



The Landlord

For Landlords and Sectional Title Owners

SPRING IS IN THE AIR AND THE BOND RATE IS DOWN!

A lot of any economy is about confidence rather than the real World. Just like a witch doctor, one is looking for the indications rather than the truth. The bones tell all. If we watch the throw of the economic bones, they seem to be predicting a change is in the air. Interest rates are down another .5%, which is always good news. The US and especially the UK markets are showing real signs of a turnaround with house prices actually starting to rise in the UK and home sales have increased substantially even off a low base. In South Africa despite a few hiccups there are lots of Rands being thrown at infrastructure improvements – just try to drive to Langenhoven Park or down Parfitt Ave to see what I mean? In Gauteng, the situation is 10 times worse.

The indicators in South Africa are also tending to show that an upturn is on the cards for sectors of the market if not all of it. Property is no exception and while the deals are not being concluded as quickly as I would like there are definite signs that deals are being done. One only needs to follow up on properties that have been to let or for sale for some time to see that quite a few of them are no longer on the market. This is always an indication of a change in the air.

The timing could not be better. A whole host of factors are coming together. Spring alone makes people more enthusiastic and allows them to make decisions more easily. On top of that, we are getting closer and closer to 2010. While it may not be a shower of money coming into your pocket make no mistake there will be thousands of overseas people to watch the soccer. If the overseas markets continue to improve as they seem to be doing we may be surprised at how many extra people will be coming now that their attitude is turning more positive.

Experience has shown that the best time to get into property is now. No this is not a sales pitch it is just the truth. Serious and desperate sellers are still keen to sell and usually remain negotiable on their selling prices at this part of the cycle. It is not unusual to see a whole host of sales going through as buyers confidence tends to pick up before sellers confidence (because a seller needs to sell usually for financial reasons while a financially strong buyer can pick the best buys and is under less pressure than the seller). Another interest rate drop of even .5% will, in my opinion, be a kick-start to the market.

As the surplus starts to be taken up and sellers become aware of the increased activity they can sometimes start to hold back or be less negotiable. By buying in the next month or so, you will probably be able to buy property at the lowest prices that it has been for years. If prices start to pick up they are likely to become more expensive over the next couple of years boosted by the normal phenomenon of hefty price rises associated around international events such as the soccer and Olympics.



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done?

TRUSTEE TIPS

- ✓ Your AGM **must** be held within 4 months of your year-end. Make sure that your accounts have been sent to the Auditors by the end of the first month after the financial year end or you could be late with your AGM.
- ✓ Check when you last had an AGM! Some body corporates are more than two years behind – there is no reason why they are not held on time.
- ✓ Organise people to be trustees well in advance of the AGM, get them to accept nominations in writing and get it to the Managing Agents more than 48 hours before the meeting.
- ✓ Read your agreement with your managing agent and make sure you can get new ones when you are no longer happy with what they are doing for you.
- ✓ Read and understand your financial statements and query anything that does not look right.

IS YOUR MANAGEMENT AGREEMENT FAIR TO ALL

The Sectional Titles Act allows the Trustees to appoint and by implication unappoint managing agents when the need arises. Appointing managing agents is not usually a difficult exercise but getting rid of them when you are not happy with them can be. Managing Agents are appointed for a year at a time and must have a written contract with the body corporate. Prior to the last amendment to the Act they could be given a months notice but this was found to be problematic for continuity. It is now necessary to give notice before the renewal date of the agreement or they are automatically appointed for a further year. Often an agreement will state that 3 months notice must be given of cancellation and I have no problem with this. Note that this is not the same as the date of the AGM but is an annual renewal date for their contract.

Where I do have a problem is where managing agents make it as difficult as possible to cancel their contract even where the trustees are not happy with the service that they are given. Clauses added to the agreements include such that the Trustees cannot give notice to the managing agents, even through they were appointed by the Trustees, but that there must be an expensive and time consuming Special General Meeting of which at least 30 days notice must be given and on the agenda of which the dismissal of the managing agents has to be an item. We all know how difficult it is to get a quorum for any meeting never mind a SGM. If you have this sort of clause in your managing agreement I believe it should be made a special item in your next AGM meeting (giving the necessary 30days notice as well) so that you can decide to renegotiate your contract with your managing agent to remove this clause.

100% BONDS AVAILABLE AGAIN FOR ALL!

For the first time in more than two years Platinum Global have been able to obtain a 100% loan on a run of the mill home. Wonderful news!

However, do not get too excited just yet. While the banks have eased up somewhat on their bond granting they are still handcuffed by the Credit Act and will not give high percentage bonds to anyone who has a bad debt history. It is vital that you pay off your credit cards and shop accounts on a monthly basis so that you get a good credit reference. Non-payment or late payment will only make it more difficult to get further credit of any kind.

With the current low interest rates that are being charged, now it the best time to pay off any debts that you have. Saving money in the bank for your new homes simply does not make sense if at the same time you are still paying 18% plus on your car or credit card, rather use your cash to get rid of these debts. Not only will you pay less interest but also you will be proving that you are a great person to lend money to all at the same time.

Whist it is unlikely that bond interest rates will rise quickly or to the same high levels that we have seen for many years before the drop in rates two years ago, it is prudent to understand that if you are granted a bond at 10% and interest rates rise to 12.5% (still relatively low) that you will be paying 25% more each month. Plan to pay off your loan as soon as you can. Make an effort to pay half your birthday/annual bonus as a one time extra payment off your loan. Pay a few Rand extra each month. Paying R5,000 pm month instead of R4,825.11 pm would mean that your R500 000 bond is paid off 2 years quicker and you will save R115,802! Another trick is to pay an extra 10% every year – just see what you save then.

While banks will not be giving 2% discounts as they did some years ago they are still prepared to drop the rate a bit. Negotiate to get as low a rate as you can. Pay off at the higher rate anyway....save, save, save. In the recession the people who suffered where not those who bought 3 or 4 years ago and have kept their payments up to date. It was those that bought in 2007 at the peak of prices and just could not afford to pay the higher bond rates when they came along. Do the sensible thing - get ahead of the rat race by paying the biggest deposit you can and paying off your bond fast!

To find out what properties are available contact Mike Spencer at 082 881 4711 or Anne Snyman at 084 324 1055.



PENTAGON PARK DEVELOPMENT

BEAUTIFUL UNITS FROM R899,000

In the current market, there are few new developments to choose from. RIA BITAN is the exception! Just looking at the interior design makes you want to own one and live there yourself – even though they will make excellent investment properties. Situated in the newly developed northern segment of the suburb, Ria Bitan is being developed on one of the last remaining available townhouse sites. Coming onto the market at just the right time, it offers investors the opportunity of buying a new well designed and built townhouse at a price that should leave ample room for growth.

Ria Bitan offers a choice of 136 sq metre two bedroom 2 garage units from R899,000 to R949,000 or 3 bedroom 2 garage units of 150 sq metres in a price range from R999,000 to R1,049,000.

The position, size and design of these units make them ideal for own use or investment properties as new development that come on to the market now will tend to be considerably more expensive than units already built. To view contact Mike Spencer 082 881 4711 or Anne Snyman 084 324 1055

SPACE FOR BODY CORPORATE MANAGEMENT

Andrew Spencer, son of Mike & Jill has joined Platinum Global to head their body corporate management division. Andrew who has a B Accounting degree and is currently finishing his B Tech Honours Internal Auditing has been holiday working for the company since he was at school – so he has a lot of background in real estate management.

Since joining the company two months ago he has brought on board White Horse Lodge and the 117 unit Constantia Park. To expand Platinum Global's management capability Andrew has employed an additional bookkeeper to do all the body corporate booking activities. As the department grows an additional body corporate manager will be added to the department.

The increased activity that these new buildings have created has opened the way for an additional letting manager in the residential letting department.

Said Andrew, "We will be looking to take on additional body corporates so that they can also receive our easy to understand management and reporting system but this will be a steady process so that we have time to take them on one at a time and give them the proper take on processing that many need"

Contact Andrew at platinumglobal@telkomsa.net or 051 447 4711

COMPETITION TIME

Bergen's
Appliance
Repairs & Spares

"We keep them working"

Bergen's repairs all types of domestic appliances. I know that you all read The Landlord every month.

If you can tell me how much they charge for collecting and delivering your appliances and quoting for their repair you stand to win a prize kindly donated by Bergen's Appliances.

Just email your answer to mikehome@telkomsa.net. Is it? A. R100 per item, B. Nothing C. They pay you R100

Give their service I try – you will be surprised how good it is.

SECTIONAL TITLE RULES CHANGES UP FOR COMMENT!

Various changes are proposed to the Sectional Titles Act mainly to make management easier. Many of them may be thought of as technical but a number of them are quite important.

An interesting one is that in future the use of exclusive use areas will be describe on the sectional title plans and those areas will only be able to be used for that purpose ie a garage could not be used as an extra room.

Where a unanimous resolution is difficult to get because of small number of reluctant owners it will now be possible to go to court to get this overruled. It will not be an easy process to achieve but could be used for example in the case where one owner out of 100 is reluctant to approve the sale of a portion of the common property that is not used.

Receiving the approval of mortgage bondholders will be made easier where this is required to change the size of units. It appears that not all bondholders in a building but only those that are in association with or can view the involved unit will have to give permission. It is also going to allow for notification with 30 days to object or an assumption will be made that the bondholder has no objections.

There is a proposal to make buyers pro rate liable for the levies and any special levies that are payable over a period of time after the date of transfer. The first is done in practice but the Seller should at this stage always pay special levies.

WANTED STUDENT FLATS

It is that time of the year again when parents start looking for places for their children to stay when they are studying at the University of Free State (UFS).

Increased student numbers and residence rule changes at UFS hostels has added to the demand for off campus accommodation. The choice is between buying and renting. While the rental option may appear to be cheaper than buying, it is not the only option. Students tend to stay at Varsity between 3 to 7 years. During that time prices tend to rise between 60 to 100%, which may make renting less attractive from a real cost basis.

If you are thinking of selling a flat or townhouse suitable for student accommodation contact Mike Spencer or Anne Snyman for professional advice and factual price guidance.



2 Bedroom Delight R440,000

A Platinum Global managed body corporate with good and getting better reserves, which makes owning here an easy investment. Suitable for renting out and for retired people this spacious unit is complete with private carport. A lovely little investment - our family own one here. Call Mike Spencer 082 881 4711 for your next buy.



Universitas R690 000

Huge roomed 3 bed roomed ground floor flat with lock up garage and extra parking within easy walking distance of UFS. Currently let to 3 lady students it is the ideal flat to own for your children's use or as an investment. Very rare opportunity that is not to be missed. Call Mike today 082 881 4711 mikehome@telkomsa.net

BARGAIN OF THE MONTH

This one WILL sell quickly even in today's market!



R580 000 GROUND FLOOR 2 BEDROOMS 2 BATHROOMS GARDEN
Ideal retirement unit. Ground floor with 2 bedrooms, private garden and lock-up garage in modern building. Would suit widow or retired couple. Quite building with dedicated trustees. Recently taken over by Platinum Global Body Corporate management department.

Just one of a wide range of available townhouses and flats in our portfolio.

Call Anne Snyman today! 084 324 1055

We have buyers for flats and townhouses in most areas.

Not happy with your letting agents! Call 051 447 4711 and ask us what we can do for you.

PROFESSIONAL PROPERTY NEGOTIATOR WANTED!

The Estate Agency business has changed dramatically over the past few years. No longer is it possible simply to become an estate agent in the good times and leave the industry when times get tough.

Both employee agents and principals now have to obtain passes in Real Estate. NQF 4 for agents and NQF5 for Principals. NQF7 degree courses will also be available shortly. Existing agents will be able to get exemption from some or all of the subjects if they can prove that they have the requisite experience or qualifications. This is a good move in the right direction of having properly qualified estate agents that are able to give proper advice to their clients.

With the residential market on the brink of a turn around and improvement Platinum Global are looking for enthusiastic people who have a passion for property. Positions are available for both the house and sectional title market for most areas of the city. Exiting estate agents would still need to qualify for exemption or pass the NQF4 Real Estate exams with new entrants having to undertake the full NQF4 course. It is well worth doing, covers a range of subjects far wider than residential sales, and helps to create a well-rounded estate agent.

Sound interesting? Call Mike Spencer to find out more. 082 881 4711.

COLLECTING ARREARS IS NO LONGER SO EASY.

The Debt Collectors Act is making the collecting of arrear rentals a problem for many letting agents. While it seems ridiculous, the collection of arrear rents/levies is now being considered the collection of debt and is subject to the new act. Where estate agencies charge a fee for writing letters to late payers they are now considered to fall within the act and are being asked to register with the council. There is serious dispute as to whether or not the non-payment of rental falls within the description of debt as the Act was obviously intended to cover the situation where a credit arrangement is in place and not where a simple payment for current use of an asset is intended. Even in a Body Corporate the council is claiming that collecting of arrear levies is a debt collecting and credit related function even though this was never in the mind of either the body corporate or the owner of the unit. The managing agent is now forced to write a formal letter of demand before further action can be taken and this takes extra time and effort by the managing agent.