

Paddocks

PRESS

WHAT YOUR TRUSTEES SHOULD DO FOR YOU

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A free digital newsletter published to educate and update the sectional title community.

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Prof. Graham Paddock

In this article Prof. Paddock summarizes the financial, physical and administrative duties of the body corporate for which trustees are responsible.

“the control, management and administration of the common property for the benefit of all owners”, and for the enforcement of the scheme’s rules. This is laid down in section 36 of the Sectional Titles Act of 1986.

Section 37 of the Act sets out in some detail the functions that every sectional title body corporate must carry out, but it is not an exhaustive list. A scheme may make management or conduct rules that add to these functions.

The Act provides that the functions of the body corporate must be performed by its trustees, who hold office in terms of the scheme’s rules, and that the owners may at any general meeting impose restrictions on or give directions to the trustees in regard to the performance of these functions. Although the owners may give the trustees instructions, these may not contradict the clear wording of the Act. Even by a unanimous resolution, owners cannot vary or limit any obligation imposed in terms of the Act.

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Each scheme must have a body corporate that is responsible for

PRE — DEVELOPMENT FINANCIAL PLANNING

One of the biggest challenges facing any new development is a meaningful budget, which sets the course for the financial performance of the body corporate, especially in the short term.

prejudice the sale of units within the development with levies which are set too high, but the risk of special levies are often the result in subsequent years.

which is meaningful is possible. The result is a budget which has a levy set at a level which meets the needs of the body corporate without pricing the development out of the market in terms of the levy.

All too often advertises offering low levies abound; it is understood that a Developer cannot

With a little planning and consulting with the appropriate professionals within the sectional title industry, a budget

One of the pitfalls we see is that budgets are set some time before the ...to page 6



Clint Riddin

WHAT YOUR TRUSTEES SHOULD DO FOR YOU . . . continued

...from page 1 The phrase “the control, management and administration of the common property for the benefit of all owners” deserves comment because, firstly, it implies that the body corporate’s jurisdiction is limited to the common property. But this is not the case. The rules of the scheme and parts of the Act relate to activities within sections, as well as on the common property, and so the body corporate’s obligation to enforce the rules and the provisions of the Act extend the scope of its activities to all parts of the scheme.

Secondly, the actions of the body corporate, and therefore those of the trustees, must be for the benefit of all the owners. In practice, it would not be possible to act in accordance with the wishes of all owners at all times. If this were the case, how would the trustees be able to sue a levy defaulter?

The body corporate must be governed in accordance with the democratic principles set out in the Act and the scheme’s rules. Trustees must act in the interests of all owners generally, even though this may mean acting against the wishes and interests of particular owners at times.

The most important duties applicable to all sectional title schemes can be classified as financial, physical and administrative.

FINANCIAL DUTIES

Maintain a fund for administrative expenses. An administrative fund must

be created to cater for the scheme’s liabilities. The amounts credited to this fund and debited to owners must, in the estimation of owners, be sufficient for the repair, maintenance and management of the common property and, in addition, must include reasonable provision for future maintenance and repairs.

The most important point to be made here is that although many schemes budget on a “just in time” basis when it comes to scheme maintenance, the Act and prescribed rules in fact require that every scheme budgets on an accrual basis.

The obligation to maintain and repair is wide enough to cover structural defects, defects that are attributable to poor original design and defective workmanship, and the replacement of items, such as lifts, that can no longer be repaired. It does not include improvements to the common property.

Collect contributions. The body corporate must collect from owners contributions to the administrative fund to satisfy claims against the body corporate.

Any owner who has exclusive use rights to a part of the common property must be required to make the additional contributions believed necessary to cover the body corporate’s costs in respect of that exclusive use area.

The amounts to be collected by the

body corporate from owners are normally set out in an annual budget proposal made by the trustees for approval by owners at the annual general meeting (AGM).

In a scheme with a variety of common property amenities, budgeting may be a complex exercise that requires expert assistance.

Once the annual budget is approved, the trustees determine what amounts must be recovered from the holders of exclusive use rights. The balance of the budget must be funded by contributions recovered from each owner. These are known as levies, which are calculated in accordance with the scheme’s participation quota, unless there is a special scheme rule that allocates financial liability differently.

Levies and other owner contributions are usually payable monthly, and the prescribed rules allow the trustees to set a rate of interest payable on overdue payments. ...to page 3

*This article was first published in **Personal Finance** magazine, a publication of Independent Newspapers. Prof. Paddock contributes to the publication on a regular basis.*



WHAT YOUR TRUSTEES SHOULD DO FOR YOU . . . continued

...from page 2 The trustees have the power to raise special levies when necessary and in regard to expenses not covered in the budget approved at the AGM.

Operate bank accounts. The body corporate must open and operate at least one bank account to hold its money. The Act does not specify the type of account, so the body corporate's primary bank account may be a current or a savings account.

The prescribed management rules allow the body corporate to deposit any of its funds that are not immediately required for disbursement into a savings or similar bank account. Bodies corporate cannot invest their funds in unit trusts or other higher-risk financial instruments unless they amend the relevant prescribed rule in this regard.

The prescribed rules allow the trustees to authorise a managing agent to administer and operate the body corporate's primary account and any investment accounts. Any cheques drawn on a body corporate's account must be signed either by two trustees or by one trustee and the managing agent.

The trustees may also authorise a managing agent who is a registered estate agent to deposit the body corporate's funds into a trust account. This may be an account into which only that scheme's money is deposited or one into which levy payments for all the managing agent's client schemes are

deposited. In this case, cheques drawn on that account are signed only by representatives of the managing agency.

Trustees should ensure that any managing agency employee who plays any role in the collection, receipt, investment or disbursement of body corporate funds is registered as an estate agent with the Estate Agency Affairs Board (EAAB) and has a current Fidelity Fund Certificate. This is the only way in which the owners can be assured that any theft of scheme funds by the managing agency will be covered by the EAAB's Fidelity Fund.

Insurance. The body corporate must insure the buildings in the scheme and keep them insured for full replacement value against fire and other prescribed risks.

The trustees must prepare for each AGM a schedule of proposed replacement values, showing values for each unit and including the value of the section and its undivided share in the scheme's common property. The total of the values given must equal the replacement value of the buildings and all improvements to the common property.

Replacement value is not market value; it is the amount it will cost to re-erect the buildings if they are destroyed. Where high-rise and complex buildings are involved, the trustees should obtain professional advice in this regard from time to time.

The policy must make specific provision for risk against fire; lightning; explosions; riots and strikes; burst water tanks, taps and pipes; and housebreaking.

The prescribed rules provide for public insurance liability for a minimum of R100 000, and for cover against loss due to any act of fraud or dishonesty by trustees, employees and managing agents to the extent, if any, determined by owners in a general meeting. The owners of every scheme should consider these insurances at each AGM. Owners can also, by special resolution, decide that the body corporate must take out insurance against additional risks.

Having taken out the required insurance, the body corporate must make sure that it is kept in force by paying the premiums and abiding by the requirements of the policy.

The requirements of the policy will extend to actions not only on common property but also within sections and exclusive use areas, so the body corporate must make sure that owners and occupiers know what actions will constitute a breach of the conditions of the insurance policy.

PHYSICAL DUTIES

Maintain the common property. The body corporate must keep the common property (including lifts) properly maintained and in good working order. Proper maintenance will require the replacement of parts from time to time. In some cases it will *...to page 4*

WHAT YOUR TRUSTEES SHOULD DO FOR YOU . . . continued

...from page 3 be cheaper to replace than to repair. Whenever a part of the common property shows signs of significant wear and tear or a non-trivial defect, the body corporate must carry out and pay for the repair.

Unless the rules of a scheme include special provisions that make particular owners liable to pay for specific repairs, all owners are responsible for contributing to the costs of maintenance and repairs to all parts of the common property, whether or not they use the common property.

If the body corporate owns movable items, such as swimming pool equipment, it must also keep these in good working order.

If the body corporate is ordered by the local authority or any other competent authority to carry out any work on the land or buildings in the scheme, it must do so.

Because of the financial implications, owners often disagree on standards of maintenance, but a lack of maintenance can reduce the value of the sectional properties in the scheme.

Maintain equipment. The body corporate must maintain in good order the plant, machinery, fixtures and fittings used in connection with the common property and sections. Examples range from small items, such as a lawnmower in a residential scheme, to complex items, such as air-conditioning equipment and ducting in a commercial building.

Maintain common-purpose items and hot-water installations. The basic rule is

that the body corporate maintains and repairs common property, and owners maintain and repair their sections. But there are two exceptions to this rule:

* Where pipes, wires, cables and ducts are not part of the common property but exist to serve more than one section or a section and the common property (such as a common water pipe in a high-rise building), the body corporate must maintain and repair them even though the defective material forms part of one or more section.

* Where a geyser is part of the common property – for example, if it is in a roof space but only serves one or a limited number of sections – the owners of sections served by that installation must carry out and pay for its maintenance and repairs, including replacement when necessary.

ADMINISTRATIVE DUTIES

Supply names and addresses of trustees and owners. The Act requires the body corporate to provide the names and residential addresses of the trustees and all owners in response to any reasonable request. Any request by an owner is reasonable, but a request by an outsider with no interest in the scheme, for example, may be considered unreasonable. This provision allows owners, bondholders and others with an interest in the scheme to contact owners and trustees directly, without going through the managing agent or the trustees.

Supply insurance details and information. If requested in writing by an owner, a bondholder or the authorised

agent of an owner or bondholder, the body corporate must produce its insurance policies and premium payment receipts.

In practice, it would make sense for the trustees or managing agent to keep copies of these documents and send them to owners and bondholders on request and after the payment of a reasonable copy fee and the cost of the postage.

In the event of a similar request, the body corporate must confirm an owner's total levy liability, how it is payable, the extent to which it has been paid, and the amount of any rates and taxes paid by it and not yet recovered.

Notify the Registrar of Deeds and the local authority of the body corporate's service address. The body corporate must notify the Registrar of Deeds and local authority of its address for service of any court process (its *domicilium citandi et executandi*). Normally, this notification is lodged by a managing agent, who will often arrange for the body corporate's address to be his or her office address. Any person who wants to serve court process or a formal letter on the body corporate can therefore establish its official address by a search at the Deeds Registry or the offices of the local authority.

Comply with laws applicable to the common property. The body corporate must ensure that the trustees, owners and occupiers comply ...to page 5

WHAT YOUR TRUSTEES SHOULD DO FOR YOU...continued

...from page 4 with any law governing the common property or any building improvement on the land in the scheme.

This means that the trustees must make sure that not only national legislation, such as the National Building Regulations and Building Standards Act, but also local authority bylaws, such as the local zoning laws and regulations, are complied with. So, for example, if an owner extends a section without approved building plans or uses a section in contravention of the applicable zoning regulations, the trustees have failed to perform this statutory duty.

Control and manage the common property. The body corporate has a general obligation to control, manage and administer the common property for the benefit of all sectional owners. This means that the body corporate must do all things reasonably necessary to carry out its primary functions and to enforce the provisions of the Act and the scheme's rules. So, for example, if an owner starts to erect an unauthorised structure on the common property, the trustees have no option – they must take action to stop the unauthorised building. If demands and threats of legal action do not succeed in having the structure removed, they must take legal action.

ADDITIONAL FUNCTIONS

The body corporate's functions set out in the Act are supplemented by those set out in the rules of each scheme. Most schemes have rules that include those prescribed under the Act and

include the additional duties discussed below.

Elect trustees. At each AGM the owners must decide how many trustees there will be (there must be at least two) and elect trustees to serve until the end of the next AGM. Where some trustees cease to hold office, the remainder can co-opt replacements. The owners can also appoint replacements and can remove trustees at a general meeting if clear notice of this issue is given.

Keep a record of the rules. The trustees must keep a full set of the body corporate rules and make these available to owners, occupiers, prospective purchasers, bondholders, the managing agent and the auditor on request and payment of a reasonable charge. When rules are changed, the trustees must notify the Registrar of Deeds of those changes.

Keep minutes. The trustees must keep minutes of all their meetings and those of owners. They must file these in a minute book that must be kept forever and made available to any bondholder or an owner of a unit on request.

Books and records. The trustees must keep proper books of account for the body corporate and make these available to any owner, bondholder or the scheme's managing agent on request. Books of account and records have to be kept for six years after the date of the transactions recorded.

For each financial year, the trustees must have an annual financial statement prepared, including an age analysis of the body corporate's debtors and creditors and the expiry date of all its insurance policies. The trustees must also prepare a report that reviews the body corporate's affairs during that year. These documents have to accompany the notice of the AGM sent to all owners.

Call special general meetings. Trustees can call general meetings at any time, normally on 14 days' notice. Where special or unanimous resolutions are to be discussed, 30 days' notice is required. But the trustees can decide that because of the urgency or specific nature of a matter, shorter notice is to be given.

If owners who hold at least 25 percent of the participation quotas or bondholders who have bonds over at least 25 percent of the number of units request a special general meeting, the trustees must call it. If they fail to do so, the owners or bondholders can do so themselves.

Hold an AGM. A body corporate must hold an AGM within four months of the end of each financial year. The financial year runs from March 1 each year, unless this date is changed by the trustees or by owners in general meeting. ■

P R E — D E V E L O P M E N T F I N A N C I A L P L A N N I N G
. . . c o n t i n u e d

...from page 1 development gets off the ground and the levy per m² is then quoted in agreements of sale; often the first transfer takes place some two to three years after the initial budget is set, the result on the finances of the body corporate are obvious.

Another pitfall is comparing levies per m² in other schemes and just applying this rate; such a comparison should only be used as a guideline or a method to check the reasonableness of the resultant levy after a duly considered budget has been prepared.

Members of the body corporate do have an opportunity to check the adequacy of the budget at the inaugural general meeting, and should be checked carefully and questioned thoroughly. The problem however is that owners do not

readily want to pay more and so the budget is accepted without amendment.

A further complication is the phase development, where a few units at a time are transferred over a period of months or years until the development is completed. Usually the budget is prepared for the completed development and the result is often a cash-flow problem, where expenses for the part of the development which has been completed exceed the levies that are receivable for those units. It is also necessary to have a reconciliation which splits costs and allocates these correctly between the body corporate and the Developer.

This aspect is sometimes the subject of disputes with the Developer, usually as a result of the accounting process not being planned for by the Developer and

therefore not taken into account when planning the scheme; again this can be avoided by budgeting correctly and in line with the projected transfer dates of the various phases.

The long and short of it; Developers and owners alike must take responsibility for the initial budget and ensure that it is adequate, especially in the short term, with a long-term maintenance fund end result. ■

*If you are interested in learning more about the financial and legal aspects of sectional title property development, Paddocks in conjunction with the University of Cape Town will be presenting the first **UCT Sectional Title Development Course** in October 2008. This is a 3 –day workshop to be held in Cape Town.*

(See the box on the left below.)



UCT Sectional Title Development Course

- 3 - day intensive workshop presented at the Kelvin Grove Club, Newlands, Cape Town
- Focuses on the legal and financial aspects of sectional title property development
- Ideal for anyone who wishes to practice as, or be a service provider to a developer of sectional title schemes

Registrations close: 26th September 2008

Course dates: 6th, 7th, 8th October 2008

PLEASE NOTE: *There is a high demand for this course and students are encouraged to submit their registration forms as soon as possible to secure placement.*



UCT Advanced Sectional Title Scheme Management Course

- 4 week course including 3 weeks self-study with expert support where 6 advanced topics are researched and discussed
- Includes a three-day intensive workshop held in Johannesburg where the 6 advanced topics are presented, discussed and debated
- Students are exposed to the latest thinking in Sectional Title legal developments

Registrations close: 26th September 2008

Course dates: 6th October until end of October

T A X S N I P P E T — T H E T A X M A N G A V E T H

By Clint Riddin

In a previous article we advised of the R50,000 income exemption in the budget speech. It was originally thought that that the exemption only applied to interest income, but the amended section 10(1)e of the Income Tax Act applies the exemption to any income which does not exceed R50,000; the relevant section reads as follows:

“any levy and any income derived from any other sources, to the extent that the income derived from those other sources does not in total exceed R50 000, received by or accrued to--

i) any body corporate established in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), from its members;

ii) a share block company established in terms of the Share Blocks Control Act, 1980 (Act No. 59 of 1980), from its shareholders; or

iii) any other association of persons (other than a company registered or deemed to be registered under the Companies Act, 1973 (Act No. 61 of 1973), any co-operative, close corporation and trust, but including a company incorporated under section 21 of the Companies Act, 1973), from its members, where the Commissioner is satisfied that, subject to such conditions as he or she may deem necessary, such association of persons--

aa) has been formed solely for the purposes of managing the collective interests common to all its members, which includes expenditure applicable to the common immovable property of

such members and the collection of levies for which such members are liable; and

bb) is not permitted to distribute any of its funds to any person other than a similar association of persons:

Provided that such body, company or association is or was not knowingly a party to, or does not knowingly permit or has not knowingly permitted, itself to be used as part of any transaction, operation or scheme of which the sole or main purpose is or was the reduction, postponement or avoidance of liability for any tax, duty or levy which, but for such transaction, operation or scheme, would have been or would become payable by any person under this Act or any other law administered by the Commissioner.” ■

P A D D O C K S C O N S U L T I N G

By Robyn Allan

Paddocks’ consulting team comprises Professor Graham Paddock, Judith van der Walt and Jennifer Paddock. Paddocks Consulting deliver consulting, drafting and representation services, primarily to sectional title bodies corporate, but also to managing agents, developers, owners and others involved in schemes throughout South Africa. The consulting team also offers conveyancing services.



Above: Jennifer Paddock; Prof. Graham Paddock; Judith van der Walt

While clients will generally interact with one of the consultants, the consulting team consults and works with one another on matters thereby ensuring that clients receive quality and efficient service at the most affordable price. Client matters are quality controlled by Professor Graham Paddock. ■

Paddocks Consulting Rates	
Prof. Graham Paddocks:	R1 600 per hour
Judith van der Walt:	R1 000 per hour
Jennifer Paddock:	R700 per hour

BACK TO BASICS

BY JUDITH VAN DER WALT

Maintenance and Improvements of the Common Property



Judith van der Walt

The Sectional Titles Act of 1986 ("the Act") distinguishes between maintenance of the common property and improvements to the common property.

The Body Corporate is, in terms of the Act, compelled to maintain the common property and keep it in a state of good and serviceable repair. Examples of the common property are the outside walls of the buildings, foyers, staircases, hallways, lifts and lift shafts, gardens, parking bays and other open areas of the common property. The maintenance of these areas would include painting, cleaning, repairing, servicing of the lift, cutting grass and tending to flower beds and maintaining the surface of the parking areas.

Improvements to the common property go beyond the scope of maintenance. The Sectional Titles Act does not provide examples of improvements to the common property but typical examples are the building of a wall around the scheme, electrifying fences, upgrading tarred driveways to paved driveways, installing swimming pools, improving the landscaping of the gardens and so forth.

The Body Corporate must make provision for maintenance expenditure in its budget every year but in many cases where a substantial expense is going to be incurred at once, for example when the entire scheme has to be repainted, the trustees will often have to raise a special levy in order to have enough money available to attend to such an expense. Expenses like these are usually unbudgeted for and therefore a special levy has to be raised. It is possible that the Body Corporate will have enough reserves available to pay for the painting of the scheme, but in most schemes it will be unlikely and a special levy will have to be raised.

In circumstances where schemes have substantial reserves available and a decision is made by the trustees to make improvements to the common property, many trustees fail to take into account the provision of the Act that all improvements to the common must be sanctioned by either a unanimous or special resolution, depending on the nature of the improvements. The fact that the scheme does have money available for improvements and therefore does not have to raise a special levy to pay for such improvements does not negate this provision of the Act that all improvements, whether luxurious or non-luxurious, have to be authorised by a unanimous or special resolution respectively.

The availability of funds to effect improvements to the common property might convince owners more easily to vote in favour of such improvements but no improvements can be effected by the trustees without being duly authorised thereto by the owners, irrespective of whether a special levy will have to be raised to effect the improvements. The only exception to this rule is the installation of service meters, which requires a majority vote by the owners.

The difference between luxurious and non-luxurious improvements is in many instances subjective and even the location of the scheme could have an influence on the nature of the improvements. In general, if an improvement is not necessary at all, it would in all probabilities be regarded as a luxurious improvement to the common property, which has to be approved by a unanimous resolution of the members. ■

Judith van der Walt is a consultant at Paddocks. She works together with Prof. Graham Paddock and Jennifer Paddock. Her hourly rate is R1 000 plus VAT.

Q & A WITH THE PROFESSOR



By Prof.
Graham Paddock

Changes to the Sectional Titles Act soon?

Q1. I understand that the Sectional Titles Act is about to undergo extensive amendments. Has a Bill been published detailing the various proposals in this regard?

A1. There are no extensive substantive amendments to the Sectional Titles Act currently planned. The current initiative is for all the scheme governance provisions to be removed from the Act and put into a new Sectional Titles Scheme Management statute that will be administered by the Department of Housing rather than the Department of Land Affairs.

I expect that the Sectional Titles Schemes Management (STSM) Bill for this purpose will be published for public comment later this year. But don't expect anything contentious. The new Act will contain all the existing provisions, but they will be in more logical groupings designed to make them more easily accessible to the trustees, owners and managing agents who must know and apply them.

The existing Sectional Titles Act will remain on the statute books, but deal only with survey and registration issues, not with scheme management.

The STSM Act will provide for a new Regulations Board that will deal only with scheme management issues and that body will make recommendations to the Minister of Housing in regard to changes to that Act.

When can we expect to see the Community Scheme Ombud Service established?

Q2. What has happened to the process of establishing the Community Scheme Ombud Service. I understood that this was originally expected to have come into operation in about 2006 but I have not heard anything further.

A2. You are correct, the process started late in 2004.

At first there was some confusion as to which government Department should start the process, but the Department of Land Affairs took it on because the existing Sectional Titles Act falls under its Minister's jurisdiction.

The project has now been transferred from the Department of Land Affairs to the Department of Housing and we are hoping that the Community Scheme Ombud Service (CSOS) Bill will be pub-

lished for public comment either later this year or early in 2009.

Recovery of legal costs from an owner

Q3. I have a client scheme that has taken legal action taken against an owner of a unit. The owner has been billed for the body corporate's legal fees based on the terms of Management Rule 31 (5). The fees amount to R4708 so far and the reason is that the owner has not complied with the rules (which are not recorded) and also because the trustees had to request their attorney to send the unit owner letters saying that she must stop harrasing them with letters and faxes on matters that have been resolved. I can understand their concern as I myself had to phone the owner's employer to request the same thing as I have received at least 3 to 4 faxes every day on the same matter.

The owner has also received legal advice and I have spoken to her attorney. He argues that she is not liable for the legal fees as it must first be accepted in a court of law or by an arbitrator that she is guilty and only the court can decide who should pay for the fees. She therefore refuses to pay for the fees.

Q3.1. - Should a court or arbitrator first have to find the owner liable before they are responsible for any legal fees?

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Q & A WITH THE PROFESSOR

...from page 9

A3.1 - Many owners simply pay the "legal costs" debits they see on their levy statement, either because they think they are obliged to or because the costs involved in disputing the amount seem to outweigh any possible advantage in overturning the debit or obtaining a meaningful reduction in the amount.

But if an owner thinks that the body corporate has either wrongly incurred legal costs it now claims from him/her (e.g. it was not my dog barking, so I don't want to pay for the three letters) or that the costs are excessive (believe it or not, this does sometimes happen with attorneys), s/he should deny liability. The body corporate would then have to declare a dispute with the owner in this regard in order to get an award confirming his/her liability.

Bear in mind that the bill rendered by an attorney instructed by the trustees or their managing agent arises as a result of a contract between the body corporate and the attorney, so only the body corporate can be legally responsible to the attorney for those costs in the first place. What we are looking at is the body corporate's right to recover its disbursement in regard to legal costs from an owner, thus ensuring that other owners do not have to contribute to these costs via their levies.

The provisions of PMR 31 (5) can only be applied to a situation in which a

court or arbitrator has determined that the owner is liable for costs (usually at the time of a judgment or award in favour of the body corporate on the merits of the matter).

And even when an adverse costs order is made against an owner, before legal costs can be claimed the amount of those costs must either be agreed by the person who pays them or "taxed", i.e. a court official must check each entry on the lawyer's bill to confirm that it is reasonable.

Q3.2 - Would this include any fees for letters the trustees requested a attorney to send out for other issues like harrassment?

A3.2 - Yes, this applies to any legal costs.

Q3.3 - What is the situation where there are rules (made over many years) which are not recorded?

A3.3 - If the rules are not filed at the Deeds Registry, they are not valid or enforceable. So that could mean that the body corporate would lose a case attempting to get an owner to abide them.

Voting values

Q4. If one person owns two residential sections, does he have 1 or 2 votes? If one person owns one residential section

and one maidsroom section does he have 1 or 2 votes? If a person does not own a residential section, but only owns a maidsroom does he have no vote, a full vote, or a proportionate vote?

A4. If voting is by a show of hands, the owner/s have one vote per section owned regardless of the nature of the section (i.e. flat/maids room/store room/garage).

However, if the vote is taken by poll instead of by a show of hands, the size of the sections will come into play and an owner's vote will be weighted according to the participation quotas of the section/s owned or - if there is one - the scheme rule that alters the effect of the participation quotas in regard to voting values. ■

UPCOMING EVENTS

SEPTEMBER	REGION	DATE
Addsure and NAMA Managing Agents Insurance Workshop	Midrand, Johannesburg	19th September 2008
NAMA Trustee Training	Gauteng Central	20th September 2008
UCT/Paddocks Sectional Title Development Course— Registrations close	Cape Town	26th September 2008
UCT/Paddocks Advanced Scheme Management Course - Registrations close	South Africa	26th September 2008
OCTOBER	REGION	DATE
UCT/Paddocks Sectional Title Development Course	Cape Town	6th, 7th, 8th October 2008
UCT/Paddocks Advanced Scheme Management Course Starts	South Africa	6th October 2008
Addsure Trustee Insurance Workshop	Cape Town	7th October 2008
Addsure Trustee Insurance Workshop	Cape Town	8th October 2008

Please contact Robyn on 021 674 7818 or robyn@paddocks.co.za for more information regarding the above events or to submit an event.

ABOUT PADDOCKS

Paddocks is a specialist sectional title firm providing a range of products and services through its **Learning, Consulting, Development, Publishing,** and **Software** divisions.

Prof. Graham Paddock is the head of Paddocks, an authority on Sectional Title law and practice and an adjunct Professor at the University of Cape Town. He is the Project Manager and one of the lead consultants to the Department of Housing in the restructuring of the Sectional Titles Act and the establishment of an Ombud Service.

Learning

Together with the Universities

of Cape Town and Stellenbosch as well as the National Association of Managing Agents and other professional organisations, Paddocks Learning offers several sectional title certificate courses, seminars and conferences.

Consulting

Graham Paddock leads the consulting division and is assisted by Judith van der Walt and Jennifer Paddock. Paddocks Consulting deliver consulting, drafting and representation services, primarily to sectional title bodies corporate, but also to developers, owners and others involved in schemes. They consult to vari-

ous levels of central and local government and act as mediators and arbitrators of sectional titles disputes. The consulting team also offers conveyancing services.

Development

Paddocks Development leverages the firm's sectional title expertise to complete niche sectional title property developments in the Western Cape.

Publishing

Since 1983, Graham Paddock has written sectional title books, pamphlets and training manuals for trustees and managing agents. Paddocks Publishing sets, prints and pub-

lishes a range of electronic and 'hard copy' sectional title publications by Graham and other authors which make Sectional Title expertise easily accessible to the South African population at large.

Software

Paddocks Software designs and manages the production and distribution of a variety of software tools which provide substantial efficiency gains to those involved in sectional title management and consulting.

Please see

www.paddocks.co.za for more information ■