

Sectional title: Pitfalls for tenants to avoid

Lots of tenants relocate at this time of year, but before they sign the lease for their next sectional title apartment or townhouse, they need to take a few precautions.

For a start, says Berry Everitt, MD of the Chas Everitt International property group, they need to make sure that the financial position of the scheme is sound and that it is well-managed, because if the owners have been lax about paying or collecting the levies and the body corporate is short of money, the maintenance of the building or complex will inevitably suffer, and they could shortly find themselves living in run-down surroundings.

“In addition, if it turns out that their landlord is one of the owners who are in default on levies, the unit they are renting could well be attached and sold in execution to pay for the arrears, leaving them in a very uncertain position.”

Secondly, he says, sectional title tenants also need to be very clear about what their monthly rental covers and if or how any increase in levies might affect them.

“Generally, the unit owner/ landlord in a sectional title scheme is responsible for the maintenance and any repairs to the interior of the unit, while the upkeep of the exterior and common areas such as gardens and garages is the responsibility of the body corporate and is paid for out of the monthly levies. However, this does not necessarily mean that tenants don’t have to worry about the annual levy increases or any special levies that may be imposed on owners. Before they sign it, they should check their lease carefully to see if it provides for the landlord to increase the rent in the event of any levy increase.”

Writing in the latest edition of the Property Signposts newsletter, Everitt says that while they’re about it, prospective tenants should also find out if their rent includes parking, for example, or the use of a storage area, or if they will need to pay an additional monthly amount for that, and how they will be charged for municipal services.

“It is always better when units have their own separate electricity and water meters. Billing can be very unfair and the cause of much unhappiness and even disputes in schemes where the body corporate still receives one overall account for services from the local authority and just divides it among the residents according to the relative size (PQ) or their units.”

Then the third thing that prospective tenants need to check, he says, is the conduct rules that apply to a particular ST scheme. Legally, a copy of these has to be attached to the signed lease, but it is always a good idea to go through them before that.

“For example, the lease document might omit to say anything about pets, but if the conduct rules say “no pets”, this could make the unit unsuitable for some tenants and it would be much better for all parties if they were aware of this before signing a lease.”

And finally, says Everitt, it is worth bearing in mind that sectional title schemes are generally better-managed when the trustees have appointed a professional managing agency to collect and administer levies efficiently and to assist them to run the building or complex properly.

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