



# SECTIONAL TITLE SOLUTIONS

## SECTIONAL TITLE SOLUTIONS (PTY) LTD (“STS”) FUNDING PROPOSAL

Thank you for your interest in the Sectional Title Solutions (Pty) Ltd arrear levy and project funding solutions offered to Bodies Corporate.

### 1. INTRODUCTION

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Sectional Title Solutions (Pty) Ltd (“STS”) is focused on providing value add solutions to Sectional Title Bodies Corporate and gated estates, including arrear levy debt and project funding, fibre to the home, solar and efficient energy and outdoor media solutions, as well as various other solutions.

Our success is based on over 50 years combined experience within the Sectional Title industry, partnering with market leading service providers and offering significant value propositions to our clients nationwide.

Solutions provided to our Sectional Title and Homeowner Association clients include:

- Innovative **arrear levy and project funding** solutions;
- State of the art **Fibre to the Home** solutions;
- Unique cost saving **efficient energy and solar** solutions;
- Revenue generating **outdoor media and advertising** solutions; and
- **Levy collection and legal monitoring services and solutions** for unit owners, Trustees and Administrators.

Our core focus is to provide a sustainable value added solution that will benefit all unit owners and stakeholders, reducing inefficient costs and generating much needed revenue for Bodies Corporate and gated estates, in order to ultimately ensure financial sustainability and protect the unit owner’s value of their investment in their property.

### 2. ARREAR LEVY AND PROJECT FUNDING SOLUTIONS

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STS specialises in facilitating loan funding to Sectional Title Bodies Corporate, offering various lending solutions to clients that have underlying levy debtor problems, or require funding for municipal arrears, maintenance and / or capital projects, but whose unit owners cannot immediately raise the necessary upfront cash.

**Funding extended by STS, utilising our lending model, assists:**

- Bodies Corporate to maintain their obligations required by the Sectional Titles Schemes Management Act;
- The Body Corporate’s financial position, preventing unit owners who pay their levies from subsidising their non-paying co-owners; and
- Bodies Corporate in offering their non-paying unit owners debt rehabilitation opportunities so as to protect their home ownership and to avoid expensive legal costs.

**STS offers flexible funding terms, including:**

- Repayment terms of between 12 and 60 months for project funding (terms longer than 60 months will be assessed on a case by case basis);
- Interest servicing versus interest capitalising terms for arrear levy funding; and
- Repayment flexibility and capital moratoriums.



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## 3. FUNDING TERMS

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### Project funding terms:

Project funding amount	:	Based on credit assessment and valuation of Body Corporate
Funding term	:	12, 24, 36, 48 and 60 months (longer than 60 months assessed on a case by case basis)
Interest rate	:	Prime linked (from prime plus 5%)
Fees	:	From 2.5% to 5.0% depending on credit assessment and funding term (included in the quoted monthly repayment amounts, there are no hidden fees or monthly admin charges other than the raising fee)

### Arrear levy funding terms:

Arrear funding amount	:	Based on credit assessment and valuation of Body Corporate, as well as current arrear levy balances owed to the Body Corporate
Facility amount	:	Additional facility amount provided to fund ongoing arrear levies and legal fees
Funding term	:	Repayable as and when the Body Corporate collects its arrear levies, from the arrear levy amounts collected (not from paying unit owners)
Interest rate	:	2.0% per month
Fees	:	N/A

### Key features of the arrear levy funding facility:

- No repayment obligations on n the paying unit owners in the Body Corporate (repayment only occurs when the Body Corporate collects its arrears);
  - The Body Corporate will not be required to service interest or capital repayments during the collection process.
- The Body Corporate is able to operate effectively on a fully funded basis, as if all unit owners were in fact paying their levies;
- All costs incurred are added to the arrear levy debtor accounts, therefore the paying unit owners are not prejudiced by the costs of the arrear levy funding;
- The Body Corporate and its managing agent control the legal collection of arrears.

## 4. LOAN APPROVAL

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Please note that credit will require certain Body Corporate documentation be submitted to formally approve the funding facilities and before funds can be advanced.