

NAMA NEWS

September 2018



NATIONAL ASSOCIATION
OF MANAGING AGENTS
SHAPING OUR PROFESSION

Disabled People: Body Corporate Responsibility

CORPORATE MEMBERS

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INSURANCE



SECTIONAL
TITLE
SOLUTIONS



weconnectu
INTELLIGENT PROPERTY
MANAGEMENT SOFTWARE (IPMS)

GLOVENT
SOLUTIONS

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DISABLED PEOPLE: Body Corporate Responsibility

by Cilna Steyn, SSLR Incorporated

For many of us, wheelchair accessibility, braille marked buttons or voice operated lifts are not even something that will ever cross our minds.



DOWNLOAD ARTICLE

When we are fortunate enough not to be in a position where these things aren't even a consideration, we sometimes lose sight of how crucial it can be for others. According to STATS SA, in a 2014 publication, we have a national disability prevalence rate of 7,5% in South Africa.

In terms of the white paper on Persons with Disabilities, an obligation exists to provide reasonably accessible accommodation for disabled people. The National Building Regulations require all buildings, excluding a few specific buildings for instance, high risk industrial buildings and buildings attending to mine activity and so forth, to comply with the regulations regarding access for disabled people. These regulations require, amongst others, wheelchair access to buildings and easy wheelchair movement within the building.

According to STATS SA, in a 2014 publication, we have a national disability prevalence rate of 7,5% in South Africa.

In a sectional title scheme, the position is that all common areas must comply with the reasonable accessibility requirements. The unit, as well as exclusive use areas, are however exempt from these requirements.

The question now arises, what would the position be in a case where the developer did not comply with these regulations and a disabled person would like to move into the scheme and, as such require compliance with the building regulations? Who would have to fit the bill for these improvements to the building or common areas? Since this is a requirement in terms of the National Building Regulations Part S, the answer is simple: this will indeed be a body corporate expense. If, however the scheme is still in the development process

and the body corporate has not yet been established this will be an expense for the developer. It is crucial for all developers to keep this in mind, even more importantly, this is something that should be considered as part of due diligence when a purchaser is considering buying into a sectional title scheme, as these upgrades can have a considerable effect on body corporate expenses, and accordingly on levies in the future.

Should a situation like this arise and the body corporate's administration fund does not have sufficient funds available to attend to the required upgrades, the best solution would be to call a special meeting to raise a special levy to upgrade the scheme to comply with these building regulations.

Upgrading sectional title schemes to allow reasonable accommodation for disabled persons is necessary for all bodies corporate to consider so as to ensure compliance. Once the necessities are in place, a scheme can then incorporate the essential maintenance as part of its 10-year maintenance plan to avoid unexpected expenses.



by Cilna Steyn, SSLR Incorporated

Intelligent property management **software**

Designed by the industry
for the industry



compliance challenges - business at risk?



Are compliance challenges putting your property management business at risk?

Legislation like the Sectional Titles Schemes Management Act and the Community Schemes Ombud Service Act may be a positive step for community schemes in general, but few would deny the additional complexities that they have added to the property manager's role.

Where a straightforward secretarial service may have sufficed in the past, modern property and portfolio managers have a far higher bar to meet. Failure to comply with the new requirements could also result in some pretty serious consequences,

including loss of business and reputation or even incarceration and/or heavy fines.

To maintain compliance – and avoid those consequences – a property or portfolio manager needs to be able to answer the following questions (and more) at any given time:

- Has my team taken accurate and detailed minutes of every, single trustee meeting and successfully distributed them within two weeks of the meeting date?
- Has the AGM pack (including agenda, previous minutes and financials) been circulated timeously, according to the community rules and/or the ACT?
- Has all the necessary documentation including loss of business and reputation or even incarceration and/or heavy fines.
- Has my team taken accurate and detailed minutes of every, single trustee meeting and successfully distributed them within two weeks of the meeting date?
- Has the AGM pack (including agenda, previous minutes and financials) been circulated timeously, according to the community rules and/or the ACT?
- Has all the necessary documentation
- Have all the necessary documents been submitted to CSOS after the AGM?
- When last was a full property valuation performed, and when is the next one due to comply with the mandatory 3-year valuation update?
- Are the administrative and reserve funds being adequately separated and managed, and do trustees have consistent access to the latest budget reports and information?
- Do I have concrete proof of trustee approval for expenditure (when required)?
- Are all my invoices and records easily available for audit?
- Do I have a reliable record of all

official communications with my clients?

Despite the risks of non-compliance, many property management businesses are still struggling to consistently meet all these requirements. Why? Because traditional workflows and tools simply don't have the necessary transparency and collaborative capacity to effectively manage and oversee all the moving parts.

The reality is that when different individuals or departments take on different responsibilities and have to manage them on a number of different platforms, progress and accountability become extremely difficult to track. As a result, portfolio managers, trustees and community members are often left unaware of just where they fall on the compliance spectrum, despite the best intentions of everyone involved.

But what's the alternative for those unwilling to risk falling foul of the regulations? Like many things in life, it's all about finding the right tool for the job.

WeconnectU's Community Management Software is a great example of a modern solution that has been designed to solve the specific challenges facing today's property management industry.

One of its primary benefits is that it centralises all workflows onto a single, intuitive platform with a consolidated overview of the status of each stakeholder and their associated processes. This not only improves efficiency and transparency, making projects easier to run and more cost-effective, it also gives managers and business owners an instant overview of issues like compliance.

Importantly, WeconnectU also provides live reporting for trustees and automated, centralised and secure cloud storage for all documentation required for day-to-day business and annual audits. This includes distribution records, scheduling, meeting minutes, financials, invoices and official communications. It effectively ensures that everything stays in one place, and that you never lose access to data that could be vital to prove your scheme's compliance.

- Running a property management business may not be quite as straightforward as it used to be, but that's no reason to risk the severe penalties that accompany non-compliance. By choosing the right solution for your team, you can streamline all aspects of the management process, and rest assured that you are fulfilling all your responsibilities under the law.



For more information on how WeconnectU could revolutionise your property management business, call James on 084 500 0172 or email james@weconnectu.co.za.

Nedbank provides real-time working capital solutions with great benefits

Nedbank understands that managing your working capital is crucial for your business to function seamlessly, especially in the property sector.



Poovendran Naidoo
National Head: Transactional
Banking, Global Trade and
Investment Sales

This is one of the reasons Nedbank has teamed up with payment partner Pay@ to devise an innovative SMS payment solution that gives clients the ability to pay through a payment link. The link can be sent to your clients by SMS.

And this solution comes with many benefits:

- Validation of transactions as they happen – eliminate unallocated payments in your backoffice.
- A single integration point for payment channels, making full real-time integration or offline integration with real-time payment notifications possible. This needs to put in simple language – what does it mean?
- Prepopulated references that ensure accurate reconciliations.

- Reconciliation of all payments with a detailed report and daily bulk settlement.
- Enhanced short-term cashflow through effective cashflow management.
- Better client service through simple, safe and convenient payment mechanisms offered to your clients.
- An effective funds collection mechanism and better debtor management.

For more than four decades the National Association of Managing Agents (NAMA) has played a key role in educating its members on the regulations and terms and conditions that govern the property industry.

'Nedbank is committed to providing innovative solutions and is confident that solutions such as **Pay@ allow its clients, including NAMA members, to focus on their business** and remain confident that their financial needs are being met,' says Poovendran

Naidoo, Nedbank National Head of Transactional Banking, Global Trade and Investment Sales.

'This solution is in line with the Nedbank **Whole-View Business Banking™** philosophy, which complements and addresses business needs by providing a bird's-eye view of your business and a different perspective on how your money needs to flow to match your goals with our Whole-view Business Banking™ approach, Nedbank gets a bird's-eye view and deep understanding of your business and its needs. Our dedicated team of experts will partner with you to tailor a financial solution for your business,' he adds.

To find out more about **Nedbank's SMS payment solution with Pay@** please contact your transactional specialist or send an email to business@nedbank.co.za.

see money differently

NEDBANK

Solar Energy

in Sectional Title Schemes

by Dr Gerhard Jooste, Sectional Title Solutions (Pty) Ltd

1. INTRODUCTION

The phenomenal growth of solar power generation is an international phenomenon. It is estimated that since 2000 the average growth rate of photovoltaic installations has been 40% per annum. Studies on climate change driven by the use of fossil fuels have made it clear that this trend is not only necessary but needs to accelerate. If you look around our cities today you will see solar panels being installed

at shopping centres, industrial sites and increasingly in residential areas as well. The cost of these installations has come down so dramatically that it is possible to produce electricity at a lower rate or tariff than the municipal cost of electricity. As a matter of a fact, some companies now offer a solar installation for schemes at no capital cost. All they require is that the Body Corporate buys the electricity produced at a rate that is usually lower than the present cost to the Body Corporate. This raises the question how a Sectional Title Scheme ("scheme/s") can resolve to install solar panels?



2. WHAT DOES AN INSTALLATION ENTAIL?

A typical solar power installation consists of solar panels and inverters. The panels are mainly glass panels that contain silicon cells. It is possible to add storage (batteries) to the system but the cost of the batteries is still very high. Adding batteries to an installation will push the cost of the installation up to the extent that the cost of the electricity produced is higher than the standard municipal cost. Accordingly, most of the solar power installations in schemes will tie-in with the present electrical network without batteries. In simple terms, it means that solar electricity is combined with the existing municipal network displacing some of the daytime consumption in a scheme. Solar electricity without storage will not take a scheme off the municipal grid.

3. MODELS OF AGREEMENT OR INSTALLATION

The Electricity Regulation Act No 4 of 2006 (as amended) provides for installations not larger than 1 megawatt on a site for own consumption without a licence (There is a requirement to register these installations. The rules regarding registration has been published for comment and was withdrawn recently). There are, at present, two models for the installation of the Solar panels with different requirements in terms of the decision-making process.

- a. If the Body Corporate buys the installation outright, it is an improvement on common property. My simple definition for an improvement (as used in the Sectional Titles Schemes Management Act, No 8 of 2011 (the STSMA)) is equipment, installations or buildings of a permanent nature that did not exist on the common property before, and will now be installed, built or erected (there is no definition of “improvement” in the STSMA or the regulations thereto). The Management Rules (found in Annexure 1 of the Regulations to the STSMA, 2016) distinguishes between “reasonably necessary” and “not reasonably necessary” improvements. I believe that a solar power installation is an improvement that is reasonably necessary. Management Rule 29(2) prescribes that, for a reasonably necessary improvement, the Trustees can resolve to proceed with the project. They must, however, notify the owners of their proposed intention. This notification must include a) the cost of the installation b) details on how the cost will be met and c) the motivation for the installation (including drawings). Owners must then be given 30 days’ written notice of the preceding information in a) to c). During this period any owner can object to the proposed installation and request a meeting of owners to resolve the issue. If no owner

requests a meeting within the aforementioned 30 days, the Trustees can proceed with the installation. If an owner, however, requests such a meeting, then it must be called, and the owners must then resolve to proceed by way of a special resolution (75% of the owners attending the meeting, whether in person or by proxy, must be in favour) before the proposed installation can go ahead. This procedure will also apply if the Body Corporate signs an agreement in terms of which the ownership of the installation is only transferred at a later stage.

- b. The Body Corporate can alternatively contract with a service provider to deliver a service (provide solar electricity) to the owners and tenants. The outside party will then erect its own solar equipment on the common property and sell the electricity produced to the Body Corporate, a reseller of electricity or directly to owners and tenants. The installation will be removed at the end of the agreement and is not of a permanent nature. Therefore it is not an improvement on common property. In terms of Management Rule 21(3)(e) Trustees may, by way of a written Trustee resolution, resolve to contract with the service provider.
- c. It is also possible for a service provider to lease the common property for delivering this service to owners and tenants. The STSMA however requires a unanimous resolution of the owners for such a lease agreement (which, by definition in the Management Rules, must

exceed 10 years). This means that all owners must agree in writing or alternatively a meeting can be called where at least 80% of the owners must attend (in person or by proxy) and all attending must agree. If, however, ownership of the installation is transferred to the Body Corporate at the end of the lease agreement then the procedure mentioned in a. above will also apply.

- d. If an owner approaches the Body Corporate to install solar panels for own consumption, a whole different situation and resolution process will be applicable, which is beyond the scope of this article.

**Solar energy is financially viable and responsible
Trustees should investigate the possibility for their
Scheme. It is clear that points a. and b. above are by
some distance, the more appropriate and effective ways
for a Body Corporate to install solar power generation
equipment on the common property.**

Ground Floor, Block 3, Northdowns Office Park,
17 Georgian Crescent, Bryanston

+27 11 977 1977

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SECTIONAL
TITLE
SOLUTIONS

NAMA 2019 National Conference

SAVE
THE DATE

18 - 20 SEPTEMBER 2019

The Boardwalk Hotel,
Port Elizabeth



NATIONAL ASSOCIATION
OF MANAGING AGENTS
SHAPING OUR PROFESSION

New Introductory Programme

NAMA AND ENTERPRISES UNIVERSITY OF
PRETORIA – ANNOUNCES NEW INTRODUCTORY
PROGRAMME IN SECTIONAL TITLE MANAGEMENT

NAMA believes that education is the best investment. It is also NAMA's mission to nurture growth in the industry and to adequately train professionals to effectively manage the affairs of community schemes.

It is not only important that a community scheme employs the services of an accredited, well-trained and successful managing agent but that a managing agent company can employ a professional property manager.



Since the latter part of 2016 the NAMA Executive envisioned a joint collaboration with Enterprises University of Pretoria to develop a programme that will not only professionalise the industry but provide a career path for people working in the industry. It was further envisaged that this would move NAMA and the industry closer to widespread acceptance of community scheme management as a profession.

We are delighted to announce that NAMA and the University of Pretoria, have completed the development of the 1st phase, being the introductory programme, of a three-year course in sectional title management.

It is anticipated that this programme will improve standards of professional practices and enhance the reputation of the community scheme profession.

NAMA envisions that this programme will align the organisation with international standards and be at the forefront of endorsing and accrediting membership to the organisation in the future.

THIS IS YOUR RENEWAL SEASON!

Take responsibility and renew your
2019 Fidelity Fund Certificate before 31 October 2018



Ensure payment is made within the prescribed period. Failure to pay on time leads to the accrual of monthly penalties.

It is important to note that the renewal of your Fidelity Fund Certificate will only be issued provided that the estate agency firm is not disqualified in terms of section 27 of the Estate Agency Affairs Act.

Both Fidelity Fund Certificate annual renewals and late renewal penalty fines are managed through the link <https://www.eaab.org.za/myffc> “Renew Individual FFC” to obtain your FFC for the preceding year.

The renewal of Fidelity Fund Certificates for 2019 will be open on **01 July 2018** via the MyEAAB agents portal available on the EAAB website www.eaab.org.za

For further assistance contact our Contact Centre
+27 (0)87 285 3222



Events

WESTERN CAPE REGION

19 OCTOBER 2018 – Breakfast Seminar

23 NOVEMBER 2018 – Breakfast Seminar

Please contact Kate at namawc@nama.org.za for more information.

EASTERN CAPE REGION

24 OCTOBER 2018 – Regional Meeting

Please contact Lizbé at namanorth@nama.org.za for more information.

GAUTENG EAST REGION

13 OCTOBER 2018 – Sectional Title Flagship Seminar

**7 NOVEMBER 2018 – Regional Golf Day for Gauteng West
and Gauteng East Regions**

Please contact Isabella at namaeast@nama.org.za for more information.

GAUTENG NORTH REGION

10 OCTOBER 2018 – Breakfast Seminar

**20 OCTOBER 2018 – Sectional Title Training Seminar,
Emalahleni (Witbank)**

**10 NOVEMBER 2018 – Sectional Title Flagship Seminar,
CSIR, Pretoria**

Please contact Lizbé at namanorth@nama.org.za for more information.

GAUTENG WEST REGION

**7 NOVEMBER 2018 – Regional Golf Day for Gauteng West
and Gauteng East Regions**

Please contact Isabella at namaeast@nama.org.za for more information.





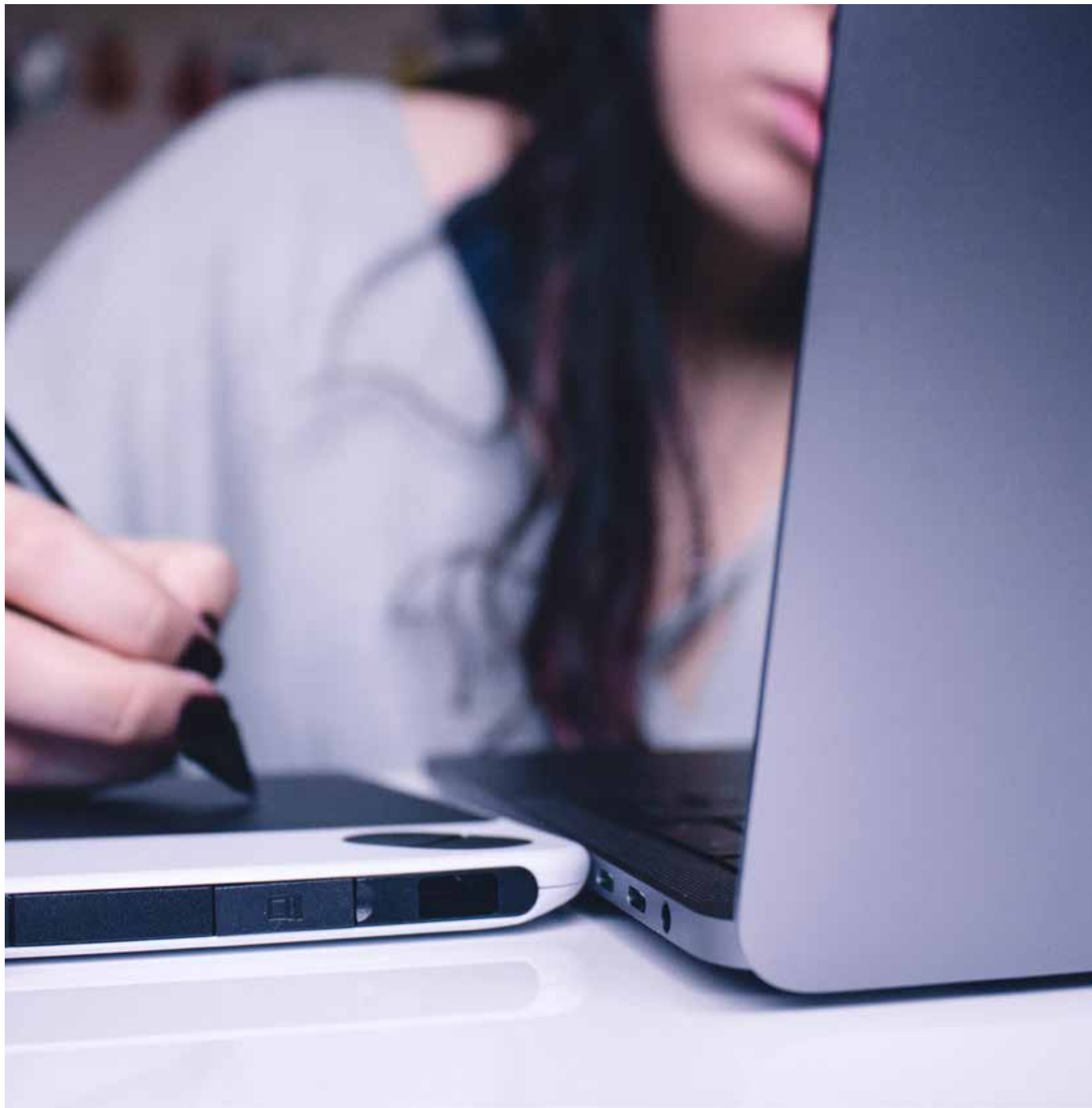
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**Contact person : Lizbé Venter
(namanews@nama.org.za)**

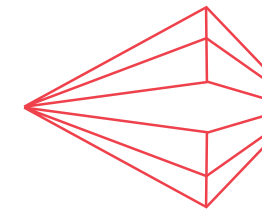
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MEDIA

FOR DESIGN ENQUIRIES:
076 041 8933
INFO@THATTTOUCH.CO.ZA