



HOMEOWNERS ASSOCIATION

PO Box 30124
Tokai
7966
Tel 021 702 4489
Email : info@capeclass.co.za

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NEW LEGISLATION – COMMUNITY SCHEMES OMBUD SERVICE ACT – STATUTORY LEVY EFFECTIVE 2017(Presented at AGM)

Website - www.csos.org.za

There is a new statutory levy that has been established in terms of the Community Schemes Ombud Service Act, 2011 (Act 9 of 2011) and which has now been published by the Government Gazette in 2016, with its executive authority vested in the Minister of Human Settlements.

The Act was established to provide a dispute resolution service, to regulate the conduct of parties within community schemes and to manage the scheme governance documents.

2011 – Draft Bill

2013 – The Act

2016 – Community Schemes Ombud Service (Act 9 of 2011) Publication of Regulations by parliament in 2016, eff 1 November 2016.

The Functions:

- The custodian of your governing documents
- Monitor governance and compliance
- Train Directors and staff
- Dispute resolution
- Appoint and train adjudicators
- Impose a levy

Scope of the CSOS

- Any share block company, home or property owner's association that was established to administer a development.
- Any housing scheme for retired persons
- Any other scheme or arrangement in terms of which there is shared use of responsibility for parts of land and buildings.

Disputes

- Financial issues
- Behavioural issues
- Scheme governance issues
- Meetings
- Management Services
- Works pertaining to private and common areas
- General and other issues

Other Elements

- Compulsory insurance: The minimum amount of the fidelity insurance cover required is the total value of the community scheme's investments and reserves at the end of its last financial year and 25 per cent of community scheme's operational budget for its current financial year.
- No legal representation: Entitled to appeal to the High Court, but only on a question of law
- The appeal must be lodged within 30 days after delivery of the order

Levy Formula

- Levy Formula: The lesser of R40.00 or 2 % of the amount by which the monthly levy charged by the Scheme exceeds R500.00
- Units with monthly scheme levies of R500.00 per unit or less are entitled to 100% waiver
- For units with R2 500 per unit and more, a cap for the CSOS Monthly Levy = R40.00.
- **DUNE RIDGE – R21/member per month per owner effective 1 January 2017.**

Way Forward

- Registration of the community scheme in November 2016 by the HOA
- Every homeowner is legally responsible to pay the levy to the HOA. The CSOS fee is levied monthly and will be collected from community schemes on a quarterly basis.
- The CSOS will issue invoices to the community schemes and not the home owner.
- The CSOS fee will only apply to normal levies and not Special Levies.
- Interest will be charges at the prescribed rate by the National Credit Act monthly by the CSOS for late payments/defaulting members who do not pay the CSOS levies.

The Trustees have instructed the HOA to add the CSOS levy to the monthly levy **effective 1 January 2017, and the additional amount of R21.00 will be added to the Debit Order from the 1 January 2017.**