

Penalty interest for late levies

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People who default on their levies in sectional title complexes can expect to be harshly penalised with penalty interest according to Johann le Roux, business development director of levy-funding and collection company Propell.

“Where a culture of poor or late levy payments is tolerated there are inevitably disastrous consequences for the entire sectional title scheme,” warns Le Roux.

He says that harsh penalty interest on unpaid sectional title levies will soon be widely applied by sectional title schemes throughout the country as the levies represent the life-blood of a sectional title scheme.

“Many owners are not aware of their responsibilities as unit owners and then blame the trustees for not maintaining a property properly even though they are tardy about paying their levies to the body corporate,” he says.

“Levy payments should be regarded as paying an instalment on a bond or a vehicle sale agreement. Owners in arrears must be slapped with penalty interest for each month that that the levy remains unpaid,” he added.

He says that owners are well aware that if they miss a bond repayment the repercussions from the banks are swift and severe. “This is exactly the same as missing a levy payment and more and more complexes have adopted the principle of harsh penalty interest on unpaid levies,” he says.

“Once there is a culture of non-payment in a complex, it is extremely difficult to correct and requires swift and decisive action from the trustees,” he adds.

Le Roux has also urged all sectional title complexes to ensure that anyone with outstanding levies is barred from acting as a trustee for the complex. “Trustees must set an example and the first step is to ensure that their levies are up-to-date and paid in full,” he added.