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OF MANAGING AGENTS
SHAPING OUR PROFESSION

NOVEMBER 2017 | NEWSLETTER/BULLETIN

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PAYMENT OF CSOS LEVIES

Article by Prof. Graham Paddock

CSOS Levies: Q&A with 6 Steps to Success



Most people know of the Community Schemes Ombud Service (CSOS) and that levies must be paid to fund its operations. In this article I will address some of the issues that are causing confusion.

From when are CSOS levies payable?

The CSOS Act and Regulations came into effect on 7 October 2016, and in terms of section 29(1)(b) of that Act all community schemes must pay levies to the CSOS. The Regulations that detailed the levies came into effect 90 days after the Act, so the CSOS levies are payable from 7 January 2017.

Who is liable to pay the CSOS levies?

The CSOS levies are not debts owed by individual owners to the CSOS. Even though the amounts of the levies and waivers of are calculated by reference to the

contributions payable by individual owners, the total amount due by all owners in a community scheme is a debt payable by the scheme to the CSOS. Section 59(a) of the CSOS Act provides that every community scheme must pay the prescribed CSOS levies.

When are CSOS levies payable?

In terms of General CSOS Regulation 11(1) every community scheme must pay CSOS levies on a quarterly basis.

Can schemes insist that CSOS provide an invoice before they pay levies?

There is no provision in the CSOS Act or Regulations that requires the CSOS to issue schemes with invoices for levies. Schemes are legally obliged to remit levies to CSOS as soon as CSOS is in a position to accept payment. At this time CSOS does not have details of all community schemes. While its staff are trying to get as many community schemes as possible recorded on its database, this is an ongoing process.

What will happen if a scheme collects the levies but withholds payment to CSOS?

In terms of General CSOS Regulation 13 any community

scheme which fails to pay a CSOS levy on due date is liable to pay interest at a rate prescribed by the National Credit Act, 2005. This is likely to be a rate of 22% per annum on the basis that the debt arises from an incidental credit agreement.

Community scheme executives should:

1. Work out the amount of the CSOS levies owed by their scheme (get help from your managing agent, if necessary);
2. Take whatever administrative action is necessary in your scheme to raise the levies so that the owners become legally liable to the scheme for their share of the CSOS levy, e.g. in a sectional title scheme,

- take a trustee resolution levying special contributions and send notices to all owners requiring payment (get help from your scheme's managing agent or lawyer if necessary, particularly if you are in a scheme that is part of a bigger development);
3. Take active steps to collect the amounts (if owners leave the scheme without paying, the scheme will have to collect their share from the remaining owners);
 4. Make sure your scheme is registered with the CSOS as soon as possible (details of the various CSOS offices are available at <http://www.csos.org.za>);
 5. Even if you have no confirmation of your registration, write to the CSOS offering to make payment (if you want any chance of avoiding the high rate of interest the CSOS Act requires on overdue levy payments, you need to be able to show that the scheme had the money and tried to pay the CSOS to make it clear that the delay in payment is not the scheme's fault);
 6. Invest the CSOS levies at the best short-term interest rate you can get in the meantime, pending payment to the CSOS, so as to mitigate the scheme's losses if it is obliged to pay interest at 22% p.a.

TO DEBIT OR NOT TO DEBIT?

Article by Werner Loock, EY Stuart Attorneys



With promulgation of the Sectional Titles Schemes Management Act 8 of 2011 ("STSMA") and Management Rules ("MR"), annexure 1 to the regulations under the STSMA, Bodies Corporate and Managing Agents are often faced with the question: what may and may not be levied or debited to a member's account?



CLICK HERE to read full article

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Tel : 012 346 2302



NAMA FEEDBACK

CLICK HERE
to view attendance

ON CSOS ROADSHOW PARTICIPATION

NAMA would like to thank our members who have presented feedback that they will attend the upcoming CSOS Roadshows.

The information was shared with the CSOS and NAMA and its members have again indicated that we have a strong footprint in the industry.

We will be issuing notice of a survey on the sessions held.

NAMA MANAGEMENT AGREEMENT

Feedback: Managing Agents Acting As Intermediary Services

INTERMEDIARY SERVICES BY MANAGING AGENTS I.R.O INSURANCE ADVICE

During June 2017, NAMA was alluded by the Financial Services Board that the services and activities of Managing Agents may involve “intermediary services” as contemplated in the FAIS Act.

A meeting with the Chief Registrar, Financial Services and a NAMA delegation was held on 28 June 2017.

CLICK HERE to read full article



2018 FIDELITY FUND CERTIFICATES

TO ALL NAMA FULL MEMBERS

NAMA wishes to allude all its Full Members that it remains compulsory to supply NAMA with a valid Fidelity Fund Certificate on an annual basis.

We urgently wish to remind all our Full Members to provide us with their 2018 Fidelity Fund Certificate by no later than 28 February 2018.

This document can be uploaded to your membership listing by logging into your account using the NAMA Website, or by sending a copy to accounts@nama.org.za

Fire cover...

A burning topic



Insurers have felt the full effect of the recent fires in Knysna, with estimated claims of over R4 billion and counting.

The SA Insurance Association says that the industry is well-equipped to cover insured clients for such losses. But, it's important to know when fire damage is covered, and when a claim for fire-related damage could be rejected.

The STSMA obliges bodies corporate to insure their

community schemes against fire for their total replacement value. However, cover relative to any section of a community insurance policy can be suspended if the insured fails to:

- Comply with any statutory or building requirement to which the insurance is subject.

- Meet any condition to which the policy may be subjected to in writing or endorsement.

In an insurance policy, a suspensive condition (condition precedent) defers the commencement of the insurer's obligation until a certain condition has been satisfied. In order to claim under the policy, the

insured will need to show that, at the time of the incident, the suspensive condition was met.

With respect to conditions for fire cover, managing agents and trustees must ensure compliance with Part T of the National Building Regulations (NBR), which deals with fire protection. As a general requirement, buildings must be designed, constructed and equipped to ensure the protection of the occupants. Specifically, 'adequate means of access, and equipment for detecting, fighting, controlling and extinguishing' a fire must be provided. These requirements are deemed to be satisfied when the design, construction and equipment of a building complies with South African National Standards (SANS) 10400-T.

Buildings must also comply with the regulations in force at the time that their plans were submitted for approval to the local municipality, unless alterations have been made and the local authority has imposed changes to ensure the health and safety of the people who use a building in an altered form.

Compliance with municipal by-laws, which differ from metro to metro, is also important and these by-laws must be read in conjunction with the NBR. As an example, the by-law relating to community safety that was published in the Provincial Gazette by the municipal council of the City of Cape Town on 28 February 2002 (as amended on 29 June 2007) made it compulsory to provide fire extinguishers in

terms of T(1) and T(2) of the NBR. This requirement applies to all buildings in the City of Cape Town, even if they were built before the National Building Regulations Act 103 of 1977 came into force.

Because of legalities like these, an independent risk survey offers a valuable review of a community scheme's fire risk, and so King Price community insurance offers a FREE risk and condition assessment to every new community scheme that joins our family of clients. Defining your risks will help you and your trustees to prioritise risk management goals, and it allows us to make recommendations... Being pro-active is our game.

This risk and condition survey can also include an assessment of your community scheme's risk of underinsurance. Our surveyors use accepted building cost practices to determine an estimated replacement cost, which will guide our underwriting of your buildings and prevent nasty surprises at claims stage.

We can make a difference to the community schemes that you manage. Let's chat!

Give us a call on 0860 11 11 07, or pop an email to communities@kingprice.co.za

FSP no. 43862

KingPrice[™]
INSURANCE

Technology as an enabler – how **Nedbank Market Edge™** is a disruptive force for good in the financial sector



Disruption in the financial services industry through global innovations has changed the way consumers and businesses engage with each other. These disruptions are well documented. Nedbank has carved an impressive niche in creating value-added services for its clients through a dedicated team focused on innovation.

Nedbank Market Edge™ is a first-in-market data analytics tool, enabling merchants and other businesses to gain business intelligence and valuable insights into client behaviour using big data.

Chris Wood, Executive Head of the Emerging Payments team at Nedbank, says that packaging big data as a service to clients is one

see money differently

of many ways in which Nedbank challenges traditional business models and product offerings.

Many businesses look for transactional or behavioural data about their clients using surveys or other data-capturing methods. **Market Edge™ intelligently packages this information in an easy online tool, aggregating all card transactions passing through a Nedbank point-of-sale (POS) device.**

In a case study on how Nedbank relies on big data and advanced analytics to expand and diversify its deposit base, Harvard's MIT Sloan Management Review (SMR) has documented that Nedbank has realised that it can build more valuable relationships with its merchant clients through the use of Market Edge™. MIT SMR executive editor David Kiron says, 'once they expand their sales capabilities for this tool, they will be able to dramatically expand the

number of merchant locations using Market Edge™, and thus long-term support growth as well.'

Nedbank has also introduced a cash advance solution called **GAP Access™, which is an innovative alternative to access working capital for businesses that accept card payments.** Advance of funds and repayment terms are linked directly to card turnover. GAP Access™ introduces an innovative alternative to traditional business loans and facilities, using the actual turnover through the POS device to help grow the business.

'Traditional financial services companies need to reinvent themselves to stay relevant, often having to consider disrupting their own products and internal services,' says Wood.

For more information please email **business@nedbank.co.za**.

NEDBANK

OUR BRAND

With the onset of the new Sectional Title Maintenance requirements in South Africa, Sectional Title schemes need to plan ahead for their paint maintenance cycles. Prominent Paints, being one of the leading redecoration paint manufacturers in South Africa, understands the paint requirements for Sectional Title Schemes maintenance plans.

Our brand is about :

- Responsibility
- Strong leadership
- Innovative paint solutions
- Real Partnerships
- Providing the best possible service & support

SPECIFICATION SERVICES

Preliminary Site Inspections

On-site assessment of buildings, environment, location & drawings.

Technical Specification

Tailored specification documents will provide you with best practice information.

Product Advice

Advice on preparation, application techniques & substrate assessment.

Colour Consultancy

Professional colour consultants will advise you on colour combinations.

Preferred Contractors

Our preferred painting contractors can assist with pricing.

TECHNICAL SERVICES

Regular Site Evaluations

Prominent Paints Consultants do site inspections at regular intervals to track the project.

Substrate & Paint Film Analysis

Technical On-site Support & Training

Problem Solving Support Services

On Site Training

Should onsite training of painting contractors be required, this can be arranged through our Technical & Training department

Warranties

Large project warranties are provided for specific periods, subject to correct specification conditions

PROMINENT
PAINTS



MAKE TRADE BETTER



For more information visit our website at **www.prominentpaints.co.za**

OR contact our customer care centre at **0861 77 66 46**

Shield yourself against the potential sting of community living schemes.

Our Community Living Insurance Policy offers world-class cover, compliant with the requirements of the Sectional Title and Community Schemes Acts for:

- Sectional Title / Bodies Corporate
- Share Blocks
- Home Owners Associations
- Retirement Villages

Contact us for a quote today

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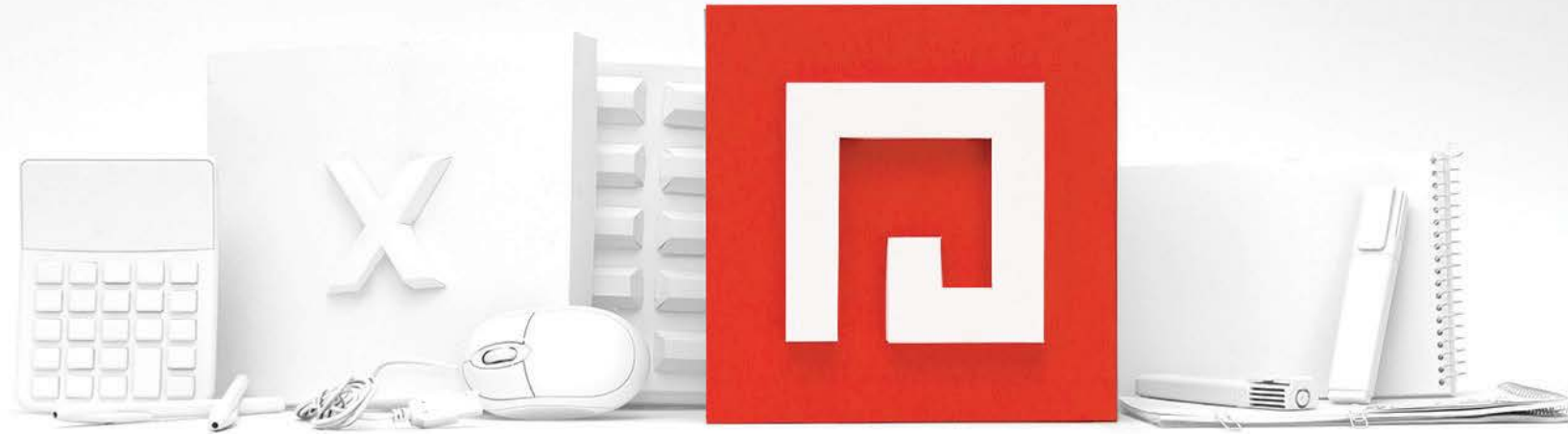


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WHAT WE DO

Solar energy is becoming increasingly popular amongst commercial and residential users, who are looking for alternatives to carbon-based electricity supplied by South African utilities. Electricity in South Africa is becoming more expensive each year with regular double-digit tariff increases. In comparison, the technology improvements and reduction in cost of alternatives, particularly in the solar photovoltaic (PV) space, has resulted in solar energy solutions becoming more cost efficient to the end-user.

More and more end-users are now turning to the alternative space to reduce costs and cut emissions. The solar industry continues to experience unprecedented growth due to this movement away from carbon-based electricity supply.

Bright Light Solar specialises in providing cost effective solar energy solutions to gated residential estates, commercial office parks and industrial clients, offering its clients the opportunity to access cheaper cleaner energy. We offer fully funded (no upfront capital required) solar solutions as well as the opportunity to own the solar infrastructure, resulting in immediate reduction in costs.

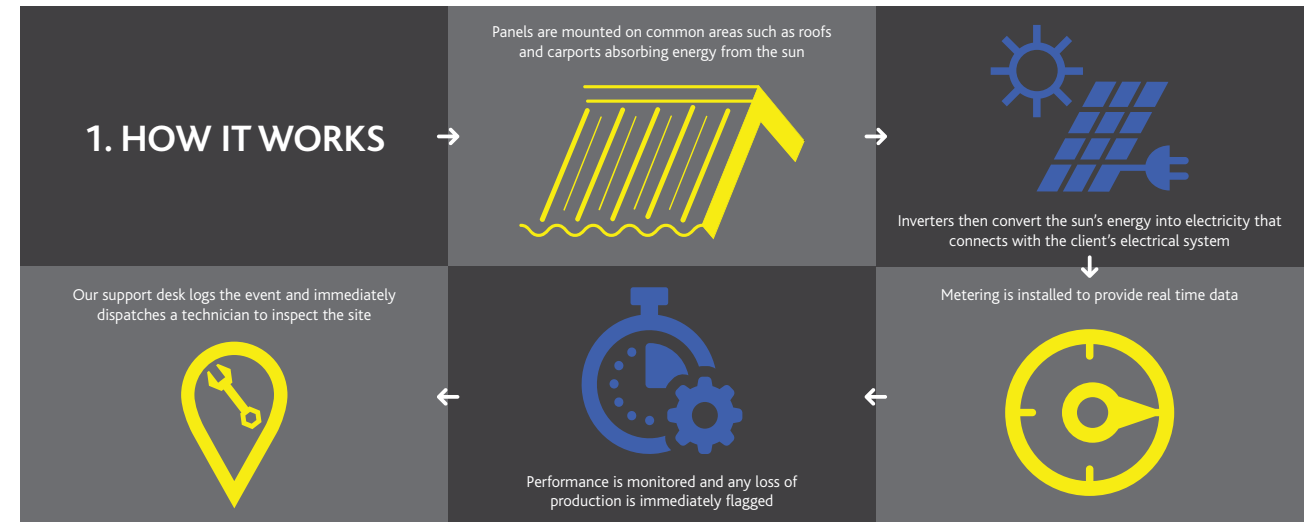
WHY SHOULD YOU CHOOSE SOLAR?



Key benefits to our clients:

- fully funded solar installations (daytime load reduction with option for bolt on storage when feasible);
- payment purely consumption based (pay for what is used) with guaranteed savings to the client from day 1;
- guaranteed lower than NERSA tariff escalations
- insurance and maintenance covered for the period of the contract (no hidden ongoing costs, the systems are fully maintained);
- annual renewal option after contract period;
- panel performance monitoring and fault detection for maximum benefit (no production or performance risk).

Please contact us on +27 11 977 1977 or info@brightlightvcc.co.za for a free, no obligation assessment and solar proposal.



**BRIGHT LIGHT
SOLAR VCC**

WHAT WE DO

Sectional Title Solutions is a solutions driven consultancy business, focusing on delivering value-added products and services to Sectional Title Bodies Corporate and Homeowner Associations.

We aim to provide sustainable solutions that will benefit all unit owners and stakeholders, while reducing inefficient costs and generating much needed revenue for Bodies Corporate and Homeowner Associations. Ultimately, we aim to ensure financial sustainability and protection of the unit's investment value for its owner.

Our value-added solutions include:

- state-of-the-art Fibre To The Home and wireless internet solutions
- innovative arrear levy and project funding solutions
- cost-saving energy efficiency and solar solutions
- revenue generating outdoor media and advertising solutions
- legal and levy advisory services

Our solution-based approach, combined with our emphasis on a symbiotic working relationship with managing agents and their estates, is what adds real value to our clients.

Guided by this "win, win, win" philosophy, STS has partnered with several industry leaders as well as smaller niche specialist service providers, to provide our clients with the most effective value-added solutions, regardless of the size of their unique project requirements.



FEATURED SOLUTIONS

Key features of the Fibre to the Home offering include:

- free installation of Fibre infrastructure, if feasibility is met
- no take-up requirements
- an open access network with a variety of ISPs
- lightning fast internet (up to 1GB speeds)

We facilitate funding for the following:

- arrear levy debtors
- municipal and creditor arrears
- maintenance and capital projects
- legal fees
- monthly levy shortfalls
- financial reserves required in terms of Sectional Title legislation

Cost-saving solar solutions:

- fully funded solar installations (daytime load reduction)
- saving from day 1
- ongoing maintenance and insurance included
- no production or performance risk
- guaranteed lower than NERSA tariff escalations

Contact us on +27 11 977 1977 or info@stsolutions.co.za



SECTIONAL
TITLE
SOLUTIONS

NAMA WELCOMES NEW REGIONAL SECRETARIES

The following persons have been appointed as Regional Secretaries:

GAUTENG EAST

Isabella Terblanche

Appointed as Regional Secretary, NAMA Gauteng East from 1 November 2017.



GAUTENG WEST

Meriechen Smith

Appointed as Regional Secretary, NAMA Gauteng West and will take over from Johan Janse Van Rensburg on 1 February 2018.

NAMA EVENTS

NAMA OFFICE **WILL BE CLOSED FROM:**
16 December 2017 - 2 January 2018

NAMA NATIONAL MEMBERS AGM

16 November 2017, Cape Town

Atlantic Beach Hotel, Melkbosstrand, Cape Town.

Registration 09:00. AGM 10:00 – 12:00

Contact Coenie at coenie@nama.org.za for more information

KWAZULU-NATAL REGION

120 Breakfast Seminar – 15 November 2017
Durban

Sectional Title Training - 17 November 2017
Venue: Umhambi Lodge, Richards Bay.

Sectional Title Training - 25 November 2017
Durban

Please contact Vanida at namakzn@nama.org.za
for more information



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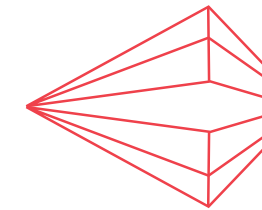
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