

Monday : 3rd October 2016

LETTER TO ALL OWNERS RE CSOS AND STSMA

Dear Sir/Madam,

Community Schemes Ombud Services ACT 9 OF 2011 (CSOS) AND

Sectional Title Schemes Management ACT 8 OF 2011 (STSMA)

Since 2011, when these acts were first signed by the President, we have been advising owners that, as soon as the Regulations to the Acts were approved and published, the acts would come into operation.

We can now advise that CSOS and STSMA will become operational 7th October 2016.

There are immediate items contained in these acts that must now be addressed and brought to owners attention. These include BUT are NOT limited to the following :

CSOS

1. The BC and HOA have 90 days to register with CSOS. This involves the completion of a four page registration form for each entity. When submitted this application must be accompanied by many documents including rules, plans, constitution, Trustee IDs and other information. We, as your managing agent will be completing and submitting this application. There will be a once off fee of R1000 inclusive of Vat for this service .
2. ALL owners will be required to pay a monthly contribution to the office of the Ombud. If you own in a sectional title scheme within a HOA, you will be required to pay two contributions. The amount of the contribution will be the BC or HOA monthly levy – less R500 (as this is exempt) – 2% of the balance to a maximum amount of R40. Therefore if your HOA levy is R2750 your contribution will be $R2750 - R500 = R2250 \times 2\% = R45$ therefore the levy will be R40,

STSMA

3. In terms of the STSMA Regulations the BC must draw up a 10 year maintenance plan. This involves everything and anything that is included in the structure e.g. wiring, piping, roofs, painting, tarring etc. The plan must give the item, its age and current state, what will have to be spent per year on maintaining the item over the next 10 years and the cost of eventually replacing said item.

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Managing Director: Barbara D. Shingler (LLB)

Financial Director: Dhiran R. Maharaj

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To assist BCs we have emailed trustees an offer made by Curasure who will assist with the drawing up of this maintenance plan at a cost depending the number of units in the scheme e.g. up to 30 units the cost will be R8000 + vat. Ballito Estates have however negotiated a discount with them. If less than 10 schemes managed by BE appoint them they will give a discount of 15% and if more than 10 schemes appoint them they will give a 20% discount.

We are currently compiling the list of schemes who wish to appoint them.

The trustees will have to report at each AGM on what has been attended to and what not and if not why not ☹.

4. The BC must have a MINIMUM of 25% of the previous years' levy income in the reserve account. IF they have less than 25% they must, in the next budget, raise 15% of the previous year's levy income. This reserve may only be used for emergency maintenance and then the BC must immediately recover what has been used to replenish the fund.

5. If the BC has the 25% BUT less than 100% of the previous year's levy income, then the full amount of the maintenance as identified in the above mentioned plan must be included in the budget.

The budget should also include an operational maintenance amount.

There is no doubt that the above requirements will have a financial impact on the budget.

6. No person may hold more than the proxy of 2 owners. The days of the Chairman holding enough proxies to ensure a quorum are GONE ☹. Owners are going to have to start taking responsibility for their investment in Sectional title and participate at least in the AGM.

7. A quorum is no longer a number BUT 33.3% of the VALUE of the scheme and this value includes ONLY the flat which is the primary section. Garages and store rooms that are sections are no longer entitled to a vote.

These are the items that the writer thinks will make an immediate impact on owners but of course there are more and as these are identified they will be brought to owners attention. NAMA will be offering training throughout the country and you will receive notification of these training courses. We would urge trustees and owners to attend at least one course to ensure that they achieve an understanding of the new acts.

Yours faithfully



Advocate B.D. SHINGLER

Managing Agent