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# The Landlord

Newsletter for  
Sectional Title  
Trustees & Landlords



**New on the Market** Nicely updated large roomed north facing flat close to Oranjemeisies Skool. Well run complex with great finances. Talk to Mike 082 881 4711

## Owner Not Paying the Levy – Then Get the Tenant to Pay It Instead

While looking up something totally different I can across this in the CSOS Act. When the owner is not paying you can get the tenant to pay you the rental to cover outstanding levy. This is a cheap effective way of getting the owner to pay the levy. It seems to me that you could including anything owing to the body corporate so you could add, collection costs, interest, water, electricity, cost of attendance at CSOS etc.

### Prayers for relief

39. An application made in terms of section 38 must include one or more of the following orders: 25

(1) In respect of financial issues—

- (a) an order requiring the association to take out insurance or to increase the amount of insurance; 30
- (b) an order requiring the association to take action under an insurance policy to recover an amount; 30
- (c) an order declaring that a contribution levied on owners or occupiers, or the way it is to be paid, is incorrectly determined or unreasonable, and an order for the adjustment of the contribution to a correct or reasonable amount or an order for its payment in a different way; 35
- (d) an order requiring the association to have its accounts, or accounts for a specified period, audited by an auditor specified in the order; 35
- (e) an order for the payment or re-payment of a contribution or any other amount; or 35
- (f) an order requiring a specified tenant in a community scheme to pay to the association and not to his or her landlord, all or part of the rentals payable under a lease agreement, from a specified date and until a specified amount due by the landlord to the association has been paid: Provided that in terms of such an order— 40
  - (i) the tenant must make the payments specified and may not rely on any right of deduction, set-off or counterclaim that he or she has against the landlord to reduce the amount to be paid to the association; 45
  - (ii) payments made by the tenant to the association discharge the tenant's liability to the landlord in terms of the lease; and 45
  - (iii) the association must credit amounts received from the tenant to the account of the landlord. 50

February 2019

## Price Properly and Sell

I think that it would be fair to say that many people are cautious and uncertain. The general elections, the economy, land expropriation, and much more. If you are thinking of selling you need to be aware that buyers have the same concerns. When you place your property on the market you will be competing against lots of other properties and need to be competitive. That means not only must your price be right but so must your property too. Price is a reflection of the current market and your property compared to what else is available. Condition plays a part – a clean, neat, well-maintained house sells quicker than an untidy one. To get a true indication of the value of your property you are welcome to contact us.

mike@platinumglobal.co.za

# Talk Shop

By Platinum Global

## Why Punish Attendees

If you don't have a quorum at a general meeting within half an hour the meeting is automatically postponed to the same time and place, 7 days hence. The result of this is that those that did take the time and effort to attend the AGM are punished either way. Either they must come back again, or they take the risk that their views are not taken into account! It happened to me when I travelled to Johannesburg for a meeting that could not happen and had to go back the following week again. As many owners live at a distance to the property that they own this must be a common occurrence. What really needs to happen is that the powers need to fix the Act to reduce the required quorum to the old level and allow free proxies.

In the mean time what can be done. The Trustees and managing agents need to do whatever to get people to attend or send proxies (why do people not attend and not give a proxy). In practice to be fair to those that do attend perhaps the meeting should proceed and complete the agenda but keep all the details until the official meeting the following week. The two people who attend then approve the minutes of the previous week as if it were the new meeting. At least that way those that who did attend are able to give input.

We run body corporates of up to 680 units but around the country there are schemes that are 1000 up to 15,000 strong. What a ludicrous situation that 2 people could make all the decision for 14,998 other owners without taking their input into consideration. The Act needs to change urgently, but this is unlikely to happen soon – politicians have other things on their mind like the election and whether they are going to be named in the Zondo Commission!

## Don't Build Small Schemes

This is a plea to developers not to build small schemes and these are the reasons why.

Firstly, the number of meetings and accounts is similar for all sized unit. An AGM, 2 trustees meeting, and a Budget meeting. Space and time for these meetings is the main limiting factor on how many body corporates a managing agent can hold. There are only four days a week to hold meeting (Mon to Thurs). Practically there are only 47 weeks in a year 15<sup>th</sup> Jan to 5<sup>th</sup> Dec less Easter and July school holidays say 44 weeks or 176 meetings /4 per building or 44 buildings. (nobody wants to hold meeting during the day!). A managing agent can manage small or big buildings. A 100-unit building would earn them about R10,000 per month, one of 20 unit just R2,000. So, you can see that the pressure is on to get good management for smaller buildings, which would mean anything under 50 units! The difference in income for the company is massive.  $44 \times R2,000 = R88,000$  per month – hardly worthwhile keeping your doors open, while  $44 \times R10,000 = R440,000$ . These are gross figures from which rental, salaries, services, printing, etc need to be paid. It illustrates the difficulty of running a profitable body corporate management department. For 35 schemes our company has 3 book keepers, three portfolio managers, three building managers, a receptionist, accounting system, our offices and its facilities plus Mike & Jill's salaries to pay before we make a profit!

Perhaps this is why most body corporates get poor service and are charged for everything that the managing agents do. But what is the solution?

## Consortiums Launching Next Month.

A consortium of rental apartments will be launched during March. This consortium will give you the opportunity of owning in a modern low maintenance building which has been designed to maximise rental income while keeping running costs to a minimum.

Unlike owning a sectional title unit, risk is shared as you are a part owner in the whole building rather than in any one unit. There are next to no transfer and no bond costs as there is no bond. While the building will still be run using detailed budgets and budgets to actual, risk is further reduced because one management company will be looking after the entire building including both building management and the letting of every unit. This allows for better selection of quality tenants which will reduce the number of unpaid rentals to a minimum, improve the quality of living in the building and reduce over all costs. Two directors of the owning company will act like Trustees in a sectional title scheme by overseeing the actions of the building managers.

Although in similar buildings, two different types of investment will be offered. One is a monthly income based on the buildings net rental income, while the other will accumulate rental income with a view to buying further development sites and building further schemes. Ownership of these extra properties remaining with the shareholders of the first company.

Details of the first 39-unit flat block in Vista Park will be revealed at the launch in March. **For an invitation email your details to [mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)**



**I'M LOOKING FOR A PLACE TO STAY**  
 Lively wheelchair bound lady looking to buy a flat in town. Must be wheelchair accessible with small changes. Not ground floor. General Westdene area would be great. Must have a lift. Know of something please let me know.  
 Mike 082 881 4711



**UFS Student?**  
 Really nice place for you to stay while you are at varsity. Modern, secure and just down the road. Mainly bachelor flats but a few one-bedroom flats available from time to time. Call me to view.  
 Christine 081 474 2357



**LOVELY 1 BEDROOM FLAT R380,000**  
 Why rent when you can buy. Nice 1 bedroom flat for singles/couples. Very affordable. Have fun upgrading your first home. Cost of bond about same as current rental. Much better option to buy. Call me  
 Maki 071 999 8226



**UFS GATES PLUS 500 METRES!**  
 Literally a few steps from the gates of the varsity. Choice of 1 or 2 bedroom flats in young persons complex. Loved building with long term owners. Great financials and well managed by Platinum Global. Safe and close to UFS.  
 Maki 071 999 8226



**COUNTRYSIDE ESTATE BAINSVLEI**  
 Far from the Mad House Crowd! 2 ha small holding right in the middle of farm land. An excuse to use your 4 x 4 or keep a horse. Quiet tranquil setting R1,035,000 delight.  
 Maki 071 999 8226



**Westdene Townhouse – Move In**  
 Open to move in as soon as you have signed the offer and the bond is approved. 2 bedroom very spacious unit with small private garden. Easy walk to St Andrews and Westdene job opportunities. Just right for you.  
 Mike@platinumglobal.co.za

## **Hill Top Site for 64 Townhouses / Apartments** **Exclusive Top of the Range Units**

**Are you looking for something really nice – the Best?**

**We are looking for 64 buyers for absolutely top of the range units – like nothing you have seen in Bloemfontein before. Each unit will be individually designed inside – your colour scheme and layout. Magnificent distant north facing views. Top area close to Oubos – you could not get better. Interested? We are collecting the right people together. Are you one of them?**

## Looking for Old Buildings

We have serious BUYERS looking for old residential blocks of flats in any condition. The bigger the better but smaller buildings will also be considered. Will look at all areas including city centre. My Buyers are also looking at commercial office blocks that can be converted to flats. Call Mike for a confidential consultation.

**Talk to Mike Spencer 082 881 4711**

**[mike@platinumglobal.co.za](mailto:mike@platinumglobal.co.za)**

## Solar Electricity What You Need to Know

This is the second in a series of articles on Solar Energy. I had discussions with Izak from Ecotrades about how domestic solar systems work.

Essentially there are two different sorts of solar systems that can be installed. They work quite differently so it is difficult to switch from one to the other. Body Corporate Owners and owners of individual homes needs to be very sure before they order the system they want.

The first system is one that provides electricity during the day only. There are no batteries attached so the system can only supply energy during daylight hours. While energy is available to residents during the weekend and holidays, most people are at work during the day and get little benefit from the system. This is however, the simpler and cheaper option. It would certainly suit a retirement village for example and for a commercial centre that operates mainly during the day (office block for instance). The energy is used in parallel with the mains and reduces the amount of mains electricity used.

The probably better system would be the one which comes with a set of storage batteries. These systems supply electricity during the day and after the sun goes down. The amount of energy supplied depends on the size of the system and the batteries. Energy is stored as DC in the batteries and supplied into the grid of the building via inverters that converts the DC to 230 v ac. Size counts. Smaller battery systems are used as stand by backup systems in case Centlec fails with excess above the full battery subsidising some of the mains supply during the day.

The biggest systems can be used to totally substitute for mains electricity, but these systems are expensive. There is a choice of buying your system outright (via a special levy usually for body corporates) or taking finance. Hopefully sales of electricity are sufficient to pay the monthly instalment costs of the system and after 5 years or so, the system is fully owned by the body corporate. It then becomes an income source for the body corporate. The rate does not have to be at Centlec rates but at a lower rate that owners agree to. The alternative is to have a so called free system installed at no cost to the body corporate but income from the sale of solar energy goes to the installer. As the rate charged is about 75% of the Centlec rate there is not much of a saving and the system becomes the property of the body corporate 12 years after installation. I know what I would prefer. Buying your own system not only creates income for the body corporate but actually makes properties more attractive (higher price) to potential buyers. Contact [Izak@ecotrades.co.za](mailto:Izak@ecotrades.co.za)