

NAMA NEWS

April 2018



NATIONAL ASSOCIATION
OF MANAGING AGENTS
SHAPING OUR PROFESSION

Trustee in Arrears

CORPORATE MEMBERS



SECTIONAL
TITLE
SOLUTIONS



GLOVENT
SOLUTIONS

CONTENTS

Newsletter ([Click here](#) to go directly to Newsletter)

TRUSTEE IN ARREARS by Werner Loock, EY Stuart Incorporated 03

Bulletin ([Click here](#) to go directly to Bulletin)

Advertorials 06

How To Budget & Report on the reserve fund for sectional title schemes 10

EAAB Online Query System 12

Newsletter Cost For Non-Nama Members 13

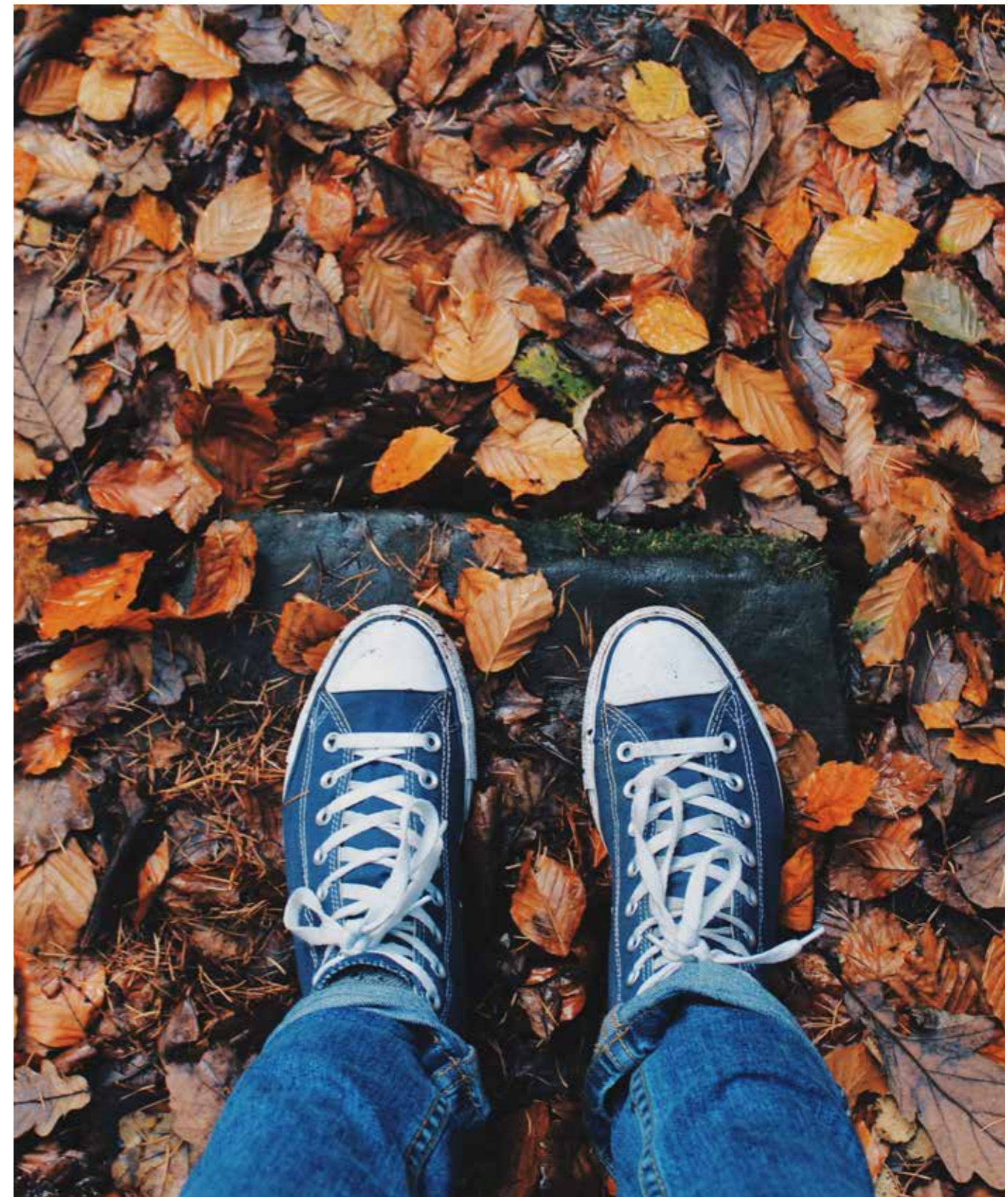
NAMA Corporate Membership 2018 For Affiliate Members 14

NAMA Update 15

Meet The NAMA Personnel 15

Carrying The Responsibility Of Loss 16

NAMA Events 17





TRUSTEES IN ARREARS

by Werner Loock, EY Stuart Incorporated.

Lately, we've come across various news articles wherein top ranking officials, in a position of trust, are being investigated for "breaking the rules" only to benefit themselves. Similar principles should apply when trustees of Bodies Corporate are in arrears with their levy contributions. When it comes to the payment of levies, they are supposed to set an example.

The now repealed regulations under the Sectional Titles Act (“STA”) used to provide that an owner, who is in arrears with his/her levy contributions may not be nominated or appointed as a trustee of the Body Corporate. Furthermore, it provided that a serving trustee’s appointment as Trustee will automatically lapse if he/she fails to bring levy arrears up to date within 7 days after receiving a written notice to do so.

Currently, Rule 6(4)(i) of the Management Rules, Annexure 1 to the regulations promulgated under the Sectional Titles Schemes Management Act, 8 of 2011, provides that a Trustee ceases to hold office if that trustee fails or refuses to pay the Body Corporate any amount due after a court or adjudicator has given judgment or order for payment of that amount.

It is worth noting that under the old Management Rules an owner’s appointment as trustee has automatically lapsed if he/she has failed to bring the arrears up to date within 7 days written notice. However, the current Management Rules indicates that a trustee will only cease

to hold office when the trustee fails or refuses to pay the arrears after a judgement or order of a court or adjudicator.

Therefore the Body Corporate is compelled to take action against a defaulting trustee until judgement or an order for payment of the arrears is obtained against the trustee and only when the trustee fails or refuses to comply with the order he/she will cease to be a trustee.

I am of the opinion that Rule 6(4)(i) does not safeguard the interests of members of a Body Corporate. This provision also deviates from the principle that trustees act in a fiduciary position of trust. It can take months to obtain judgement against a defaulting trustee and pending adjudicating the dispute concerning the trustee’s liability. During this time there would certainly be a conflict of interest between the interests of the Body Corporate and that of the trustee. The trustee

should not be entitled to remain in the office as trustee pending adjudication of the matter. The Body Corporate has to drive a case against one of its own proverbial “captains”, and once a judgement or order for payment of the arrears is obtained AND the “captain” fails or refuses to make payment accordingly, only then can the defaulting “captain” be forced to “walk the plank”.

The same principles will apply when it comes to nominations for the election of a Trustee. An owner is not entitled to be nominated as a trustee where a judgement or order for the payment of arrears has been granted against the owner AND the owner fails or refuses to make payment of the arrears. In my view the owner should, for the same reasons, be disqualified from being nominated for election as a trustee.



The provisions under the old prescribed regulations were more appropriate and supported the principles underlying the fiduciary position of a trustee.

Werner Loock

EY Stuart Incorporated,

www.eyslaw.co.za,

Tel (012) 346-2302,

Suite 202, Waterkloof Gardens, 270

Main Street, Brooklyn

Nedbank's full range of banking solutions unlock potential in the property sector



The property sector is expected to play a significant role in helping grow South Africa's economy, following the decision by the Monetary Policy Committee (MPC) of the South African Reserve Bank on 28 March to reduce the repo rate by 25 basis points to 6.5%.

The Global credit rating agency Moody's Investor Services announced on 23 March that it would not be downgrading South Africa's long-term investment grade but did change the outlook from negative to stable.

These two recent factors reflect an optimistic outlook but there is a need to be circumspect and look for both growth enablers and savings through financial services offerings that gives one the edge, says Poovendran Naidoo, Nedbank, National Head: Transactional Banking, Global Trade and Investment Sales.

Naidoo said it is crucial for the business sector to choose a bank that offers a package of solutions that is agile and meets their needs, ensuring that entrepreneurs find innovative ways to manage cashflow effectively and optimise savings.

For four decades NAMA has played a key role in educating its members on the regulations and terms and conditions that govern the property industry. Nedbank is a supporter of the National Association of Managing Agent's goal to be recognised as an industry authority.

Given the complexities of the property sector, **Nedbank, as a money expert, is confident that its solutions for the NAMA membership allows clients to focus on their business, assured that their financial goals are being met.**

Building, growing and sustaining a business is complex and challenging. We understand it takes dedication to maintain product and service excellence, manage an enterprise and still turn a profit. Having the right partner who understands your needs and can journey with you on these goals is critical, says Naidoo.

In line with the full range of banking solutions and needs of NAMA members, Nedbank has a **Whole-View Business Banking™** philosophy which complements and addresses business needs by providing a birds-eye view of your business and a different perspective on how your money needs to flow to match your goals.

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

see money differently

Whether you live in a Homeowners Association or a Body Corporate we have a solution for you.

Sectional Title Solutions is a solutions-driven consultancy business, focusing on delivering value-added products and services to Sectional Title Bodies Corporate and Homeowners 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 Homeowners 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 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 solutions-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 the clients' unique project requirements.

Contact us on +27 11 977 1977 or info@stssolutions.co.za for more info.
www.stssolutions.co.za



SECTIONAL
TITLE
SOLUTIONS

Out with the old... And in with the new

Tech can improve your efficiency and ensure growth



In these challenging economic times, with regulatory changes and increased competition for market share, many managing agents are struggling to maintain their balance. Being able to capitalise on these challenges and turn them into real opportunities will require new strategies that leverage technology and integrated services to increase productivity.

Managing agents who focus on the traditional business drivers in order to deal with shrinking revenue and flat expenses will continue to weather the financial storm... Just as they always have. However, the shifting landscape will favour those who take advantage of the digital revolution to position themselves for the long term. Managing agents who understand that technological transformation can create value will lead the industry for years to come.

There's a real need for process improvements in the community schemes space. Manual claims and maintenance handling processes are both ripe for transformation. Often, a day in the life of a managing agent is taken up with phone calls, paper work and manual status updates. This results in hours and hours being spent on manual data entry and long delays between work being completed, and tenants and owners being notified.

It stands to reason that modernising how managing agents do business means finding new ways of handling information and re-inventing manual processes. The first step is transforming legacy technology to enable you to focus on retaining your existing customers, attracting new customers, delivering new solutions and providing quality service.

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

King Price community insurance puts you, and your trade service providers and industry-specific professionals, in touch, instantly and electronically, to help you achieve these objectives. Our maintenance-backed insurance solutions are different because of our tightly integrated ecosystem of business partner, workforce and digital communities. This provides a 1-stop solution for building owners and benefits everyone in the value chain.

Our service is seamless. Everything that you and your property owners need is built into 1 system. We also use Urbanise... The market-leading property management platform that many managing agents already use because it facilitates instant, online interaction between insurance and maintenance transactions, accounting, billing, workforce, and document management, among other things. It can even communicate with, monitor and control a building's energy and water systems.

The managing agent partners who we already work with are ahead of the curve. They'll also tell you how our competitively-priced insurtech offering has given them a competitive edge, enabled them to differentiate themselves in the market, helped boost their customers' satisfaction, and provided an additional revenue stream to support their business goals.

It's an exciting time for managing agents. The industry is changing, albeit subtly, and with change come opportunities for growth... Let's talk about how we can help you lead the change.

King Price[™]
INSURANCE

Intelligent property management **software**

Designed by the industry
for the industry



how to budget & report

on the reserve fund for sectional title schemes

What has changed?

On 7 October 2016, the new Sectional Titles Schemes Management Act of 2011 came into force, changing things drastically. As a result of this legislation, bodies corporate are now compelled to make provision for reserve funds on an ongoing basis. In terms of the new Act, bodies corporate should make provision for long term maintenance requirements of the scheme by means of a 10-year maintenance plan.

Two budgets are now required

The administrative (original) budget is still required to make provision for the day-to-day maintenance activities.

The reserve budget is the second, additional budget that is now required in terms of the new Act to make provision for a 10-year maintenance plan.

A further requirement of the new Act is to calculate the reserve amount required. This calculation is determined by way of three methods:

If the body corporate reserve fund at the end of the financial year is less than 25% of the levy income generated during that year, the body corporate must provide for a reserve amount equal to 15% of the levy income for the new financial year.

If the body corporate reserve fund at the end of the financial year is equal to or more than the levy income generated during that year, the body corporate is not obliged to make provision for a reserve amount in the new budget.

If the body corporate reserve fund at the end of the financial year is more than 25% but less than 100% of the levy income in that year, the body corporate must make provision for a reserve



amount equal to the repairs and maintenance items provided for in the new budget.

CHALLENGES FACED BY MANAGING AGENTS

Most accounting systems does not enable the Managing Agents to easily budget and report on both the administrative and reserve fund. This lack of functionality of most accounting systems has added a significant burden on Managing Agents. Managing Agents are now spending additional time each month to extract information into editable formats to produce the additional reports that is required by law.

A further burden to the Managing Agent is the additional auditing requirements. Although it is the Auditors responsibility to ensure compliance to these additional regulations, they turn to the Managing Agents to produce these documentation and resolution in the desired formats.

The trustees pose the next challenge in many cases. How should reporting on the administrative and reserve fund be structured to empower the trustees to make informed and prudent decisions.

IPMS EMPOWERS THE MANAGING AGENT

Intelligent Property Management Software (IPMS) is the most advanced end-to-end property management solution specifically designed for the management of sectional title & HOA communities. With a custom built financial solution as a backbone, that is fully integrated with all the key workflows of sectional title & HOA

management, Managing Agents are now empowered to effectively manage their communities with one solution.

IPMS has already considered the changes of the STMA of 2011 and has the necessary functionality to keep full and accurate accounting records that clearly indicates the details of all transactions and balances of both the administrative and reserve funds.

With IPMS auditors can now also conduct online audits. Managing agents simply provide their auditors with a login to their portal and link them to the communities that they should audit. Virtually all the required information is at their fingertips in the desired format, cutting down on those undesired audit queries fielded by the Managing Agent.

The comprehensive and simplified monthly reporting structure for trustees enables them to better understand and manage these additional responsibilities that they are ultimately responsible for.



Contact James at **weconnectu** today to find out how IPMS (Intelligent Property Management Software) can transform your business.

james@weconnectu.co.za

Tel: 086 999 0756

Cell: 084 500 0172

EAAB ONLINE QUERY SYSTEM

ONLY MATTERS LOGGED ON THE ONLINE QUERY SYSTEM WILL BE ATTENDED TO

The Estate Agency Affairs Board [EAAB] announced that they have experienced a number of issues with assisting and resolving queries.

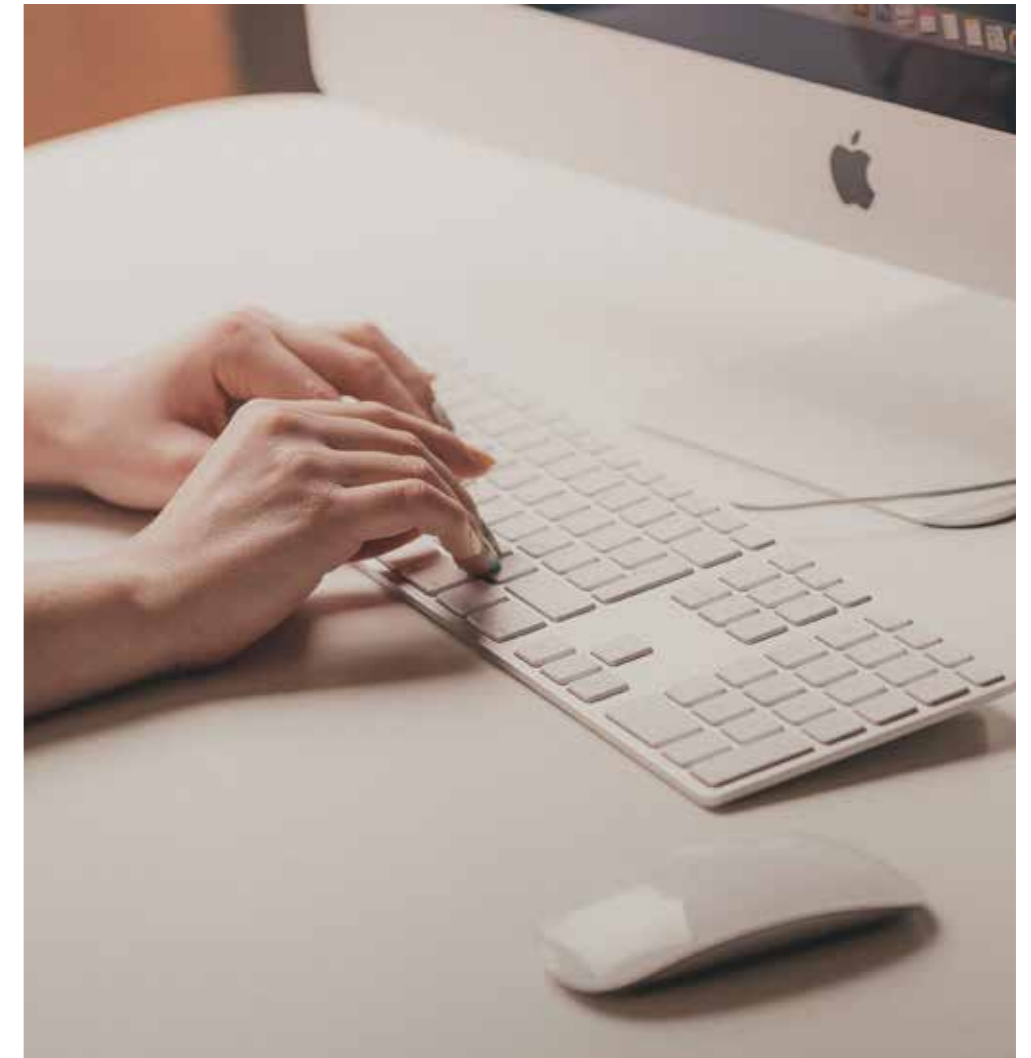
These include but is not limited to the issuing of Fidelity Fund Certificates [FFC], Compliance and Registration matters.

With queries being sent to various departments and individuals it became problematic to track and follow up on matters that was reported.

This resulted in frustration to the person lodging the query or concern and also did not adequately allow the relevant EAAB responsible parties to respond and resolve these matters.

The EAAB will therefore not attend to any matters that is not registered on the online query system with a relevant reference number.

[Click here](#) for a comprehensive guide for registration requirements.



A woman with dark hair tied back, wearing a grey long-sleeved top, is shown in profile from the chest up. She is holding a white tablet computer with both hands, looking at the screen. The background is a blurred brick wall. The text 'NEWSLETTER COST' is overlaid in large, bold, white letters with a slight shadow effect.

NEWSLETTER COST

FOR NON-NAMA MEMBERS

Dear NAMA Newsletter and Bulletin Subscriber,

For the past three years NAMA provided the NAMA newsletter to the industry, sharing valued information and providing an effective platform for NAMA Affiliate Members to promote their services.

In order to ensure that we continue to provide a value-add, not only to our members but also to all our subscribers, NAMA must endeavour to improve content, layout and distribution.

To achieve this, we must inform you that as from 1 March 2018 the NAMA Newsletter will be available to NAMA members at no cost and to our valued and regular Subscribers at an annual fee of R80.00.

All Non-NAMA Members are requested to first register on our website and then register for the Newsletter.

[www.nama.org.za]

FOR AFFILIATES

NAMA CORPORATE MEMBERSHIP

Apply Now!

2018

Please contact Lizbe (namanorth@nama.org.za) or
Coenie (coenie@nama.org.za) for further information.

Meet the **NAMA** personnel



Coenie Groenewald
NAMA COO

SECRETARIES



Vanida Moodley
KwaZulu-Natal Region



Chantel van Heerden
NAMA NATIONAL CHAIRPERSON



Candice Janse van Rensburg
NAMA FINANCE



Lizbé Venter
Gauteng North / Eastern Cape and Border Regions

SECRETARIES



Meriechen Smith
Gauteng West / Free State Regions



Kate McDonald
Western Cape Region



Isabella Terblanche
Gauteng East Region

Carrying the responsibility of loss

NAMA has alluded the CSOS of a serious issue relating to the requirement of Fidelity Cover taken out by Schemes and possible losses that may be incurred.

We will keep our members updated as we have also required the establishment of the Advisory Council.

Events



WESTERN CAPE REGION

8 JUNE 2018 – Breakfast Seminar

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

EASTERN CAPE REGION

18 APRIL 2018 – Regional Meeting

8 JUNE 2018 – Golf Day, Port Elizabeth

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

GAUTENG EAST REGION

19 APRIL 2018 – Breakfast Seminar

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

GAUTENG NORTH REGION

5 MAY 2018 – Trustee Training Seminar

1 JUNE 2018 – Golf Day, Centurion Golf Estate, Pretoria

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

GAUTENG WEST REGION

Please contact Meriechen at namawest@nama.org.za for more information.

FREE STATE REGION

Please contact Meriechen at namawest@nama.org.za for more information.

KWAZULU-NATAL REGION

21 APRIL 2018 – Trustee Training Seminar, Durban

12 MAY 2018 – Trustee Training Seminar, Richards Bay

25 MAY 2018 – Breakfast Seminar, Durban

2 JUNE 2018 – Trustee Training Seminar, Pietermaritzburg

22 JUNE 2018 – Breakfast Seminar, Port Shepstone

23 JUNE 2018 – Golf Day, Port Shepstone Country Club

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





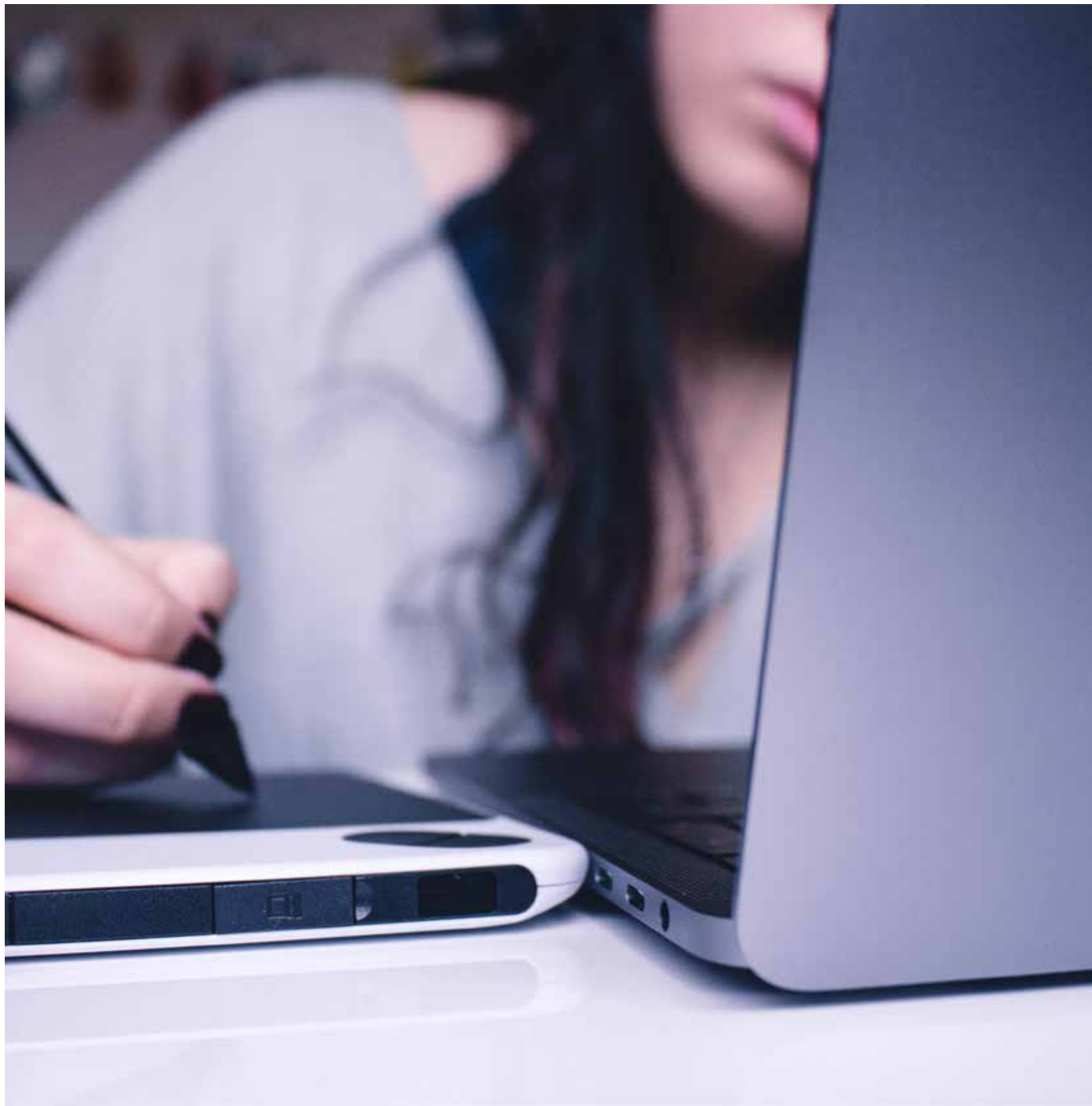
Disclaimer : The opinion expressed in this Newsletter is not necessarily that of NAMA. The article pertaining to content is based on that of the writer and should only be used as such. The editor may elect to make amendments to the initial content but this should not be seen as an official opinion or correction of the content . The use of such information or advice is at the user's own risk and should not be considered as a formal opinion or be considered as legal advice or legal opinion of any kind. NAMA will not be held liable for any damages, losses or causes of actions of any nature whatsoever arising from the information or advice given.

Publisher : NAMA

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

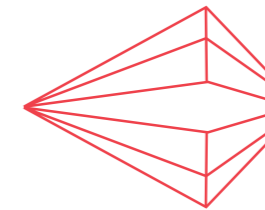
Copyright : NAMA – Nothing in this newsletter may be reproduced in whole or part without the written permission of the publishers.

NEXT ISSUE: MAY 2018



THIS MAGAZINE IS DESIGNED &
PUBLISHED IN PARTNERSHIP BY :

GLOVENT
S O L U T I O N S



THAT Touch
MEDIA

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