



PAM GOLDING PROPERTY MANAGEMENT SERVICES



Mike Morey is the Managing Director of PGPMS with full executive responsibility of all activities within the Company. Mike is also the Financial Director of Pam Golding Commercial and all 9 companies that fall within the group. Mike is a qualified financial accountant who has been actively involved in the Real Estate industry for over 25 years. He has been involved in aspects of finance, systems, administration and human resource management within both Pam Golding Properties and currently the Pam Golding Commercial Group and PGPMS.

Mike matriculated at Wynberg Boys High and attained his BCom at UCT. Post graduate qualifications include a Degree in Corporate Business Administration (ICSA); University of Pretoria Certificate in Shopping Centre Management and studies towards Bcom Honours in Financial Management at UCT. Mike has been a Board Member of the Property Services Chamber of the Services SETA; was Chairman of the Western Cape Branch and National Council Member of ICSA and is currently a member of the Audit Committee of Cape Medical Plan and a former Strategic Business Partner of ARC.



The Pam Golding Property Group comprises a number of operating companies which cover the full spectrum of the property market in sub-Saharan Africa and internationally.

an
overview

PGPMS | Property Management

We administer in excess of 190 sites, including 8,000 residential and commercial units to the value of more than R30 billion.



levy
contributions

Body Corporate Levy Contributions

- Ordinary levies
- Calculation of a member's contribution
- Additional contributions
- Special levies
- Interim levies
- CSOS levies
- Obligation to pay
- Q & A

All sections mentioned refer to the Sectional Titles Schemes Management Act (Act No 8 of 2011) and all rules or regulations mentioned refer to the Management Rules or Regulations as per the Sectional Titles Schemes Management Regulations.



levy
contributions

Why are levies raised?

In terms of section 3(1)(a), a body corporate must establish and maintain an **administrative fund** which is reasonably sufficient to cover the estimated annual operating costs-

- (i) for the repair, maintenance, management and administration of the common property (including reasonable provision for the future maintenance repairs);
- (ii) for the payment of the rates and taxes and other local municipality charges for the supply of electricity, gas, water, fuel and sanitary or other service to the building or land;
- (iii) for the payment of any insurance premiums relating to the building or land;
and
- (iv) for the discharge of any duty or fulfilment of any other obligation to the body corporate.



levy
contributions

Why are levies raised?

In terms of section 3(1)(b), a body corporate must also establish and maintain a **reserve fund** in such amounts as are reasonably sufficient to cover the cost of future maintenance and repair of common property but not less than such amounts as may be prescribed by the Minister.

Section 3(1)(c) requires owners, whenever necessary, to make contributions to these funds. These contributions are your 'ordinary levies'.

levy calculations

Section 3(1)(f) “to raise the amounts so determined by levying contributions on the owners in proportion to the **quotas** of their respective sections.”

Section 32 Sectional Titles Act: Participation Quota (PQ) of a section shall be a percentage expressed to four decimal places, and arrived at by dividing the floor area, correct to the nearest square metre, of the section by the floor area, correct to the nearest square metre, of all the sections in the building or buildings comprised in the scheme.

$$PQ = \frac{\text{Floor area of section } m^2}{\text{Floor area of all sections } m^2}$$

Note: a PQ is expressed as a % of a whole, therefore if one section changes (e.g. due to an extension), the PQ of all sections inevitably change. Upon registration of the new section, the PQs must be recalculated, endorsed by the relevant authority and a new levy contribution schedule must be formulated.



levy
calculations

Amended Contribution Rule

Section 11(2)(a) – the developer may, when submitting an application for the opening of a sectional title register in terms of the Sectional Titles Act, or the members of a body corporate may by **special resolution**, make rules under section 10 by which a different value is attached to the vote of the owner of any section, or the liability of the owner of any section to make contributions for the purposes of section 3(1)(a) *[administrative fund contributions]* or 14(1) *[insurance by owners]*.

Written consent from adversely affected owners required

Section 10(5) – If the management or conduct rules contemplated in subsection (2) are 5 substituted, added to, amended or repealed, the developer or the body corporate must lodge with the chief ombud a notification in the prescribed form of such substitution, addition, amendment or repeal.

additional
contributions

Exclusive Use Area Contributions

Section 3(1)(c) – a body corporate **must** require the owners of sections entitled to the right to the exclusive use of a part or parts of the common property, whether or not such right is registered or conferred by rules, to make such additional contribution to the funds as is estimated necessary to defray the costs of rates and taxes, insurance and maintenance in respect of any such part or parts, including the provision of electricity and water, unless in terms of the rules the owners concerned are responsible for such costs.

additional
contributions

Developer Contributions

Section 3(1)(d) – a body corporate must require from a developer who is entitled to extend the scheme in terms of a right reserved in section 25(1) of the Sectional Titles Act, to make such reasonable additional contribution to the funds as may be necessary to defray the cost of rates and taxes, insurance and maintenance of the part or parts of the common property affected by the reservation, including a contribution for the provision of electricity and water and other expenses and costs in respect of and attributable to the relevant part or part.

special
levies

PMR 21(3)(a) The body corporate may, on the authority of a written **trustee resolution** –

(a) levy members with a special contribution if additional income is required to meet a necessary expense that cannot be reasonably delayed until provided for in the budget for the next financial year.

Section 3(3) Any special contribution becomes due on the passing of a resolution in this regard by the trustees of the body corporate levying such contribution and may be recovered by the body corporate by an application to an ombud, from the persons who were owners of units at the time when such resolution was passed: Provided that upon the change of ownership of a unit, the successor in title becomes liable for the pro rata payment of such contributions from the date of change of such ownership.

budget
approval

Annual General Meeting

Rule 17.

(1) Subject to sub-rule (2), the body corporate must hold an annual general meeting within four months of the end of each financial year.

(2) The body corporate is not obliged to hold an annual general meeting if, before or within one month of the end of a financial year, all members in writing waive the right to the meeting and consent in writing to motions that deal with all the items of business that must be transacted at the annual general meeting; provided that if two or more persons are jointly entitled to exercise a vote, all of them must waive the right to the meeting and consent to the resolutions in writing.

Trustee Meeting Resolutions

- Liability for Contribution (section 3(2)) and Interest on Arrear Levies (rule 21(3)(c))

interim
levies

Interim Levy Increase

Rule 25 (1)

The body corporate must, as soon as possible but not later than 14 days after the approval of the budgets referred to in rule 17(6)(j)(iv) by a general meeting, give each member written notice of the contributions and charges due and payable by that member to the body corporate.

Rule 21 (3)(b)

The body corporate may, on the authority of a written trustee resolution increase the contributions due by the members by a maximum of 10% at the end of a financial year to take account of the anticipated increased liabilities of the body corporate, which increase will remain effective until members receive notice of the contributions due by them for the next financial year.



CSOS
levies

CSOS Levy

Section 29(1)(b) of the CSOS Act: all schemes are required to pay a monthly levy for every unit situated within a Community Scheme and such amount shall be paid over to CSOS on a quarterly basis.

Calculated as:

the lesser of R 40.00 or 2% of the amount by which the monthly levy charged by the Scheme exceeds R 500.00 OR
(Community Scheme levy paid per unit – R500) x 2%, to a maximum of R40.00 per unit

The CSOS Levy Calculator is available on the website: www.csos.org.za/regulations.html

all
levies

Obligation to pay contributions

Who must pay levies?

- All owners at passing of resolution; new owners pro-rata contribution

Consequences for not paying levies

- Payment order from the Ombud
- PMR 20(2)(a) – Except for special and unanimous resolutions, a member is not entitled to vote if a member fails or refuses to pay the body corporate any amount due by that member after a court or adjudicator has given a judgment or order for payment of that amount

Q & A

