

REPUBLIC OF SOUTH AFRICA

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# SECTIONAL TITLES SCHEMES MANAGEMENT BILL

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*(As introduced in the National Assembly (proposed section 76); explanatory summary of  
Bill published in Government Gazette No. 33366 of 9 July 2010)  
(The English text is the official text of the Bill)*

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(MINISTER OF HUMAN SETTLEMENTS)

**[B 20—2010]**

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## GENERAL EXPLANATORY NOTE:

[                    ]     Words in bold type in square brackets indicate omissions from existing enactments.

                         Words underlined with a solid line indicate insertions in existing enactments.

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# BILL

**To provide for the establishment of bodies corporate to manage and control sections and common property in sectional titles schemes and for that purpose to apply rules applicable to such schemes; to establish a sectional titles schemes management advisory council; and to provide for matters connected therewith.**

**B**E IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

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### **Definitions**

- (1) In this Act and the rules, unless the context otherwise indicates—  
“**body corporate**”, in relation to a building and the land in a sectional title scheme, means the body corporate of that building referred to in section 2(1);

- “**Court**” means the High Court having jurisdiction and, for the purpose of section 12, a magistrates’ court having jurisdiction;
- “**Chief Ombud**” means Chief Ombud as defined in the Community Schemes Ombud Service Act, 2010;
- “**Department**” means the Department of Human Settlements; 5
- “**Director-General**” means the Director-General: Human Settlements;
- “**exclusive use area**” means a part or parts of the common property for the exclusive use by the owner or owners of one or more sections;
- “**lease**”, for the purposes of section 5(1)(a), means a lease which—
- (a) was entered into for a period of not less than 10 years; 10
- (b) was entered into for the natural life of the lessee or of any other person mentioned in the lease; or
- (c) is renewable at the will of the lessee indefinitely or for periods which, together with the first period, amount in all to not less than 10 years;
- “**Minister**” means the Minister of Human Settlements; 15
- “**owner**”, in relation to a unit or a section or an undivided share in the common property forming part of such unit, means, subject to subsection (5), the person in whose name the unit is registered at a deeds registry in terms of the Sectional Titles Act or in whom ownership is vested by statute, including the trustee in an insolvent estate, the liquidator of a company or close corporation which is an owner, the executor of an owner who has died, or the representative of an owner, who is a minor or of unsound mind, recognised by law, and “**owned**” and “**ownership**” have a corresponding meaning; 20
- “**prescribed**” means prescribed by regulation;
- “**regulation**” means a regulation made under this Act; 25
- “**rules**”, in relation to a building which is divided into sections and common property, means the management rules and conduct rules referred to in section 9(2)(a) and (b), respectively;
- “**Sectional Titles Act**” means the Sectional Titles Act, 1986 (Act No. 95 of 1986);
- “**special resolution**” means, subject to subsection (3), a resolution— 30
- (a) passed by a majority of not less than three-fourths of the votes (reckoned in value) and not less than three-fourths of the votes (reckoned in number) of members of a body corporate who are present or represented by proxy or by a representative recognised by law at a general meeting of which at least 30 days’ written notice, specifying the proposed resolution, has been given: 35  
Provided that in circumstances determined in the rules, a meeting of the body corporate may be convened 30 days or less after notice of the proposed resolution has been given to all the members of the body corporate; or
- (b) agreed to in writing by at least 75% of all the members of a body corporate (reckoned in number) and at least 75% of all such members (reckoned in value) personally or by proxy or by a representative of any such member recognised by law; 40
- “**this Act**” includes regulations;
- “**unanimous resolution**” means, subject to subsection (4), a resolution—
- (a) passed unanimously by all the members of a body corporate who are present or represented by proxy or by a representative recognised by law at a general meeting of the body corporate of which at least 30 days’ written notice, specifying the proposed unanimous resolution, has been given, and at which meeting at least 80% of all the members of a body corporate (reckoned in number) and at least 80% of all the members (reckoned in value) are present or so represented: Provided that in circumstances determined in the rules, a meeting of the body corporate may be convened 30 days or less after notice of the proposed resolution has been given to all the members of the body corporate; or 50
- (b) agreed to in writing by all the members of the body corporate personally or by proxy or by a representative of any such member recognised by law. 55
- (2) The terms “building”, “common property”, “deeds registry”, “developer”, “development scheme”, “land”, “local authority”, “participation quota”, “quota”, “registrar”, “scheme”, “section”, “sectional mortgage bond”, “sectional plan”, “undivided share in common property” and “unit” apply in the interpretation of this Act as they are defined in the Sectional Titles Act. 60
- (3) For the purposes of the definition of special resolution, a notice contemplated in that definition is deemed adequate if—

- (a) it has been delivered by hand to a member not less than 30 days prior to the relevant general meeting; or
  - (b) it was dispatched by prepaid registered post not less than 30 days prior to such meeting to the address of a member's unit in the relevant scheme, or to such other address as a member may have indicated in writing for the purposes of such notice. 5
- (4) For the purposes of the definition of unanimous resolution—
- (a) a notice contemplated in that definition is considered adequate if it has been delivered to or dispatched to the address of a member, as contemplated in subsection (3); 10
  - (b) a member present or represented at a meeting contemplated in that definition, who personally, or through a proxy or representative, as the case may be, abstains from voting on the resolution in question, is regarded as having voted in favour of the resolution; and
  - (c) where the resolution in question adversely affects the proprietary rights or powers of any member as owner, the resolution must not be regarded as having been passed unless such member consents thereto in writing. 15
- (5) For the purposes of the definition of owner—
- (a) if a unit is subject to a lease for a period of 99 years or longer or for the life of the building or buildings concerned and registered in a deeds registry, the holder of such lease is considered to be the owner for the duration of that lease; and 20
  - (b) if a unit is registered in a deeds registry—
    - (i) in the names of both spouses in a marriage in community of property; or
    - (ii) in the name of only one spouse and forms part of the joint estate of both spouses in a marriage in community of property, 25
 either one or both of the spouses are considered to be the owner.
- (6) If the body corporate is unable to obtain a unanimous relief, it may approach court for relief.

### **Bodies corporate** 30

2. (1) With effect from the date on which any person other than the developer becomes an owner of a unit in a scheme, there shall be deemed to be established for that scheme a body corporate of which the developer and such person are members, and any person who thereafter becomes an owner of a unit in that scheme is a member of that body corporate. 35

(2) The developer ceases to be a member of the body corporate when he or she ceases to have a share in the common property as contemplated in section 34(2) of the Sectional Titles Act.

(3) Any other member of the body corporate ceases to be a member thereof when such member ceases to be the owner of a unit in the scheme in question. 40

(4) The body corporate must be designated as the "Body Corporate" and must have the name and number contemplated in sections 5(3)(b) and 12(1)(a) of the Sectional Titles Act, respectively.

(5) The body corporate is, subject to the provisions of this Act, responsible for the enforcement of the rules and for the control, administration and management of the common property for the benefit of all owners. 45

(6) The provisions of the Companies Act, 2008 (Act No. 71 of 2008), do not apply in relation to the body corporate.

(7) The body corporate has perpetual succession and is capable of suing and of being sued in its corporate name in respect of— 50

- (a) any contract entered into by the body corporate;
- (b) any damage to the common property;
- (c) any matter in connection with the land or building for which the body corporate is liable or for which the owners are jointly liable;
- (d) any matter arising out of the exercise of any of its powers or the performance or non-performance of any of its duties under this Act or any rule; and 55
- (e) any claim against the developer in respect of the scheme if so determined by special resolution.

(8) (a) A developer must convene a meeting of the members of the body corporate not more than 60 days after the establishment of the body corporate. 60

(b) The agenda for the meeting is as prescribed in the management rules for the meeting.

- (c) At such meeting the developer must furnish the members with—
- (i) a copy of the sectional plan;
  - (ii) a certificate from the local authority to the effect that all rates due by the developer up to the date of the establishment of the body corporate have been paid; and
  - (iii) proof of revenue and expenditure concerning the management of the scheme from the date of the first occupation of any unit until the date of the establishment of the body corporate.
- (9) The developer must pay over to the body corporate any residue referred to in subsection (8)(c)(iii).
- (10) A developer who fails to comply with subsections (8) and (9) is guilty of an offence and liable on conviction to a fine or to imprisonment for a period not exceeding two years or to both such fine and imprisonment.
- (11) The developer must promptly on demand pay any moneys due in terms of subsection 25(2)(e) of the Sectional Titles Act to the body corporate.
- (12) Any reference in any law or document to a body corporate established in terms of the Sectional Titles Act must, after the commencement of this Act, be constructed as a reference to a “body corporate” referred to in section 2 of this Act.

### **Functions of bodies corporate**

- 3.** (1) A body corporate must perform the functions entrusted to it by or under this Act or the rules, and such functions include—
- (a) to establish for administrative expenses a fund sufficient in the opinion of the body corporate—
    - (i) for the repair, upkeep, control, management and administration of the common property (including reasonable provision for future maintenance and repairs);
    - (ii) for the payment of rates and taxes and other local authority charges for the supply of electricity, gas, water, fuel and sanitary or other services 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 of the body corporate;
  - (b) to require the owners, whenever necessary, to make contributions to such fund for the purposes of satisfying any claims against the body corporate: Provided that the 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 fund 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;
  - (c) to 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 fund 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;
  - (d) to determine the amounts to be raised for the purposes of paragraphs (a) and (b);
  - (e) to raise the amounts so determined by levying contributions on the owners in proportion to the quotas of their respective sections;
  - (f) to open and operate an account with any registered bank or other financial institution;
  - (g) to insure the building or buildings and keep it or them insured to the replacement value thereof against fire and such other risks as may be prescribed;
  - (h) to insure against such other risks as the owners may by special resolution determine;

- (i) subject to section 16 and to the rights of the holder of any sectional mortgage bond, forthwith to apply any insurance money received by it in respect of damage to the building, in rebuilding and reinstating the building or buildings in so far as this may be effected;
- (j) to pay the premiums on any insurance policy effected by it; 5
- (k) to maintain all the common property and to keep it in a state of good and serviceable repair;
- (l) to comply with any notice or order by any competent authority requiring any repairs to or work in respect of the relevant land or building;
- (m) to comply with any reasonable request for the names and addresses of the persons who are the trustees of the body corporate in terms of the rules or who are members of the body corporate; 10
- (n) to notify the Chief Ombud, the local authority concerned and the registrar of its domicilium *citandi et executandi*, which is its address for service of any process; 15
- (o) to ensure compliance with any law relating to the common property or to any improvement of land comprised in the common property;
- (p) to maintain any plant, machinery, fixtures and fittings used in connection with the common property and sections and to keep them in a state of good and serviceable repair; 20
- (q) subject to the rights of the local authority concerned, to maintain and repair (including renewal where reasonably necessary) pipes, wires, cables and ducts existing on the land and capable of being used in connection with the enjoyment of more than one section or of the common property or in favour of one section over the common property; 25
- (r) on the written request of any owner or registered mortgagee of a section, to produce to such owner or mortgagee, or any person authorised in writing by such owner or mortgagee, the insurance policy effected by the body corporate and the receipt for the last premium in respect thereof; and
- (s) in general, to control, manage and administer the common property for the benefit of all owners. 30

(2) Liability for contributions levied under any provision of subsection (1), save for special contributions contemplated by subsection (4), accrues from the passing of a resolution to that effect by the trustees of the body corporate, and may be recovered by the body corporate by action in any court (including any magistrate's court) of competent jurisdiction 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. 35

(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 action in any competent court (including any magistrate's court) having jurisdiction, from the persons who were owners of units at the time when such resolution was passed. 40

(4) "Special contribution", for the purposes of this section, means any contribution levied under subsection (1) other than contributions which arise from the approval of the estimate of income and expenditure at an annual general meeting of a body corporate, determined to be a contribution to be levied upon the owners during the ensuing financial year. 45

(5) The body corporate must, on application by an owner or mortgagee of a unit or any person authorised by such owner or mortgagee, certify in writing— 50

- (a) the amount determined as the contribution of that owner;
- (b) the manner in which such contribution is payable; and
- (c) the extent to which such contribution has been paid by the owner.

(6) The body corporate is, for the purposes of effecting any insurance under subsection (1)(g), considered to have an insurable interest for the replacement value of the building and must, for the purposes of effecting any other insurance under that subsection, be considered to have an insurable interest in the subject matter of such insurance. 55

### **Powers of bodies corporate**

- 4.** The body corporate may exercise the powers conferred upon it by or under this Act or the rules, and such powers include the power—
- (a) to appoint such agents and employees as the body corporate may consider fit;
  - (b) when essential for the proper fulfilment of its duties, to purchase or otherwise acquire, take transfer of, mortgage, sell, give transfer of or hire or let units; 5
  - (c) to purchase, hire or otherwise acquire movable property for the use of owners for their enjoyment or protection or in connection with the enjoyment or protection of the common property;
  - (d) where practicable, to establish and maintain on the common property suitable lawns, gardens and recreation facilities; 10
  - (e) to borrow moneys required by it in the performance of its functions or the exercise of its powers;
  - (f) to secure the repayment of moneys borrowed by it and the payment of interest thereon, by notarial bond over unpaid contributions (whether levied or not), or by mortgaging any property vested in it; 15
  - (g) to invest any moneys of the fund referred to in section 3(1)(a);
  - (h) to enter into an agreement with any owner or occupier of a section for the provision of amenities or services by the body corporate to such section or to the owner or occupier thereof, including the right to let a portion of the common property to any such owner or occupier by means of a lease other than a lease contemplated in section 5(1)(a); 20
  - (i) to do all things reasonably necessary for the enforcement of the rules and for the control, management and administration of the common property.

### **Additional powers of bodies corporate** 25

- 5.** (1) In addition to the body corporate's main functions and powers under sections 3 and 4, the body corporate—
- (a) may, upon unanimous resolution, on direction by the owners and with the written consent of any holder of a right of extension contemplated in section 25 of the Sectional Titles Act, alienate common property or any part thereof, or let the common property or any part thereof under a lease, and thereupon the body corporate may, subject to section 17(1) of the Sectional Titles Act, deal with such common property or such part thereof in accordance with the direction and may execute any deed required for this purpose, including any deed required under the Sectional Titles Act; 30 35
  - (b) must, with the written consent of all the members of the body corporate as well as the written consent of the mortgagee of each unit in the scheme, alienate, or in terms of the Sectional Titles Act exercise or cede, a right of extension of the scheme by the addition of sections: Provided that a member or mortgagee may not withhold such approval without good cause in law; 40
  - (c) may enter into a bilateral notarial agreement with registered bondholders to extend the period stipulated in the condition referred to in section 25(1) of the Sectional Titles Act to extend the scheme by the addition of sections and exclusive use areas or by addition of exclusive use areas only;
  - (d) may, subject to subsection (2), purchase land to extend the common property, if duly authorised thereto in writing by all of its members; 45
  - (e) may request the delineation and cession of exclusive use rights to particular owners in terms of section 27(2) of the Sectional Titles Act, if duly authorised thereto by unanimous resolution;
  - (f) may, upon special resolution by the owners, execute on behalf of the owners a servitude or a restrictive agreement burdening the land shown on the relevant sectional plan and may accept on their behalf a servitude or restrictive agreement benefiting such land, as contemplated in section 29 of the Sectional Titles Act; 50
  - (g) must, on application by an owner and duly authorised thereto by special resolution of its members, approve the extension of boundaries or floor area of a section; and 55
  - (h) may generally exercise any power and perform any function conferred or imposed on the body corporate in terms of this Act or the Sectional Titles Act. 60
- (2) Land purchased by a body corporate in terms of subsection (1)(d)— 60

- (a) must be registered in the name of the body corporate in terms of the Sectional Titles Act and the Deeds Registries Act, 1937 (Act No. 47 of 1937); and
- (b) is considered to be owned by the owners of sections in the building concerned in the same proportion as their participation quota as contemplated in section 26(2) of the Sectional Titles Act.

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### **Trustees of body corporate**

6. (1) The functions and powers of the body corporate must, subject to the provisions of this Act, the rules and any restriction imposed or direction given at a general meeting of the owners of sections, be performed and exercised by the trustees of the body corporate holding office in terms of the rules.

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(2) (a) In addition to the functions contemplated in subsection (1), the trustees of the body corporate must receive and may consent to applications for subdivision of sections or consolidation of sections, made by the owners of sections.

(b) Such consent must not unreasonably be withheld by the trustees.

(3) For the purposes of an agreement in respect of the beacons and boundaries of the common property required in terms of the Land Survey Act, 1997 (Act No. 8 of 1997), the trustees are deemed to be the owner of the land.

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### **Fiduciary position of trustees**

7. (1) Each trustee of a body corporate must stand in a fiduciary relationship to the body corporate.

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(2) Without derogating from the generality of the expression “fiduciary relationship”, the provision of subsection (1) implies that a trustee—

(a) must in relation to the body corporate act honestly and in good faith, and in particular—

(i) exercise his or her powers in terms of this Act in the interest and for the benefit of the body corporate; and

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(ii) not act without or exceed those powers; and

(b) must avoid any material conflict between his or her own interests and those of the body corporate, and in particular—

(i) not receive any personal economic benefit, direct or indirect, from the body corporate or from any other person; and

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(ii) notify every other trustee of the nature and extent of any direct or indirect material interest which he or she may have in any contract of the body corporate, as soon as such trustee becomes aware of such interest.

(3) A trustee of a body corporate who acts in breach of his or her fiduciary relationship, is liable to the body corporate for—

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(a) any loss suffered as a result thereof by the body corporate; or

(b) any economic benefit received by the trustee by reason thereof.

(4) Except as regards the duty referred to in subsection (2)(a)(i), any particular conduct of a trustee does not constitute a breach of a duty arising from his or her fiduciary relationship to the body corporate if such conduct was preceded or followed by the written approval of all the members of the body corporate where such members were or are cognisant of all the material facts.

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### **Proceedings on behalf of bodies corporate**

8. (1) An owner may initiate proceedings on behalf of the body corporate in the manner prescribed in this section—

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(a) when such owner is of the opinion that he or she and the body corporate have suffered damages or loss or have been deprived of any benefit in respect of a matter mentioned in section 2(7), and the body corporate has not instituted proceedings for the recovery of such damages, loss or benefit; or

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(b) when the body corporate does not take steps against an owner who does not comply with the rules.

(2) (a) Any such owner must serve a written notice on the body corporate calling on the body corporate to institute such proceedings within one month from the date of service of the notice, and stating that if the body corporate fails to do so, an application to the Court under paragraph (b) will be made.

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(b) If the body corporate fails to institute the proceedings within the period referred to in paragraph (a), the owner may make application to the Court for an order appointing



a *curator ad litem* for the body corporate for the purpose of instituting and conducting proceedings on behalf of the body corporate.

(3) The Court may on such application, if it is satisfied—

- (a) that the body corporate has not instituted such proceedings;
- (b) that there are *prima facie* grounds for such proceedings; and
- (c) that an investigation into such grounds and into the desirability of the institution of such proceedings is justified,

appoint a provisional *curator ad litem* and direct him or her to conduct an investigation into the matter and to report to the Court on the return day of the provisional order.

(4) The Court may on the return day discharge the provisional order referred to in subsection (3), or confirm the appointment of the *curator ad litem* for the body corporate, and issue such directions as it may consider necessary to the institution of proceedings in the name of the body corporate and the conduct of such proceedings on behalf of the body corporate by the *curator ad litem*.

(5) A provisional *curator ad litem* appointed by the Court under subsection (3) or a *curator ad litem* whose appointment is confirmed by the Court under subsection (4), has such powers as may be prescribed, in addition to the powers expressly granted by the Court in connection with the investigation, proceedings and enforcement of a judgment.

(6) If the disclosure of any information about the affairs of a body corporate to a provisional *curator ad litem* or a *curator ad litem* would in the opinion of the body corporate be harmful to the interests of the body corporate, the Court may on an application for relief by that body corporate, and if it is satisfied that the said information is not relevant to the investigation, grant such relief.

(7) The Court may, if it appears that there is reason to believe that an applicant in respect of an application under subsection (2) will be unable to pay the costs of the respondent body corporate if successful in its opposition, require sufficient security to be given for those costs and the costs of the provisional *curator ad litem* before a provisional order is made.

## Rules

9. (1) A scheme must as from the date of the establishment of the body corporate be controlled and managed, subject to the provisions of this Act, by means of rules.

(2) The rules must provide for the control, management, administration, use and enjoyment of sections and common property, and comprise—

- (a) management rules, as prescribed, which rules may subject to the approval of the Chief Ombud be substituted, added to, amended or repealed by the developer when submitting an application for the opening of a sectional title register, to the extent prescribed by regulation, and which rules may be substituted, added to, amended or repealed by unanimous resolution of the body corporate as prescribed; and
- (b) conduct rules, as prescribed, which rules may, subject to the approval of the Chief Ombud, be substituted, added to, amended or repealed by the developer when submitting an application for the opening of a sectional title register, and which rules may be substituted, added to, amended or repealed by special resolution of the body corporate, as prescribed: Provided that such conduct rules may not be irreconcilable with any prescribed management rule contemplated in paragraph (a).

(3) The management or conduct rules contemplated in subsection (2) must be reasonable and apply equally to all owners of units.

(4) The management or conduct rules referred to in subsection (2) take effect from the date of establishment of the body corporate in respect of the building or buildings and land concerned, and bind the body corporate and the owners of the sections and any person occupying a section.

(5) (a) If the management or conduct rules contemplated in subsection (2) are 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.

(b) The Chief Ombud must examine any proposed substitution, addition, amendment or repeal referred to in paragraph (a) and must not approve it for filing unless he or she is satisfied that such substitution, addition, amendment or repeal is reasonable and appropriate to the scheme.

(c) If the Chief Ombud approves the substitution, addition, amendment or repeal of rules for filing, he or she must issue a certificate to that effect.

(d) A substitution, addition, amendment or repeal of rules contemplated in paragraph (a) comes into operation on the date of the issuing of a certificate contemplated in paragraph (c) or the opening of the sectional title register for the scheme, whichever is the latest.

(6) The body corporate must, on the application of any owner or any person having a registered real right in or over a unit, or any person authorised in writing by such owner or person, make any rules available for inspection to such owner, person or authorised person. 5

(7) A developer or a body corporate may make rules which confer rights of exclusive use and enjoyment of parts of the common property upon members of the body corporate. 10

(8) The rules contemplated in subsection (7) must—

(a) include a layout plan to scale on which is clearly indicated—

(i) the locality of the distinctively numbered exclusive use and enjoyment parts; and 15

(ii) the purposes for which such parts may be used; and

(b) include a schedule indicating to which owner each such part is allocated.

(9) Rules decided on by unanimous resolution under the repealed Sectional Titles Act, 1971, or any other provision before 1 June 1988 replacing rules contained in Schedule 1 to that Act, and at the said date not yet been lodged with the registrar as contemplated in section 27(3) of that Act, lapsed on that date, and such rules are considered to have been replaced, subject to addition, amendment or repeal as contemplated in subsection (2)(a), by prescribed management rules contemplated in that subsection. 20

(10) (a) Unaltered rules contained in Schedule 1 to the repealed Sectional Titles Act, 1971, or any other provision and applying immediately prior to 1 June 1988 in respect of any scheme, lapsed on that date, and such rules are considered to have been replaced, subject to addition, amendment or repeal as contemplated in subsection (2)(a), by prescribed management rules contemplated in that subsection. 25

(b) Unaltered rules contained in Schedule 2 to the repealed Sectional Titles Act, 1971, or any other provision and so applying in respect of any scheme, lapsed on that date, and such rules are considered to have been replaced, subject to addition, amendment or repeal as contemplated in subsection (2)(b), by prescribed conduct rules contemplated in that subsection. 30

(11) Any rules other than rules referred to in subsection (10) which applied in respect of a scheme immediately prior to 1 June 1988 must, subject to such substitution, addition, amendment or repeal as contemplated subsection (2)(a) or (b), as the case may be, remain in force after the said date, except to the extent that any such rule may be irreconcilable with any prescribed management rules contemplated in subsection (2)(a), in which case the management rules concerned applies: Provided that any such rules were as from 1 June 1988 considered to be supplemented by any rule made in the prescribed management rules which is not provided for in such rules. 40

(12) Any rules made under the Sectional Titles Act are be deemed to have been made under this Act.

#### **Effect of quotas and variation thereof**

**10.** (1) Subject to subsection (2), the quota of a section must determine— 45

(a) the value of the vote of the owner of the section, in any case where the vote is to be reckoned in value;

(b) the undivided share in the common property of the owner of the section; and

(c) subject to section 3(1)(b), the proportion in which the owner of the section may make contributions for the purposes of section 3(1)(a) or may in terms of section 14 (1) be held liable for the payment of a judgment debt of the body corporate of which he or she is a member. 50

(2) (a) Subject to section 3(1)(b), 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 the body corporate may by special resolution, make rules under section 9 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) or 14(1) is modified. 55

(b) Where an owner is adversely affected by such a decision of the body corporate, his or her written consent must be obtained. 60

(c) The members of the body corporate may not make rules by which a different value is attached to the vote or liability of the owner of any section as contemplated in

paragraph (a) until such time as there are owners, other than the developer, of at least 30 per cent of the units in the scheme.

(d) Where the developer alienates a unit before the opening of a sectional title register in terms of the Sectional Titles Act, the developer may not make rules by which a different value is attached to the vote or liability of the owner of any section as contemplated in paragraph (a), unless the developer has disclosed such intention in all deeds of alienation. 5

### **Expropriation of common property**

**11.** (1) (a) Whenever the whole or any part of, or any right in, the common property is expropriated in terms of any law, service of a notice of expropriation on the body corporate is considered to be service thereof on the registered owner of every section in the building or buildings concerned. 10

(b) Each and every such owner is considered to have appointed the trustees of the body corporate concerned as his or her duly authorised agents and representatives—

- (i) to negotiate and settle the compensation payable to him or her, and to that end to employ attorneys, advocates and other experts; and 15
- (ii) on his or her behalf, to receive and give valid acquittance for any compensation moneys paid.

(2) Any compensation moneys received by the trustees on behalf of the owners in terms of subsection (1), must be paid to the owners in accordance with their participation quotas after they have received notice of such distribution in writing: Provided that an owner may notify the trustees before such moneys are so distributed that he or she considers such a distribution inequitable, in which event the compensation moneys must be distributed— 20

- (a) in accordance with a division approved by unanimous resolution; or 25
- (b) in accordance with a division approved by an arbitrator, being a practising advocate or attorney, of not less than ten years' standing nominated by the trustees.

### **Duties of owners**

**12.** (1) An owner must— 30

- (a) permit any person authorised in writing by the body corporate, during reasonable hours and on notice (except in case of emergency, when no notice is required), to enter his or her section or exclusive use area for the purposes of inspecting it and maintaining, repairing or renewing pipes, wires, cables and ducts existing in the section and capable of being used in connection with the enjoyment of any other section or common property, or for the purpose of ensuring that this Act and the rules are being observed; 35
- (b) forthwith carry out all work that may be ordered by any competent public or local authority in respect of his or her section, other than such work as may be required for the benefit of the building generally, and pay all charges, expenses and assessments that may be payable in respect of his or her section; 40
- (c) repair and maintain his or her section in a state of good repair and, in respect of an exclusive use area, keep it in a clean and neat condition;
- (d) use and enjoy the common property in such a manner as not to interfere unreasonably with the use and enjoyment thereof by other owners or other persons lawfully on the premises; 45
- (e) not use his or her section or exclusive use area, or permit it to be used, in a manner or for a purpose which may cause a nuisance to any occupier of a section;
- (f) notify the body corporate forthwith of any change of ownership in his or her section and of any mortgage; and 50
- (g) when the purpose for which a section or exclusive use area is intended to be used is shown expressly or by implication on or by a registered sectional plan, not use nor permit such section or exclusive use area to be used for any other purpose: Provided that with the written consent of all owners such section or exclusive use area may be used for that purpose as consented to. 55

(2) (a) Any owner who is of the opinion that any refusal of consent of another owner in terms of the proviso to subsection (1)(g) is unfairly prejudicial, unjust or inequitable to him or her, may, within six weeks after the date of such a refusal, make an application in terms of this subsection to the Court. 60

(b) If on any such application it appears to the Court that the refusal in question is unfairly prejudicial, unjust or inequitable to the applicant, and if the Court considers it just and equitable, the Court may make such order as it considers fit.

### **Insurance by owners**

**13.** (1) Notwithstanding the existence of a valid insurance policy effected by the body corporate pursuant to the provisions of section 3(1)(f), an owner may obtain an insurance policy in respect of any damage to his or her section arising from risks covered by the policy effected by the body corporate. 5

(2) Where the insurance policy contemplated in subsection (1) is in force, and—

(a) where the damage to the section is made good by the body corporate pursuant to section 3(1)(h), the insurer is not liable in terms of the insurance policy obtained by the owner; 10

(b) where the damage to the section is covered by the insurance policy effected by the body corporate pursuant to section 3(1)(f), but is not made good by the body corporate, the insurer is liable in terms of the insurance policy effected by the owner; and 15

(c) where the damage to the section is not covered by the insurance policy effected by the body corporate, the terms and conditions of the insurance policy obtained by the owner apply.

(3) This section does not limit the rights of an owner to insure against risks other than damage to his or her section. 20

### **Recovery from owners of unsatisfied judgment against bodies corporate and non-liability of bodies corporate for debts and obligations of developers**

**14.** (1) (a) If a creditor of a body corporate has obtained judgment against the body corporate, and such judgment, notwithstanding the issue of a writ, remains unsatisfied, the judgment creditor may, without prejudice to any other remedy he or she may have and subject to paragraph (c), apply to the Court which gave the judgment, for the joinder of the members of the body corporate in their personal capacities as joint judgment debtors in respect of the judgment debt. 25

(b) Upon such joinder, the judgment creditor may recover the amount of the judgment debt still outstanding from the said members on a pro rata basis in proportion to their respective quotas or a determination made in terms of section 9(2). 30

(c) Any member of the body corporate who has paid the contributions due by him or her in terms of section 3(1)(b) to the body corporate in respect of the same debt prior to the judgment against the body corporate may not be joined as a joint judgment debtor in respect of the judgment debt. 35

(2) No debt or obligation arising from any agreement between the developer and any other person is enforceable against the body corporate.

### **Appointment of administrators**

**15.** (1) A body corporate, a local authority, a judgment creditor of the body corporate where the judgment amount is not less than R500, or any owner or any person having a registered real right in or over a unit, may apply to the Court for the appointment of an administrator. 40

(2) (a) The Court may in its discretion appoint an administrator for an indefinite or a fixed period and on such terms and conditions including remuneration as it deems fit. 45

(b) The remuneration and expenses of the administrator are administrative expenses as contemplated by section 3(1)(a).

(3) The administrator has, to the exclusion of the body corporate, the powers and duties of the body corporate or such of those powers and duties as the Court may direct.

(4) The Court may, in its discretion and on the application of any person or body referred to in subsection (1), remove from office or replace the administrator or, on the application of the administrator, replace the administrator. 50

(5) The Court may, with regard to any application under this section, make such order for the payment of costs as it considers fit.

### **Destruction of or damage to buildings**

- 16.** (1) The building comprised in a scheme is, for the purpose of this Act, deemed to be destroyed—
- (a) upon the physical destruction of the building;
  - (b) when the owners by unanimous resolution so determine and all holders of registered sectional mortgage bonds and the persons with registered real rights concerned, agree thereto in writing; or
  - (c) when the Court is satisfied that, having regard to all the circumstances, it is just and equitable that the building must be considered to have been destroyed, and makes an order to that effect.
- (2) In any case where an order is made under subsection (1)(c), the Court may impose such conditions and give such directions as it considers fit for the purpose of adjusting the effect of the order between the body corporate and the owners and mutually among the owners, the holders of registered sectional mortgage bonds and persons with registered real rights.
- (3) (a) Where the building is damaged or destroyed within the meaning of subsection (1), the owners may by unanimous resolution, or the Court may by order, authorise a scheme—
- (i) for the rebuilding and reinstatement in whole or in part of the building;
  - (ii) for the transfer of the interests of owners of sections which have been wholly or partially destroyed, to other owners.
- (b) In the exercise of their powers under this subsection, the owners may pass such resolution as they may consider fit or the Court may make such order as it may consider necessary or expedient to give effect to the scheme, in connection with amongst other things—
- (i) the application of insurance moneys received by the body corporate in respect of damage to or the destruction of the building;
  - (ii) the payment of money by or to the body corporate or by or to the owners or by or to one or more of the owners;
  - (iii) an amendment of the sectional plan so as to include an addition to or a subtraction from the common property;
  - (iv) the variation of the quota of any section; or
  - (v) the imposition of conditions.
- (4) An application may, for the purposes of this section, be made to the Court, by the body corporate or by any owner or by any holder of a registered sectional mortgage bond or a registered lease or by any insurer who has obtained insurance on the building or buildings or any section therein, or by the local authority.
- (5) Any insurer who has obtained insurance on the building or buildings or any part thereof, being insurance against destruction of sections or damage to the building, has the right to intervene in the proceedings on any application to the Court under this section.
- (6) (a) The Court may, on the application of a body corporate or any member thereof or any holder of a registered real right concerned, or any judgment creditor, by order make provision for the winding-up of the affairs of the body corporate.
- (b) The Court may, by the same or any subsequent order, declare the body corporate dissolved as from a date specified in the order.
- (7) The Court may, with regard to any application under this section, make such order for the payment of costs as it considers fit.
- (8) Where two or more buildings are comprised in a scheme, and only one or part of one of the said buildings is damaged or destroyed, the provisions of this section apply, with the necessary changes required by the context, as if the said buildings were one building and part of such building has been damaged or destroyed.
- (9) When in terms of subsection (1) the building comprised in a scheme is considered to be destroyed and the owners have by unanimous resolution resolved not to rebuild the building, the body corporate must lodge with the registrar of deeds a notification in the form, and with such supporting documents, as may be prescribed in terms of the Sectional Titles Act.

### **Sectional Titles Schemes Management Advisory Council**

- 17.** (1) There is hereby established a Sectional Titles Schemes Management Advisory Council (in this section referred to as the Advisory Council), which must—

- (a) make recommendations to the Minister concerning any matter specified in section 18 in respect whereof the Minister may make regulations;
- (b) keep the implementation of this Act and the regulations under regular review and may make recommendations to the Minister with regard to any amendments thereof or other action which may be advisable; and 5
- (c) advise the Minister on any matter referred to it by the Minister.
- (2) The Advisory Council consists of—
- (a) the Chief Ombud, who must act as chairperson at the meetings of the Advisory Council; and
- (b) persons appointed by the Minister, who must have specialised knowledge of sectional titles schemes management and who must include— 10
- (i) an owner of a unit in a residential scheme;
  - (ii) an owner who occupies a unit in a commercial scheme;
  - (iii) an owner who occupies a unit in a non-residential or mixed-use scheme;
  - (iv) a professional managing agent with experience in giving management services to a range of types of schemes; 15
  - (v) a person with experience in the development of sectional title schemes;
  - (vi) a person with experience in the financing of sectional title developments;
  - (vii) an official of the Department.
- (3) For every member of the Advisory Council there must be an alternate member appointed in the same manner as such member, and any alternate member so appointed must act in the place of the member in respect of whom he or she has been appointed as alternate member, during such member's absence or inability to act as a member of the Advisory Council. 20
- (4) The Chief Ombud may designate a person as an alternate chairperson when he or she is unable to attend the meetings of the Advisory Council. 25
- (5) (a) Before the Minister makes an appointment in terms of subsection (2)(b) the Director-General must, on such terms as he or she considers appropriate, establish a nomination committee comprising persons who are broadly representative of the various racial groups and geographical areas of the Republic, including both males and females, to nominate persons who meet the requirements of subsection (2)(b) for consideration for appointment to the Advisory Council by the Minister. 30
- (b) The persons nominated in terms of paragraph (a) must be broadly representative of the various racial groups and geographical areas of the Republic, including both males and females. 35
- (6) A member of the Advisory Council holds office for a period of three years, but the Minister may on reasonable grounds terminate the appointment of such a member at any time before the expiration of such member's period of office.
- (7) If a member of the Advisory Council dies or vacates office before the expiration of that member's period of office, the Minister may, subject to the provisions of subsection (2)(b), appoint any person in that member's place for the unexpired period of his or her office. 40
- (8) A member of the Advisory Council whose period of office has expired, may be reappointed but may not serve for more than two consecutive terms.
- (9) A member of the Advisory Council, excluding a member in the fulltime service of the State, must, while he or she is engaged in the business of the Advisory Council, be paid such remuneration and travelling and subsistence allowances as the Minister, with the concurrence of the Minister of Finance, may determine. 45
- (10) In the absence of the Chief Ombud or his or her alternative, the official referred to in subsection (2)(b)(vii) must act as chairperson of the Advisory Council. 50
- (11) (a) The Advisory Council must meet at such times and places as are determined by the Chief Ombud.
- (b) The Minister may at any time direct the Chief Ombud to convene a meeting of the Advisory Council at a time and place determined by the Minister.
- (12) (a) Five members of the Advisory Council, one of whom must be the Chief Ombud or his or her alternative, form a quorum for a meeting. 55
- (b) A decision of a majority of the members of the Advisory Council present at any meeting of the Advisory Council constitutes a decision of the Advisory Council and, in the event of an equality of votes, the person presiding at the meeting must have a casting vote in addition to his or her deliberative vote. 60
- (13) The Advisory Council may regulate the proceedings at its meetings as it may think fit, and must cause minutes of such proceedings to be kept.

**Regulations**

- 18.** The Minister may make regulations regarding—
- (a) any matter required or permitted to be prescribed by regulation under this Act; and
  - (b) generally, any matter that it is necessary or expedient to prescribe for the proper implementation of this Act. 5

**Amendment of Act 95 of 1986**

**19.** The Sectional Titles Act, 1986 (Act No. 95 of 1986), is hereby amended to the extent set out in the third column of the Schedule.

**Transitional arrangements** 10

**20.** Rules prescribed under the Sectional Titles Act must continue to apply to new and existing schemes until the Minister has made regulations prescribing management rules and conduct rules referred to in section 9(2) of this Act.

**Short title and commencement**

**21.** This Act is called the Sectional Titles Schemes Management Act, 2010, and comes into operation on a date fixed by the President by proclamation in the *Gazette*. 15

## SCHEDULE

## AMENDMENT OF THE SECTIONAL TITLES ACT, 1986

(ACT NO 95 OF 1986)

## SECTION 19

No. and Year of Act	Short title	Extent of repeal or amendment
Act No. 95 of 1986	Sectional Titles Act, 1986	<p>1. Substitution for the long title of the following long title:</p> <p><b>“To provide for the division of buildings into sections and common property and for the acquisition of separate ownership in sections coupled with joint ownership in common property; the control of certain incidents attaching to separate ownership in sections and joint ownership in common property; the transfer of ownership of sections and the registration of sectional mortgage bonds over, and real rights in, sections; the conferring and registration of rights in, and the disposal of, common property; [the establishment of bodies corporate to control common property and for that purpose to apply rules;] and the establishment of a sectional titles regulation board; and to provide for incidental matters.”.</b></p>
		<p>2. The amendment of section 1—</p> <p>(a) by the substitution for the definition of “body corporate” of the following definition:</p> <p>“ <b>‘body corporate’</b> means the body corporate as defined in the <u>Sectional Titles Schemes Management Act</u>;</p> <p>(b) by the substitution for the definitions of “rules, special resolution and unanimous resolution” of the following definitions, respectively:</p> <p>“ <b>‘rules’</b> means rules as defined in the <u>Sectional Titles Schemes Management Act</u>;</p> <p><b>‘special resolution’</b> means special resolution as defined in the <u>Sectional Titles Schemes Management Act</u>;</p> <p><b>‘unanimous resolution’</b> means unanimous resolution as defined in the <u>Sectional Titles Schemes Management Act</u>;”;</p> <p>(c) by the repeal of—</p> <p>(i) subsection (2);</p> <p>(ii) subsection (3); and</p> <p>(iii) subsection (3A).</p>



No. and Year of Act	Short title	Extent of repeal or amendment
		<p>3. The amendment of section 11 by the substitution in subsection (3) for paragraph (e) of the following paragraph:</p> <p>“(e) a certificate by a conveyancer stating that the rules prescribed in terms of section <del>[35(2)]</del> 9 of the <u>Sectional Titles Schemes Management Act</u> are applicable, and containing the other rules (if any) substituted by the developer for those rules as contemplated in that section;”.</p>
		<p>4. The amendment of section 15B—</p> <p>(a) by the substitution in subsection (3)(a) for subparagraph (i)(aa) of the following subparagraph:</p> <p>“(i) (aa) if a body corporate is deemed to be established in terms of section <del>[36(1)]</del> <u>2(1) of the Sectional Titles Scheme Management Act</u>, that body corporate has certified that all moneys due to the body corporate by the transferor in respect of the said unit have been paid, or that provision has been made to the satisfaction of the body corporate for the payment thereof; or” and</p> <p>(b) by the substitution in subsection (3)(b) for subparagraph (ii) of the following subparagraph:</p> <p>“(ii) the transfer will result in the establishment of a body corporate in terms of section <del>[36]</del> <u>2 of the Sectional Titles Scheme Management Act.</u>”</p>
		<p>5. The amendment of section 17 by the substitution for subsection (1) of the following subsection:</p> <p>“(1) The owners and holders of a right of extension contemplated in section 25 may by unanimous resolution <u>in terms of the Sectional Titles Management Act</u> direct the body corporate on their behalf to alienate common property or any part thereof, or to let common property or any part thereof under a lease, and thereupon the body corporate shall notwithstanding any provisions of section 20 of the Deeds Registries Act, but subject to compliance with any law relating to the</p>

No. and Year of Act	Short title	Extent of repeal or amendment
		<p>subdivision of land or to the letting of a part of land, as the case may be, have power to deal with such common property or such part thereof in accordance with the direction, and to execute any deed required for the purpose: Provided that if the whole of the right referred to in section 25 or section 60(1)(b) is affected by the alienation of common property, such right shall be cancelled by the registrar with the consent of the holder thereof on submission of the title to the right.”.</p>
		<p>6. The amendment of section 19—  (a) by the repeal of subsections (1) and (2); and  (b) by the substitution for subsection (3) of the following subsection:  “(3) The provisions of section 17(3)(a) and (b) of this Act and sections 31(4) and 32(4) of the Deeds Registries Act shall apply <i>mutatis mutandis</i> to a transfer pursuant to an expropriation of land or a servitude or other real right in land comprising common property as contemplated in section 11 of the Sectional Titles Management Act.”.</p>
		<p>7. The amendment of section 21 by the substitution for subsection (1) of the following subsection:  “(1) If an owner of a section proposes to subdivide his or her section or to consolidate two or more sections registered in his or her name, he or she shall <b>[with the]</b> <u>after obtaining</u> consent of the trustees of the body corporate, <b>[which consent shall not unreasonably be withheld]</b> <u>in terms of section 6(2) of the Sectional Titles Schemes Management Act</u>, cause the land surveyor or architect concerned to submit the draft sectional plan of subdivision or consolidation, as the case may be, to the Surveyor-General for approval.”.</p>
		<p>8. Amendment of section 24 by the substitution for subsection (3) of the following subsection:  “(3) If an owner of a section proposes to extend the boundaries or floor area of his or her section, he or she shall <b>[with]</b> <u>after obtaining</u> the approval of the body corporate <b>[, authorized by a special resolution of its members]</b> <u>in terms of section 5(1)(f) of the Sectional</u></p>

No. and Year of Act	Short title	Extent of repeal or amendment
		<p><u>Titles Schemes Management Act</u>, cause the land surveyor or architect concerned to submit a draft sectional plan of the extension to the Surveyor-General for approval.”.</p>
		<p>9. The amendment of section 25—</p> <p>(a) by the substitution in subsection (2) for paragraph (e) of the following paragraph:  “(e) particulars of such applicable expenses as are specified in section <b>[37(1)(a)] 2(1)(a)</b> of the <u>Sectional Titles Schemes Management Act</u>, which will be borne by the developer from the date of establishment of the body corporate until the sectional plan of extension is registered;”;</p> <p>(b) by the substitution in subsection (5A) for paragraph (b) of the following paragraph:  “(b) If the developer or his or her successor in title fails to take such steps and fails to register the relevant plan of extension within 90 days of completion for occupation of the unit, the developer or his or her successor in title shall be liable to the body corporate for the amounts payable in terms of section <b>[37(1)] 2(1)</b> of the <u>Sectional Titles Schemes Management Act</u> as if the unit has been included in the relevant sectional title register on the date of completion.”;</p> <p>(c) by the repeal of subsection (3); and</p> <p>(d) by the substitution for subsection (6) of the following subsection:  “(6) If no reservation was made by a developer in terms of subsection (1), or if such a reservation was made and for any reason has lapsed, the right to extend a scheme including the land contemplated in section 26, shall vest in the body corporate, which shall be entitled, subject to this section, <u>section 5(1)(b) of the Sectional Titles Schemes Management Act</u> and after compliance, with the necessary changes, with the requirements of paragraphs (a), (b), (c), (d) and (g) of subsection (2), to obtain a certificate of real right in the prescribed form in respect thereof <b>[: Provided that the</b></p>

No. and Year of Act	Short title	Extent of repeal or amendment
		<p><b>body corporate shall only exercise or alienate or transfer such right with the written consent of all the members of the body corporate as well as with the written consent of the mortgagee of each unit in the scheme: Provided further that a member or mortgagee shall not withhold such approval without good cause in law].”.</b></p>
		<p>10. The amendment of section 26—  <i>(a)</i> by the repeal of subsection (1); and  <i>(b)</i> by the substitution for subsection (2) of the following subsection:  “(2) Land purchased or otherwise acquired by and registered in the name of a body corporate in terms of <b>[subsection (1)] section 5(1)(c) of the Sectional Titles Schemes Management Act</b> shall be deemed to be owned by the owners of the sections in the building concerned in the same proportion as their participation quota as reflected on the relevant sectional plan.”.</p>
		<p>11. The amendment of section 27—  <i>(a)</i> by the substitution in subsection (1) for paragraph <i>(c)</i> of the following paragraph:  “(c) If a developer ceases to be a member of the body corporate <b>[as contemplated in section 36(2)]</b>, any right to an exclusive use area still registered in his or her name vests in the body corporate free from any mortgage bond.”;  <i>(b)</i> by the substitution for subsection (2) of the following subsection:  “(2) A body corporate <b>[duly authorized thereto by a unanimous resolution of its members,]</b> may, subject to the provisions of section 5(1) of this Act and section 5(1)(d) of the Sectional Titles Schemes Management Act), request an architect or land surveyor to apply to the Surveyor-General for the delineation on a sectional plan in the manner prescribed of a part or parts of the common property in terms of section 5(3)(f) for the exclusive use by the owner or owners of one or more sections: Provided that no such delineation shall be made on the sectional plan in terms of this subsection if such delineation will</p>

No. and Year of Act	Short title	Extent of repeal or amendment
		<p>encroach upon a prior delineation on the sectional plan of a part of the common property for the exclusive use by one or more of the owners.”;</p> <p>(c) by the substitution for subsection (3) of the following subsection:</p> <p>“(3) <b>[The body corporate, duly authorised thereto by a unanimous resolution of its members, shall transfer the]</b> <u>A right to the exclusive use of a part or parts of the common property delineated on the sectional plan in terms of subsection (2) shall be transferred to the owner or owners on whom such right has been conferred by the body corporate by the registration of a notarial deed entered into by the parties and in which the body corporate shall represent the owners of all the sections as transferor.</u>”;</p> <p>and</p> <p>(d) by the substitution in subsection (4) for paragraph (b) of the following paragraph:</p> <p>“(b) If an owner ceases to be a member of the body corporate <b>[as contemplated in section 36(2),]</b> any right to an exclusive use area still registered in his or her name vests in the body corporate free from any mortgage bond.</p>
		<p>12. Repeal of section 27A.</p> <p>13. The amendment of section 29 by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:</p> <p>“<u>The owners may by special resolution in terms of the Sectional Titles Schemes Management Act, direct the body corporate—</u>”.</p>
		<p>14. The amendment of section 32—</p> <p>(a) by the substitution for subsection (3) of the following subsection:</p> <p>“(3) <u>The quota of a section shall determine the undivided share in the common property of owner of the section.</u>”;</p> <p>(b) by the repeal of subsection (4).</p>

No. and Year of Act	Short title	Extent of repeal or amendment
		<p>15. Repeal of section 35.</p> <p>16. Amendment of section 36—  (a) by the insertion after subsection (1) of the following subsection:  “(1A) <u>The registrar must notify the Chief Ombud as soon as the person contemplated in subsection (1) becomes an owner of a unit in a scheme.</u>”; and  (b) by the repeal of subsections (2) to (7).</p> <p>17. Repeal of sections 37 to 48.</p> <p>18. The amendment of section 49 by the substitution (1) of the following subsection:  “(1) When in terms of section <u>[48] 16 of the Sectional Titles Schemes Management Act</u> the building or buildings comprised in a scheme is or are deemed to be destroyed and the owners have by unanimous resolution resolved not to rebuild the building or buildings, the body corporate <u>[shall] must, subject to section 17 of the Sectional Titles Schemes Management Act,</u> lodge with the registrar a notification in the prescribed form of such destruction and a copy of the relevant resolution of the owners as certified by two trustees of the body corporate.”;</p>
		<p>19. Repeal of section 51.</p> <p>20. The amendment of section 55 by the repeal of paragraph (k).</p> <p>21. The amendment of section 60 by the repeal of subsections (4) to (8).</p> <p>22. The amendment of section 60A by the repeal of subsections (4) to (8).</p>

## **MEMORANDUM ON THE OBJECTS OF THE SECTIONAL TITLES SCHEMES MANAGEMENT BILL, 2010**

### **1. OBJECTS**

1.1 The main aim of the Bill is, in respect of the management of sectional title schemes, to give effect to Cabinet's strategy to bring all housing-related legislation currently administered by other Departments under the administration of the Department of Human Settlements ("the Department"). In terms of the Breaking New Ground, the mandate of the Department has been expanded to include the entire residential market. One of the Department's tasks is to ensure that all housing matters reside with the Department.

1.2 The Department of Rural Development and Land Reform is at present responsible for the administration of the Sectional Titles Act, 1986 (Act No. 95 of 1986) ("the Act"), that deals with the survey and registration of sectional plans and the registration of real rights in sectional title units as well as the management and administration of sectional title schemes. The Department of Rural Development and Land Reform deals primarily with registration and survey issues. Its mandate does not extend to dealing with complaints from the public or dealing with problems arising from scheme governance.

1.3 The aim of the Sectional Titles Schemes Management Bill is to remove the scheme governance provisions currently contained in the Sectional Titles Act from that Act and to incorporate these provisions in the proposed Bill.

### **2. PERSONS CONSULTED**

2.1 The Bill has been published in the *Gazette* for public comment and was simultaneously distributed to relevant stakeholders, institutions and government departments.

2.2 The Bill has been drafted in close consultation with the Department of Rural Development and Land Reform.

### **3. FINANCIAL IMPLICATIONS**

The only cost incurred was for the publication of the Bill in the *Gazette* for public comments, which was defrayed from the Department's budget.

### **4. PARLIAMENTARY PROCEDURE**

4.1 The State Law Advisers and the Department of Human Settlements are of the opinion that this Bill must be dealt with in accordance with the procedure established by section 76 of the Constitution of the Republic of South Africa, 1996, since it falls within functional areas listed in Schedule 4, namely "Housing".

4.2 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003), since it does not contain provisions pertaining to customary law or customs of traditional communities.

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