

Administrator holds out hope for dutiful owners

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It is frustrating for an owner of a unit in a sectional title scheme, who pays the levy dutifully, but is not able to occupy or rent it out.

It may happen that the unit is rented out, but the tenant fails to pay rent and most owners also fail to pay their levies.

The body corporate is therefore unable to pay for service charges and eventually the entire scheme begins to crumble.

Fortunately, there is hope when the High court is approached to have an administrator appointed to manage the scheme's affairs.

The appointment of an administrator effectively prevents the sale in execution of the entire building resulting from rate arrears, outstanding municipal service charges or imminent action from judgment creditors.

Once an administrator is appointed, there is hope that the scheme will be salvaged and the building resuscitated. The *bona fide* owners continue to pay their levies and perhaps special levies only to find out that the levy is not sufficient.

Should the administrator be appointed from another city or province, part of the levies will likely be used to pay for the administrator's travel and accommodation expenses at least.

In certain instances, these charges could be excessive.

The tenant who illegally occupied the unit is now required to pay rentals to the administrator or refuses to pay to the owner.

Adding to the owner's initial dilemma, that of not being able to occupy the unit or not receiving a rental income, the tenants and certain owners form a committee and are effectively in position to be "gatekeepers" by collecting rentals but not handing it over to the *bona fide* owners.

To outsiders, including the municipality, the administrator and the committee are seen to be helping in the city's upgrade and regeneration project.

It is imperative for an owner to request a detailed breakdown of income and expenses from the administrator. It may be necessary to seek legal advice once all the information is furnished.

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