

New Legislation - Important information for Community Scheme Owners



Corrie de Jager, Frik van Wyk, Jannie Griesel

New legislation came into effect on 7 October 2016 and it is of **great importance** that all our clients be informed of the consequences thereof on the industry.

AULA Rentals held a free information evening on this new legislation on November 23rd 2016 at the Centurion Residential Estate. Speakers at this successful event were Frik van Wyk, Corrie de Jager (Snyman de Jager Att) and Jannie Griesel (Griesel Nel Auditors).

Community Scheme Ombud Service

1. The Community Scheme Ombud Service Act, no 9 of 2011 came into force on 7 October 2016.

In terms of this Act, "community schemes" include:

- Sectional titles development schemes;
- Share block companies;
- Home or property owner's associations;
- Housing schemes for retired persons;
- Housing co-operatives.

2. **Purpose of the new legislation:**

Governing bodies no longer need to resolve issues in expensive complex litigation. Any person in a community scheme may make an application to the CSOS if such a person is a party to or is materially affected by a dispute. However, owners first need to attempt to solve the dispute internally before taking it to the Ombudsman. The decision of the Ombudsman carries the same weight as a court ruling.

This legislation is to regulate, monitor and control quality of scheme documentation to promote and monitor good governance of schemes.

Conciliation refers to the process where the parties use the services of an independent conciliator to be appointed by the Ombudsman to assist parties to arrive at a mutually agreeable solution.

Adjudication refers to the process where an independent adjudicator appointed by the Ombudsman, or selected by both parties from the list provided by the Ombudsman, determines how the dispute is to be resolved and makes a binding decision or order.

3. **Fees:**

An important change is the addition to monthly fees to fund the CSOS, as several staff members are employed in Sandton – which is also the Head Office, Durban and Cape Town. From January 1st 2017, all owners will contribute 2% of their monthly levies towards the CSOS. Owners in complexes situated in HOA's will contribute towards both.

The first R500 was waived and the maximum monthly contribution is R40 per member / unit. These fees are added monthly, separately on the levy statements and payable monthly by the owners. It is payable quarterly to the CSOS. Persons with a net household income of below R5 500 may apply for exemption from this levy.

Monthly Levy	Amount CSOS Fee & calculation	Monthly CSOS Fee payable
R450	R0	R0
R550	R550-R500 = R50	2% of R50 = R1
R1 800	R1 800 – R500 = R1 300	2% of R1 300 = R26
R2 600	R2 600 – R500 = R2 100	2% of R2 100 = R42 (Ceiling R40)

For additional information please consult www.CSOS.org.za or visit our "Legislation" page to view new Rules and Legislation.