspent or underspent. It will be able to show you where regular accounts have not been paid too. It will also show you such things as possible water leaks (from a rising over budget water account). Your long-term reserves would also be factored in to your annual budget which makes keeping track of them far easier.

Good accounts allow for quick reporting on the body corporates financial state of affairs at each and every meeting (AGM, Budget or Trustees), so that everyone knows month by month what is happening with the body corporate accounts. Accounts can easily be kept up to date and closed off every month (and balanced off). It also means that the Trustees/Managing Agents will know who has and who has not paid – it is easy to see who is in default- and for them to take steps against non-payers. It simply makes life so much easier.

Budgeting should be done by the managing agents/Trustees in the month before the end of the financial year end. Normally it is compiled using the actual figures from the previous years budget to actual. One cannot simply take these figures and add a thumb suck amount to reach the new figures. It does not work that way. What is needed is a level headed person, with experience of the building, to look at each figure and be realistic about putting in a monthly cost each month. Not only increases in prices and inflation needs to be taken into account but such things as the annual increase for municipalities that takes place in July each year for example. Those with time of use electricity would also need to do some quite complicated calculations to estimate the current cost, the winter tariff for June, July, August, with an overall increase in July but a decrease back to the new summer tariff in September. Xmas bonuses for workers, leave pay, relief workers, lease payment increases all need to be into account. It can be quite daunting the first time, but future budgets usually follow the same format and this makes it easier.

April 2019

## **Levies Rising**

Having been in this industry for over 40 years I have never considered sectional title levies to be unreasonable but of late they seem to be rising far more quickly and to levels that are troubling. Part of the problem is indirectly the new reserve fund requirements, especially as they are ring fenced ie cannot be used for anything else. This means that there are multiple levies that must be kept rather than one pool from which work could be done. As a result the total reserve that must be held is far higher and the levy to build this up is also higher than in the past. Some of these reserves seem to be for items that are unlikely to ever be needed. Replacing water pipes and wiring has, in my experience, been an ad hoc business from current levies not a wholesale exercise from a major reserve. Either ways levies seem high to me.

# Talk Shop

By Platinum Global

## LEADING MEETINGS.

Not everyone is good at being the Chairman of a meeting. Some people are shy, some cannot take the pressure.

The person leading the meeting should be an organised person who is able to follow the agenda, know when to close an item and keep the meeting moving. Most items on the agenda are routine and can be handled quickly and smoothly – members present by proxy or in person, is there a quorum, are there any apologies. Minutes of the previous meeting have been circulated and people should have read them. Why do some people think that it is necessary to read them out? All that is necessary is to highlight any important items and ask for confirmation that they accurately record what went on at the meeting. (Note not whether there are matters still to be discussed). Matters arising are often better handled under general if there are quotes and decisions to be made, as often this will change the finances.

The person leading the meeting should be cool, calm, and collected and be aware of his responsibility to be fair to everyone. He should allow everyone to talk and prevent interruptions providing the speaker is too the point and brief. At the end of discussions on any particular point the chair should ensure that the decision of the meeting is clear and unambiguous. They should not go on to the next item until this has been done. The Chairman should never be required to take minutes as this distracts them from their important job as Chairman. It is a good idea if the meeting is recorded. The Chairman should check the minutes before they are sent out to ensure that they clearly reflect what went on in the meeting.

## Who Should Remove Trees?

It is quite clear that problem trees in EUA gardens must be removed at the cost of the owner of the EUA as they are responsible for the cost of the garden maintenance.

Were the garden is common property it can be a lot more difficult. Officially the garden is common property but often they are enclosed by a fence or wall and for practical purposes nobody else uses it. When an owner plants a tree (often too close to the wall or unit) it is not a problem at the beginning when the tree is small, but many trees can grow up and out very quickly. Being a meter from the wall can still mean that branches lean up against the wall and trees with spreading rooms (as opposed to tap roots) can cause serious damage. Many owners are indignant when asked to take out a tree. But in reality, they are often wild planting or deliberately planted by the current or past tenant/s owners to which they often have sentimental attachment. If they are not removed, they are likely to cause damage to the building or wall. Owners (not tenants) must have these problems brought to their attention. The trees should be removed by the people who planted them or allowed them to grow though there are lots of people who will disagree. It is all a balance between the pleasure of owners living in the building and the enforcement of the rules. Owners who won't remove them must be clearly told that they will be responsible for any damage these trees may cause if not taken out. Any letters must be very clear on what will happen if they are not removed. I don't think anyone would want to stop people from planting trees in a complex providing that it does not cause future damage to the building.

## Prices Seem Crazy to Me

Being in the business I see properties for sale coming in from a number of sources (Property24 and Private Property). What amazes me are the prices that people are demanding. R2 to 2.5 million is a very common price for many suburbs in Bloemfontein and houses for R5 and R6 million are far from uncommon.

A bond for R1 million would cost you R10,000 pm so one for R2.5 would cost your around R25,000 pm with transfer and bond cost of R185,000 that has to be paid up front. Neither month to be sneezed at. To afford a bond payment of R25,000 and live and pay taxes, and school fees you would realistically need to have an income of R75,000 plus. Personally, I don't think that all that many people in Bloemfontein earn that as a regular monthly income. Yet it seems that 50% of homes are being offered in that price range. I don't think that most buyers are in that sort of price range and really don't believe that many of these prices are realistic. I am not sure whether Sellers are demanding these prices because the NEED that amount to clear their debt or whether they are being given the wrong information about the value of their homes. In the current economy, which everyone agrees is tight, sellers must come into the market are realistic and competitive prices. An asking price is not the same as value.

The other problem is that many Sellers are not really sellers, they are just taking a chance. If they get their price they will sell. From over 44 years' experience I can tell you that there is no shortage of buyers – at the right price! Sellers would do well to compare their homes with prices of sold and transferred homes and not with homes currently in the market – they are likely to be over priced anyway.





**HUGE FLAT WITH OWN FIREPLACE**

Wonderful massive one bedroom flat with open fireplace in lounge. Yes, you can swing a cat! Separate bathroom & WC. Large kitchen. Needs a bit of work but really worth the price.

Mike 082 881 4711



**Ground Floor Bachelor R405,000**

Price reduced for this wheelchair friendly bachelor flat. Lovely neat unit with serious seller. Own parking bay. Platinum Global Managed. Call soon before it goes. 1 bedroom also available  
**Christine 081 474 2357**



**EXTRA PARKING AVAILABLE**

Need a second parking. Big one bedroom flat with carport and extra parking available. Well run body corporate with good finances. North facing and convenient for town.

**Retha 073 660 4494**



**Grassland R599,000 New on Market**

Neat new 3 bedroomed house with bathroom, lounge and private garden. Lovely little house which is very good value for money. Looking for an affordable home. Then call Christine and let her show you your new home  
**Christine 081 474 2357**



**SUPERSIZED 1 BEDROOM WITH FIREPLACE**

Wonderful flat with coal fire! Lovely big rooms over looking sports fields. Easy walk to government offices. Just such a nice place for singles or couples. Ideal for retired couple. Good parking.

Well priced at R430,000

Call Mike Spencer 082 881 4711



**Langenhoven Park New on Market**

Popular well-located building. Great investment property 3 bedrooms, bathroom, big lounge and 2 parking spots. Great to move in or let. Low maintenance building. Great little place to own. Come visit it soon.

**Christine 081 474 2357**

Did You Know?

# Looking for A Langenhoven Park Agent/s

## Do you have intelligence and drive (plus a car)?

Our team has grown, and we are doing some nice sales. We are really looking for an enthusiastic, self-motivated, person to become our agent/s in Langenhoven Park. This is the best-selling suburb in town. Full on-going training will be given to the successful candidate/s. This is a wonderful part of town with great income potential. This is a commission based position for the self-motivated person. You will be able to specialise in either homes or sectional title.

E-mail your CV to [mibe@platinumglobal.co.za](mailto:mibe@platinumglobal.co.za)

# NOT Happy with Your Body Corporate?

Too many serious arrears – nothing happening – other owners paying to cover the missed income?  
Confused accounts – cannot see what is going on?  
Managing Agents cannot give you the reports and information that you need?  
Missing/unaccounted for money?  
Want to talk? Contact [Mike@platinumglobal.co.za](mailto:Mike@platinumglobal.co.za)

## Arm's Length Body Corporate Management

Technology changes how we do things. If we can think of a better new way to do a thing technology can make it possible. E-mails is a great example of this. We hardly get any post anymore, but we write more correspondence than ever – it is just so easy.

Who says that the managing agents have to be close to a body corporate? The reality is that we communicate by cell phone and e-mail and accounting and payments is done on line, so why does the managing agent have to be near to the body corporate they are managing. Even when we complain about a problem, this is done by phone or email and very seldom in person, and the answer comes back the same way.

Even meetings can easily be done using SKYPE so that owners don't need to physically be at the meeting. So, Platinum Global could run the accounts and meetings for a body corporate in Johannesburg with the trustees (or an on-site manager) responsible for any onsite visits. The bank accounts and proof of payment are received electronically as are invoices for payments and payments made on line. Reports of problems are almost always done by email or phone as are the requests to contractors to attend to the problem. It is even possible for the contractor to confirm what work needs to be done and that it was done can be negotiated by camera or video phone.

Perhaps the management – the meetings, budgeting and accounting could be separated from the on-site work. The management and accounting to be done by the managing agents and the onsite hands on presence being handled by the Trustees or an on-site manager. In areas where high density traffic makes moving around town is difficult this might make more sense and would allow trustees to choose the best managing agents whether they were in the same town or not. It would also make life easier for good quality managing agents that are often stretched to provide the high levels of on-site services that they would like to give but may find difficult from a time or cost point of view to provide. Take the example of moving around in Johannesburg where traffic is often jammed, and it is only possible to visit one or two buildings a morning. It might also make it more profitable for managing agents to look at managing smaller body corporates as they would be more cost effective to manage.

## Approving Contractors Invoices

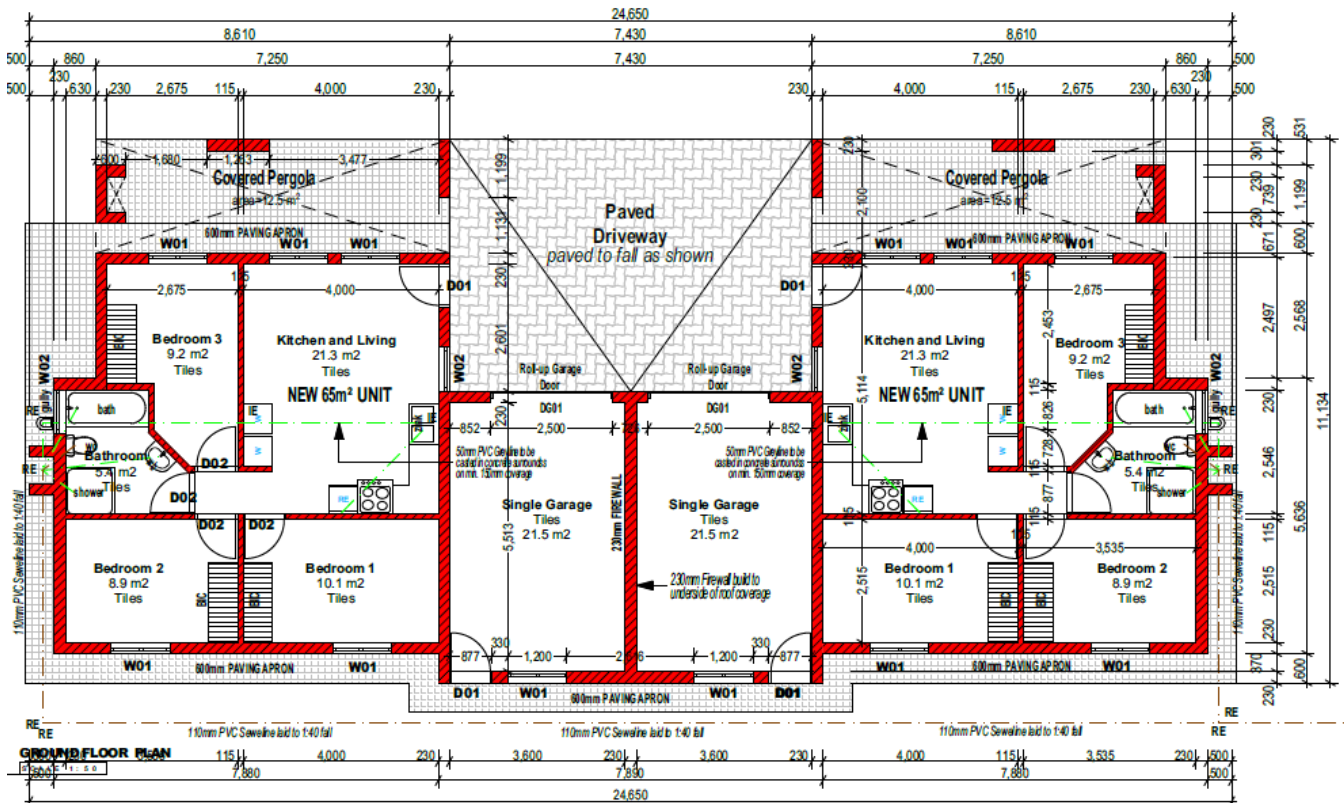
For practical purposes the managing agents usually approve (in practice) reoccurring invoices and make payments for the likes of garden services, water and electricity. But invoices for contractor's work should be confirmed by Trustees. They should inspect the work done and sign off on the work and the quality of work that has been provided. Working this way will cut out so much unhappiness. Owners can no longer blame the managers when things don't last as long as they hoped, or the problem reoccurs. Trustees would need to check work carefully and only sign off the invoices when they were happy that the work was done property. Remember agents are not architects.

## DEVELOPER NEEDS YOUR HELP WITH VISTA PARK DUET RIGHT OF EXTENSIONS

A top-quality local developer has asked for our help – or rather your help!

They have been busy developing around 12 duet sectional title units in Vista Park but due to them being involved in large suburb sized developments they are now too busy to construct the second unit on each of these sites.

As shown in the plans below, the plans for both units on each stand have already been approved and the second mirror imaged unit is ready to build on all the remaining stands. Each unit is a three bedroomed single storey unit with open planned lounge cum kitchen and bull bathroom with both shower and bathroom.



Vista Park is a very exciting market new suburb with a range of homes from affordable to very upmarket. Some of the homes in this area are close to 600 sq m in size. People who have bought into the area are middle to upper management and family incomes in Vista Park often exceed R35,000 per month. This has proved to be a particularly popular suburb with all of the 200 plus residential stands that were developed by Benchmark having been sold within only an 18-month period. The price of the very few vacant stands that can be purchased have risen considerably from the original R220,000 to R390,000 (stand only).

This is a wonderful opportunity for a smaller builder to get into this market by acquiring the “right of extension” for each of these properties and going on to build the second dwelling on each one. As the plans are already approved and in place building work can start immediately. Preferably, these rights of extension should be acquired by one builder who has the capacity to build all 12 units which will be helped by economies of scale to be able to build at very competitive prices. It is a wonderful way for evolving builders to become involved in a great market – where all the basics have been put in place already. With the building plans already approved you can start building at once without delays and all the red tap that goes with having to have a building plan approved.

Platinum Global is a major marketing agency in the suburb and would be happy to assist any builder buyer to find buyers for the completed units. For more information contact [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)