



THE BASICS OF EXCLUSIVE USE AREAS IN SECTIONAL TITLE SCHEMES - Q&A

by Jennifer Paddock

Exclusive use is one of the most misunderstood legal concepts relating to sectional title schemes. Yet most schemes have registered or rule-based exclusive use areas ('EUAs'). Examples of areas of common property that are often made subject to exclusive use rights include balconies, patios, garden areas, storerooms, garages and parking bays. But in practice, any area of common property may be made subject to exclusive use rights.

In this article, I answer a number of questions that I hope will shed light on this complex area of the law. But before I begin, let's set out the types of property that exist in sectional title schemes to give context to my answers below.

Types of property in sectional title schemes explained

In sectional title schemes there are two primary types of property: sections and common property.

A section is owned individually by the registered owner of that section as recorded at the relevant Deeds Registry. The owner of a section owns everything within the boundaries of that section as shown on the scheme's sectional plan, which is the crucial document used in determining the legal nature of any area in a sectional title scheme.

A section in a residential scheme is usually an apartment or townhouse. In a commercial scheme, it is usually an office. In a retail scheme, it could be a shop or restaurant. But garages, storerooms and other areas may also be registered as sections, it really depends on how the areas are designated on the scheme's sectional plan.

Now, all parts of the scheme that are not included within the boundaries of the sections, as shown on the sectional plan, form part of the common property. The common property includes areas shared by section owners and occupiers, such as gardens, swimming pools, hallways, lifts, stairwells, driveways, perimeter fencing and other communal amenities.

INDUSTRY RELATED INFORMATION

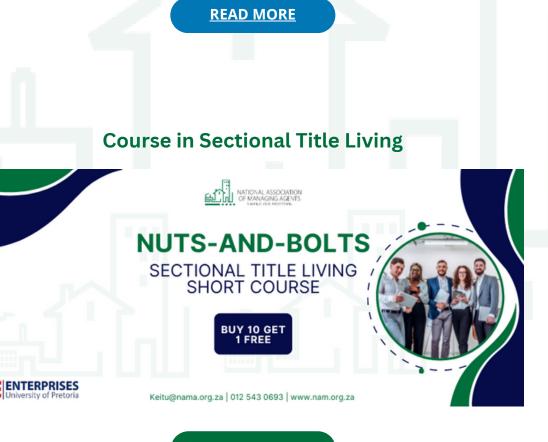


EFFECTIVE STRATEGIES TO MANAGE YOUR INSURANCE PREMIUM

Trustees and portfolio managers need to understand key principles to manage annual premium increases effectively. A crucial factor is the buildings policy claims ratio, which compares claims to premiums over a given period. For example, a 55% claims ratio means R55 is paid out in claims for every R100 collected in premiums.

Insurers need a sustainable claims ratio to remain viable. In the sectional title context, a 35-55% claims ratio helps maintain stable premiums. Policy costs, comprising about 30-40% of premiums, imply that a 60% claims ratio might result in breaking even.

Learn more from Addsure's multimedia offering which delves into practical examples and strategies for trustees to manage and negotiate premiums and excesses effectively



INDUSTRY RELATED INFORMATION



DO YOU KNOW YOUR OPTIONS FOR FUNDING?

Navigating financial needs the community schemes can feel like Alice in Wonderland. From borrowing raising special levies, and levy insurance to selling of levies in arrears, understanding the pros and cons of each option is crucial. At Sectional Title Solutions, we help community scheme executives and managers make informed, ethical decisions by giving you the information needed to compare various funding solutions and choose the best one tailored to your unique needs. Discover the best path for your community's financial needs in this article by Fausto Di Palma, Chief Legal Officer for the STS Group.

READ MORE



HOW CAN SMALL IMPROVEMENTS BE AUTHORIZED IN SECTIONAL TITLE SCHEMES

What does the legislation prescribe in this regard?

In circumstances where the changes to common property are more minor it may be appropriate for the trustees to grant their approval. The Prescribed Conduct Rules ("PCRs") provide for some of these minor changes to common property.

Damage to common property

PCR 4 deals with damage to common property, and states that:

"(1) The owner or occupier of a section must not, without the trustees' written consent, mark, paint, drive nails, screws or other objects into, or otherwise damage or deface a structure that forms part of the common property.

READ MORE

New NAMA Members





NAMA NATIONAL SERVICE PROVIDERS



A COMPREHENSIVE GUIDE ON HOW TO CHOOSE THE RIGHT PAINT CONTRACTOR FOR YOUR BUILDING PROJECT.

Effective budgeting and planning are crucial for

successful commercial paint projects, ensuring timely, within-budget, and high-standard completion.

Here are 7 key strategies:

1. Initial assessment and scope definition

Site inspection: Evaluate surface conditions, repairs, and measure areas to be painted.

Client requirements: Understand client expectations, colour preferences, and any branding guidelines.

Scope of work: Define the project's scope, including surface preparation, priming, painting, and special finishes including waterproofing.

READ MORE



MAINTENANCE, REPAIR AND REPLACEMENT PLAN

The king understands that proactive and on-going building maintenance proves less costly and inconvenient in the long-run. So, we'll prepare a unique and comprehensive 10-year maintenance, repair, and replacement plan (MRRP) for your community scheme. Our MRRP will estimate the financial reserves you need to cover future capital expenditure.

We've got it all together

When you're covered by the king, it's easy to co-ordinate the financial and logistical requirements and resources that are needed to keep your community scheme well maintained. And our MRRPs comply fully with all current legislation, too.

READ MORE

UPCOMING EVENTS



EMBARK ON A JOURNEY TO LEARN, GROW, AND SUCCEED | NAMA NATIONAL CONFERENCE 17-18 OCTOBER 2024

The 7th NAMA National Conference will be hosted in KwaZulu-Natal. The event is aimed at assembling industry role-players to engage on key topics of relevance to everyone in the business of Community Scheme Management. The conference provides a forum for learning, networking, and relationship building. Please join us as we will be highlighting the essential aspects contributing to a more professional, efficient, and successful business that generates enhanced value for its clients.

The two days of the conference will be packed with:

- 21 speakers with their extensive knowledge and experience in the community schemes industry
- keynote speaker; motivational speaker; panel discussion
- Exhibitors
- Cocktail event
- Gala dinner and awards ceremony
- Opportunity to network and meet with your industry peers

With the professional guidance of Zama Khumalo as the MC, the conference will be the highlight of 2024. Do not miss out on the year's most unforgettable experience – register now as seats are limited.

Please click on the links below to book your opportunity to join the conference as a delegate, exhibitor, or sponsor.

- 1. <u>Delegate Registration Form and Prospectus</u>
- 2. Exhibitors Registration Form and Prospectus
- 3. Sponsorship Registration Form and Prospectus
- 4. Magazine Booking Form and Prospectus

Email your booking to <u>vanida@nama.org.za</u>. Visit the NAMA Conference website at <u>www.namaconference.co.za</u> and stay updated on the latest conference news.

Regards

NAMA Team

UPCOMING EVENTS

NAMA KZN Sectional Title Training



REGISTER

NAMA Gauteng South Training



REGISTER

NAMA Free State Training



REGISTER