

# The Landlord

For Landlords and Sectional Title Owners



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## Owner Buyers & Investors Snap up Saratoga & Oakleaves Village

The developer of last month's featured developments was delighted with the take up of units in both buildings. Saratoga in Wilgehof, the slightly cheaper of the two schemes, is virtually sold out, while Oakleaves Village, at Bains Game Lodge is selling exceptionally well. These 2 bedroom 1 bathroom units are beautifully built with low maintenance light face brick walls (aluminium windows for Oakleaves), and light oak wood finishes for all the cupboards which adds to the modern and light feeling of these moderately priced homes. The first owners will be moving into these units in April. A few of the Saratoga units are being converted into ground floor cottages, half of which will be 3 bedroom units with garages. These should be really popular.

Ria Bintan, the other development featured in last month's newsletter has also sold well – only one unit remains unsold of the 20 set aside for sale. The remaining 20 will be retained by the developer and will be rented out.

## Don't let your Chairman be a Bully!

A Chairman (or lady) is simply one of the trustees that has been chosen by all the trustees to act as Chairman. He or she has no special rights or voting. Trustees are there to represent all owners – fairly, even-handedly and with sensitivity. The trustees are there to run the body corporate on behalf of the owners in the scheme. They are there to see to the day to day running of the body corporate, to ensure that the AGM is held on time and complies in all respects to the rules set out in the Sectional Title Act, to ensure that the booking keeping is properly kept and up to date and to make sure that the building is properly insured. They are there to do everything that is necessary to run the body corporate including ensuring that the budget (which is confirmed at the AGM) is properly set up and that everyone pays their levies on time. When necessary they are there to raise and collect special levies. However they do not have special rights over and above ordinary members. For example they cannot decide to put up luxurious improvements without the approval of members and must give proper notice of such special levies so that owners cannot object. They must treat every owner equally and with dignity. Some Chairmen think they have special powers – they don't. Rule 56f says that any business other than items set out in 56 is special business and therefore in effect 14 days notice must be given before these items can be discussed. However many Chairmen and managing agents use this as a smoke screen to stop discussion of items that are causing problems. If you have a really difficult Chairman then make a point during the year of writing and insisting that items be included in the agenda under special items. One of these items should be General. In this way many small items can be added to the agenda which will allow owners to talk about things that frustrate them – or the trustees have forgotten or don't want to talk about! Allowing General on the agenda is often a safety valve for a body corporate. An ideal Chairman is a reconciler not an aggravator. He should be bringing people together not pushing them apart. He should be a problem solver not a problem maker. He should be even handed not favouring his friends. A good Chairman will make owning a sectional title unit a pleasure but an argumentative one will make life hell for everyone.

The rental market has been strong since the beginning of 2010. Even the smaller bachelor flats in Willows are now full! One and 2 bedroom flats are in very short supply in any part of town. Even more expensive rental houses are difficult to find while more normally priced houses are in good demand. When buying rental property it still pays to ensure that you are buying into a strong well built building, age not really being a disadvantage. Some modern buildings may not have been well built and this could result in expensive repairs before long. Older buildings often require less long term maintenance. Check how well the body corporate is being run. Ask to see the last annual financial report and check the current monthly accounts. They should be up to date – make more enquiries if they are not. Good parking is a big attraction to tenants as more and more tenants have more than one car. Some rental properties have spare space for extra parking and tenants will pay extra when more parking is available. Jocapa in Andries Pretorius St is a good example where a large area has been set aside that gives space for almost every flat to have extra parking. Platinum Global has been appointed to managed Kings Court in King Edward Rd in Willows and another building which is being built. They also been appointed to manage 2 new body corporates.

### How long does it take to do the accounts?

The Annual General Meeting must be held within 4 months after the end of the financial year, but many body corporates fail to do so and hold their meetings months or even years later. If you own a unit in a building where your AGM is not being held on time - do something about it. It may be holding many evils!

What can be done. Well firstly talk to the managing agents and ask them why the meeting is not being held on time. Perhaps their accounts are in a mess. Perhaps they have not sent the accounts to the auditors yet and need to be pushed. Perhaps the Chairman is holding things up. Whatever the reason it must be sorted out.

If you still cannot get it sorted out start talking to other owners and perhaps other trustees. Are they finding the same frustrations. Remember if you are unhappy with the situation and you can get 25% of the owners to sign a request in writing, then the trustees have to call a special general meeting to talk about the problems. If they refuse to do so then those owners are entitled to call the special general meeting themselves.

Well run body corporates create monthly reports of income and expenses which are done every month within 30 days of the month end. These reports should show owings and payments made by owners and what action has been taken against owners who have not paid their levies. It should also show the expenses for the month (for each expense there should be an invoice) and what profit and loss has been made for that month. Good managing agents will have balanced these accounts with the money in the bank and taken off the total cash any levies in advance, deposits, electricity in advance etc so that the trustees and owners can see exactly how much money is actually useable. Remember this is not spending money but rather the body corporates savings (including the reserves).

Accounting in this way makes it very easy to see how healthy the body corporates finances are. Accounts should be kept up to date. If they are then it should be possible to have the accounts audited quickly. If not then it could take years to have your accounts audited!

### Are your Sectional Title Plans Right?

When did you last check your sectional title plans against the size of your individual units? Have you ever done it?

Recently Platinum Global took over a new body corporate only find that the registered plans looked nothing like the units on the ground. Over the years owners have changed garages into bedrooms, have built additional garages, carports, braais, have enclosed other areas of the common property.

This has created a grossly unfair situation. Owners with larger units are paying less levy than those with smaller units. A more serious problem is that the insurance cover on the building is not correct. Many of the units are grossly underinsured as the insurance is based on the registered size of the units. The additions are uninsured unless the owner asked for additional insurance. Owners would be very disappointed if their unit was damaged or destroyed.

This is probably not an isolated case as it is obvious that many owners have made changes, both illegal and legal, to their units. A check at the planning office showed that only about half of these changes had been approved by the local authorities. Owners must remember that they may not use areas of their units (carports, garages) for other purposes mainly because it has an effect on the proper parking ratios.

The cost of getting sectional title plans right can be very expensive. Not only do the sectional title plans have to be updated and the local authority approval obtained but the written approval of each and every owner plus that of every bond holder has to be obtained if any of the changes are bigger than 10% of the unit! This can be very time consuming and expensive but it has to be done. The sooner the plans are corrected the better. Trustees cannot simply give permission for changes to be made to the size of units in the scheme or changing of the use of parts of the building. These must be brought to an AGM for approval of all the owners and it must be on condition that local authority approval is obtained together with written approval of all owners and bond holders BEFORE changes are made. If it is not tackled this way then you are simply delaying the time and cost of having it done – and perhaps making a new owners pay for the sins of the old!

### Are you making too many insurance claims?

Insurance companies have noted an increase in dodgy insurance claims and this is causing them a lot of money. They are seriously looking ways of not paying out insurance claims.

One needs to remember that insurance claims are intended to cover unexpected “act of god” events such as storms, lightning, accident etc. It is not intended to cover items such as leaking pipes, or leaking roofs which are effectively wear and tear items and thus part of the normal maintenance of a body corporate scheme. Be very aware that insurance companies are seriously considering not covering sub sequential damaged caused by lack of maintenance. It is the trustees responsibility to maintain the property properly. Not inspecting and maintaining roofs, cleaning gutters, is no excuse.

Trustees should check their claims record to ensure that they are as low a percentage as possible. Claims over 60% should raise alarm bells. This matter should be taken very seriously as owners will not be happy when their claims are rejected.

#### HAVE YOU CHECKED YOUR FIRE FIGHTING EQUIPMENT?

Cover could well be refused if you have a fire and your fire hoses and extinguishers have not been serviced on a regular basis. They have to be checked every year. While you would expect the fire companies to have a diary system to remind everyone when the next service is due you cannot rely on it. I have seen a number of buildings where the fire fighting equipment is years out of date!

It is very simple to check the last time they were serviced as it will give a date of service and expiry date. Check yours tomorrow.

Watch out for unrepaired items which could result in claims by owners and visitors. Some years ago the owners of Wistaria had to pay out 100s of 1000s of Rand to a person that had hurt themselves on broken stair tiles. Have a look around your building to check if there are any potential dangers. Loose handrails, missing stair noses, badly set lift that does not stop at the landing level, holes in the walkways, locked or blocked fire escapes. Diaries an annual inspection to check the condition of your building looking from the roof to the basement – it could pay dividends – lower dividends on your insurance.

### **Bargain Time**

**Especially well priced properties that are seen as good value for money. They may be investment or own use properties.**

**Jocapa R330,000.** Spacious 1 bedroom flat (choice of 2) at very good price. Nice property for own use and popular letting property. Big advantage with this building is the amount of additional parking that allows your tenant to have 2 cars!

**Naval View R 340,000.** Well loved and popular building opposite to President Hotel in Union Ave. Looks out on to Naval Hill. Complete with carport. Good letting opportunity. We own one here.

**Blaauwberg R380,00.** Extra large first floor north facing 1 bedroom flat in well managed building. Popular with long term and involved owners.

**Long St house R500,000.** Owner going to specialize and has asked us to sell this well looked after property. 3 bedroomed affordable home.

**Universitas Lanzerac R560,000.** Large ground floor 2 bedroom north facing flat within easy walking distance to UFS. Well priced unit with garage and additional parking areas available. Good investment or student flat.

**34 ha small holding 20 k from town R870,000.** If you love the country you will love this one. 34 ha is the size of 8 normal small holdings. It has 4 boreholes all in the wrong position, but good water is around you with neighbours with pivots! Lovely place to build your dream home, keep horses or just relax

**Bayswater R950,000.** Quiet crescent north facing south entry home with very large rooms. Elderly couple now ready to retire. Wonderful opportunity to own a solid house with huge potential. Very well priced for size, position and condition. Ideal up grade property.

**Brandwag R970,000.** Well positioned private home close to entrance of UFS. Available as student home ideal to buy and put your own kids in. Can also be let out. Brandwag is a growing area and a good one to invest long term in. This would make a great investment property.

**Bainsvlei smallholding R1.3.** 4.28 ha small holding with spacious 3 bedroom 2 bathroom 2 garage home. Full security. Space to build second property.

**Groenvlei extensive house with cottage and pecan nut trees R2.25m.** Large roomed house with big modern one bedroom cottage on small holding close to Woodlands. 50 pecan nut trees. On tarred road for easy access. **PHONE 051 447 4711 OR 082 881 4711**

### **FIRE FIGHTING COURSE BEING ARRANGED FOR TRUSTEES, UNIT OWNERS AND LANDLORDS**

Have you ever used a fire extinguisher or fire hose? Many of us have not and would be stumped if we suddenly needed to do so in a real fire. While your building is (hopefully) fully insured the trauma and drama of having a building catch fire is severe. It would be far better if you knew what to do.

Platinum Global, as a service to its body corporate owners, in conjunction with Centa OFS Fire Services, is arranging a Saturday morning fire equipment demonstration and basic training session. Trustees, unit owners and landlords are welcome to attend. It is highly recommended that your cleaning staff also come along as they are the ones on site during the day. Due in mid April early booking is essential. Pre-book at [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net) and we will keep in touch.



### **WHOLE BLOCK OF FLATS R5,500,000**

Rare opportunity to own a complete block of flats. Fully let with rental history. Managed by Platinum Global. Well situated north of city. In great area and well constructed. Well liked building close to Oranje Meisies School gives potential for upgrading into superior units. Price negotiable for serious buyers.

Platinum Global have buyers for a wide range of commercial and bulk residential blocks. Talk to us about subdividing your building into individual flats, offices or even shops.

For all enquiries contact Mike Spencer Platinum Global 082 881 4711 or [mikehome@telkomsa.net](mailto:mikehome@telkomsa.net)



### **LANGENHOVEN PARK SUPER SIZE HOME**

An interesting 4 bedroom home with almost new open plan kitchen. Lovely low maintenance exterior with established garden this home offers open plan lounge, tv room, separate dining room, courtyard pool and entertainment and a quiet location. This property can be purchased with or without a super sized garden. Built in the 1980's this is a great family home with large rooms sunny and north facing. This is one of those houses that just feels right. Rooms are especially large with a study that has been designed for privacy and outside access. Talk to John Searle at 072 140 6753 to find out more about this and other homes in the Langenhoven Park suburb.

### **NOT LETTING THROUGH PLATINUM WHY EVER NOT?**

Lots of people do! We look after a great number of rental portfolios big and small. Residential and commercial. Whatever you need just talk to us. We are able to advise on correct rentals for your property and undertake rental valuations.

Whatever your needs contact Bloemfontein best loved professional rental company – Platinum Global

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