



ARREAR LEVY FUNDING

SUSTAINABLE AND RELIABLE
FINANCIAL SOLUTIONS



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SECTIONAL
TITLE
SOLUTIONS








OUR COMPANY


Sectional Title Solutions (Pty) Ltd (“STS”) is focused on providing value-add solutions to sectional title bodies corporate and homeowners’ associations (“community schemes”) across South Africa. Solutions offered include innovative Funding and Treasury, Efficient Energy, Smart Technology, Legal Advisory, Outdoor Advertising and a host of other service solutions.

Our success is based on over 150 years of combined experience within the community scheme property sectors, partnering with market-leading service and solution providers and offering significant value propositions to our clients nationwide.

Our core focus is to provide sustainable, value-added solutions that will benefit all unit owners and stakeholders, reduce inefficient costs and generate much-needed revenue for community schemes, to ultimately ensure financial sustainability and protect the unit owner’s value of their property investment.

BENEFITS OF OUR ARREAR LEVY FUNDING FACILITY

-  Immediate and ongoing access to the arrear levy funding facility
-  Bespoke facility with no sign-up or initiation fees
-  Fund up to 100% of your arrear levies (no discounting applied)
-  Retain control and management of your levy collections
-  Simple and easy application process



WHEN BORROWING MAKES SENSE

ENSURE OPERATIONAL EFFICIENCY BY SECURING THE FINANCIAL WELL- BEING OF YOUR COMMUNITY SCHEME

There are a vast number of community schemes in South Africa that struggle to operate functionally as a result of non-paying unit owners. The non-payment of levies results in a shortfall in the operational budget of a community scheme and means that paying unit owners either end up subsidising non-paying unit owners' levy amounts and/or their property assets are not managed or maintained in terms of Sectional Title Schemes Management Act ("STSMa") or Governing Documentation.

This shortfall in operational funds results in a lack of funding available for routine maintenance and other important expenditure items, to the common property, which ultimately leads to building decay over time, depreciating asset values, and in some cases, eventual destruction of the building.

The general decay of the building, if not maintained over time, not only erodes the asset value of those units within the community scheme but also the properties surrounding it. The decay of a single building can negatively impact the value of neighbouring properties. This leads to a chain reaction, the results of which are easily identified in many of our inner cities.

In some cases, the non-payment of levies is more severe and not even necessary items,

such as basic utilities, can be paid. In this scenario, where utilities have been disconnected, and in the absence of individual water and electricity meters, even the paying unit owners suffer the consequences of the non-payment of levies by a portion of its members.

It is also essential to note that the STS lending model creates the opportunity for the community scheme to offer debt rehabilitation and leniency to their non-paying owners. In the absence of funding, the community scheme would be forced, in terms of the STSMa and/or Governing Documentation (as well as to avoid prejudice to the paying owners), to immediately institute legal action against the non-paying owners. This inevitably adds excessive, and often unnecessary, legal fees to the existing levy debt.

If unresolved, the community scheme's legal action could lead to the unit owner losing their home. Arrear levy funding effectively stabilises the community scheme's cash flow and enables it to offer their levy debtors TIME to repay their debt WITHOUT legal action or costs.

The debtor rehabilitation opportunity is often the difference between the unit owners keeping or losing their home.



FUNDING COMMUNITY SCHEMES SINCE 2002



**WE HAVE ASSISTED OVER
1 500 COMMUNITY SCHEMES
WITH BESPOKE FUNDING
FACILITIES AND SOLUTIONS
THROUGHOUT OUR HISTORY**

STS comes with a team of community scheme experts that have extensive and specialised skills to assist community schemes go from surviving to thriving through responsible and transparent funding solutions. Arrear levy funding extended by STS, utilising our lending model, assists:

- ✔ Community schemes to maintain their obligations required by the applicable sectional title legislation (for sectional title bodies corporate) and contractual and constitutional obligations (for homeowners' associations)
- ✔ The community scheme's financial position, preventing unit owners who pay their levies from subsidising their non-paying co-owners
- ✔ Community schemes in offering their non-paying unit owners debt rehabilitation opportunities to protect their home ownership and to avoid expensive legal costs

Our arrear levy funding facility is made possible in proud partnership with BC Funding Solutions (Pty) Ltd.



BC FUNDING
SOLUTIONS

IN A NUTSHELL

Community schemes rely on levies to make up their operational budgets

A shortfall in levies collected results in holes within the budget and the community scheme cannot function optimally

The lack of adequate cash flow to do maintenance, upgrades and support operational needs also leads to a depreciation in property value

STS arrear levy funding provides loan funding to fill the gap while those arrear levies are collected

The community scheme has the full budget to continue with needed operations, maintenance etc. as if all owners have paid their levies in full

The community scheme has the time to collect the levies in arrears and potentially avoid legal costs by being flexible with defaulting- owners' repayment plans, as STS only collects as and when the arrear levies are repaid

It is a win-win-win for all as the community scheme can continue operating optimally, ensuring property values and assets stay favourable whilst collecting arrears.



ARREAR LEVY FUNDING PROPOSAL



PROVIDING SUSTAINABLE AND RESPONSIBLE FUNDING SOLUTIONS WITH PEOPLE IN MIND

Arrear levy funding amount	Provides the community scheme with immediate access to additional funding, should this be required
Facility amount	Provided to fund future arrear levies and related costs
Funding term	Repayable as and when the community scheme recovers its arrear levies from non-paying unit owners, which become due and payable only once amounts are paid to the lender
Interest rate	2.0% per month
Fees	No hidden fees or charges other than interest

KEY FEATURES OF OUR ARREAR LEVY FUNDING FACILITY:



Repayment only occurs when the community scheme collects its arrears



The community scheme is able to operate effectively on a fully funded basis as if all unit owners were in fact paying their levies



Interest costs incurred are added to the arrear levy debtor accounts (i.e. interest on arrears is matched to the loan interest rate), therefore the paying unit owners are not prejudiced by either the costs of the arrear levy funding or the repayment thereof



The community scheme and its managing agent maintain control of the legal process and the collection of arrears (arrear levy debtors remain on the community scheme's balance sheet)

CONTACT DETAILS



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Driven by our "win, win, win" philosophy, Sectional Title Solutions offers various tailor-made solutions that reduce costs, maximise income and increase property value for our communities to thrive. Through our collaborative approach, we have built sustainable relationships and partnered closely with industry leaders and niche service providers to offer you the best value.

CONTACT US FOR MORE INFORMATION AND TO DISCUSS HOW OUR VALUE-ADDED SOLUTIONS CAN HELP YOU



FUNDING AND TREASURY

Innovative arrear levy
and project funding
solutions



EFFICIENT ENERGY

Cost-saving energy
efficiency and solar
solutions



SMART TECHNOLOGY

State of the art Fibre-To-
The-Home and Smart
technology solutions



LEGAL ADVISORY

Legal and levy client
services and
solutions



OUTDOOR ADVERTISING

Revenue generating
outdoor media
solutions



WATER MANAGEMENT

Innovative water
management and
back-up solutions

ACCESS FREE RECOURSES, TIPS AND TOOLS RELATING TO
SUSTAINABLE AND RESPONSIBLE COMMUNITY SCHEME LIVING AND
MANAGEMENT BY VISITING OUR WEBSITE OR SCANNING THE QR CODE

