

- Community Housing and Commercial Property Administration
- Rentals and Sales
- Financial Administration
- A Member of the National Association of Managing Agents
- Registered with the Property Practitioners Regulatory Authority
- Registered with the Council for Debt Collectors

NEW DEVELOPMENTS

In order to ensure a smooth transition from the Developer to the Body Corporate or Association (hereinafter referred to as the Body Corporate), the early establishment of sound policies, procedures and guidelines is imperative.

To this end Bellbuoy assists the Developer with a realistic budget and 3-year forecast for the Body Corporate and to offer practical advice with regards to the rules of the scheme.

In order to assist with the above, the documents listed in Annexure A shall be required.

Once the Body Corporate is established, Bellbuoy will prepare the inaugural (first) general meeting (IGM) which is to be held within 60 days of establishment.

Thereafter, and once the trustees have been appointed, Bellbuoy will administer the Body Corporate in conjunction with the trustees.

Things to note:

The Developer will be required to provide the documents listed in Annexure B before the IGM.

Insurance:

For all sales, where bonds have been applied for, an insurance certificate - issued by the body corporate's broker - will be required, prior to registration. However, prior to registration, there is no body corporate - this is an industry wide catch-22.

We mitigate this by appointing the broker before the body corporate is formed and run a combined policy in the name of the Developer and the Body Corporate (to be formed), this satisfies most banks.

The Developer will have to cover the cost of the insurance on the building, from date of appointment to date of establishment (the latter is the date upon which the 1st unit is transferred to anyone other than the developer). There should be a contractor's all risk policy in place at the moment, and there will be a period of duplication, but this may be a necessary evil.

We have service level agreements (SLA's) in place with several brokers. They understand the above anomaly and have created a system to work around it, and we have the policy issued on a monthly basis.

We then reconcile at the IGM and refund the Developer any pro-rata prepayments.

Soft services (security, refuse, meter reading, cleaning etc.):

These services will all be required as of date of 1st occupation.

We will, if so requested, appoint the service providers and put SLA's in place.

The Developer will have to settle the invoices from date of appointment to date of establishment (likewise we reconcile at establishment), then all the SLA's are put to the members at the Inaugural General Meeting (IGM) for cession.

All other expenses of running the building, from date of 1st occupation to date of establishment is for the Developer's account.

Meters:

We highly recommend that the bulk, as well as each individual meter, be time-stamp photographed, both on the date of occupation, as well as on the date of establishment, to avoid future disputes.

Income and Expenditure:

The Developer must keep accurate records of all income (often the same as the levies that have been forecasted) and expenditure from date of 1st occupation to date of establishment, this is required both for reconciliation and also for submission at the IGM.

Budget:

The sales agent would have quoted a projected levy based on the 1st draft of the budget, however, this, very rarely, ends up being the levy applied at establishment, as services are often added, deleted or adjusted and increases may have been greater than that provided for. However, the budget that will be presented at the IGM will be more accurate, and subject to changes made at the IGM.

Transfer of the municipal account:

The transfer of the municipal account from the Developer to the Body Corporate often takes several months.

Bellbuoy will apply for the transfer as soon as all the required documentation is to hand, it is imperative that the Developer furnish this information to avoid future disputes.

IGM:

The first meeting of the members will take place <60 days after establishment.

A large number of documents and preparation is required for this meeting. We will take care of the statutory requirements, however, we have a list of all the documents and requirements which the Developer must meet.

We'll assist where we can, but it would be advisable to start preparing a handover file soonest.

Practical completion vs occupation:

Another bone of contention is the handing over of units, whilst the building(s) is incomplete.

This, typically, causes problems to security, noise and dirt, and often affects rentals/tenancies. Ideally, the occupation and completion should be close, but often is months apart.

The managing agent can do little more than try to put services in place to work around this, however, we would suggest that the Developer appoint additional security and cleaning staff to mitigate the inevitable complaints.

Final completion:

The final completion certificate will be required by the body corporate, and the warranties would take effect from the date of the final completion certificate.

Legal entity:

As mentioned, the body corporate is only established on the date of 1st transfer to anyone other than the Developer. This means that all transactions/negotiations etc., prior to, are on behalf of the Developer.

A mandate from the Developer to the managing agent (note this is not the management agreement) should be issued, a simple letter on a letterhead of the Developer giving Bellbuoy authority to transact/negotiate on its behalf, is recommended.

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ANNEXURE A

DOCUMENTS REQUIRED BY BELLBUOY FOR NEW DEVELOPEMENTS

DESCRIPTION	CHECK OR ANSWER
Estimated date of 1 st occupation	
Estimated date of establishment (i.e. the date upon which the 1 st transfer from the Developer to the purchaser will take place at the deeds office)	
Estimated replacement cost (insurance purposes) of the building and fixtures on the common property	
General diagram	
Draft or final sectional plan	
Draft or final Rules	
Security provisions – let us know your thoughts on the security provisions, i.e. concierge / CCTV / Access Control, etc.	
Any other material aspects of the Body Corporate	
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DEVELOPERS' OBLIGATIONS – DOCUMENTS TO BE AVAILABLE BEFORE THE INAUGURAL GENERAL MEETING

1. Approved sectional plans
2. Rates clearance certificate for master Erf
3. Certificate of final completion for all common property infrastructure
4. COC's for all common property infrastructure
5. All written warranties ifo common property infrastructure
6. Statement of income and expenditure from date of 1st occupation to date of establishment
7. Insurance policy of the body corporate to be formed
8. All contracts entered into by the Developer

(NOTE: generally, contracts entered into by the Developer are not binding on the Body Corporate unless same is taken cession of at the inaugural general meeting of the Body Corporate)