POLARIS
REAL ESTATE

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UNDERSTANDING SECTIONAL TITLE

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WHAT IS A SECTIONAL TITLE UNIT?

A sectional title unit consists of a part of a building or a separate building on a piece of land that has been converted into a sectional title scheme. Ownership of the unit includes ownership of an undivided share in the common property. All the sections together with the common property comprise the scheme.

WHAT IS THE COMMON PROPERTY?

This comprises the areas which are owned and used by all owners—for example, the grounds, driveways, roads, recreational facilities, corridors, entrance areas, and the exterior of the building which are not sections.

WHAT ARE EXCLUSIVE USE AREAS?

An exclusive use area is an area that is strictly reserved for use by the owner of the section, for example, a storeroom.

IS OWNERSHIP CONFFERED UNDER SECTIONAL TITLE?

The answer is YES. Once a transfer is registered in the Deeds Office, the title holder is the owner of the unit. A title deed is issued upon registration of transfer of the sectional title unit.

WHAT IS THE DIFFERENCE BETWEEN A SHARE BLOCK SCHEME AND A SECTIONAL TITLE SCHEME?

A share block scheme involves the selling of shares in a share block company which owns a building.

WHO OR WHAT IS THE BODY CORPORATE?

All the owners of sections in the scheme constitute the body corporate. Trustees may be elected to manage the day-to-day operations of the scheme.

WHAT IS A REGISTERED REAL RIGHT OF EXTENSION?

When developing a scheme, a developer can reserve the right to extend it at a later stage. This is referred to as a right of extension.

WHAT ARE LEVIES?

Levies consists of all the anticipated costs of the running of the scheme it includes:

- Electricity and repair costs.
- Insurance.
- Managing agent fees.
- Annual audit fees.
- Security and Maintenance.
- Contributions to the administrative and reserve funds.

WHO OR WHAT CONTROLS THE SCHEME?

The body corporate is responsible for controlling and managing

WHAT IS THE RESERVE FUND?

The body corporate must establish and maintain a reserve fund to cover costs of future maintenance and repairs.

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WHAT IS THE ADMINISTRATIVE FUND?

The body corporate also maintains an administrative fund from which day to day maintenance, insurance and similar expenses are paid.

HOW IS THE AMOUNT OF LEVY DETERMINED?

The total budget is made up of various anticipated operating and maintenance expenses. An individual owner's monthly contribution is determined by multiplying this budget by the section's Participation Quota (PQ) percentage.

WHAT ARE SPECIAL LEVIES?

If insufficient funds are available for unexpected expenses, owners will be liable for making contributions towards a special levy. At the discretion of the trustees, this may be paid as a lump sum or in monthly instalments.

WHAT ARE CONDUCT RULES?

Conduct rules govern the conduct of owners in the scheme regarding the keeping of pets, refuse removal, etc. Conduct rules are guidelines to follow in terms of social living.

CAN A UNIT BE EXTENDED OR SUB-DIVIDED?

Yes, a unit can be extended, but only after obtaining the approval of all respective governing bodies, such as the body corporate and the local authority.

HOW IS OWNERSHIP OF A SECTIONAL UNIT TRANSFERRED?

With some minor differences, the procedure to transfer and register a bond over Sectional title property is similar to the procedure in respect of conventional property.

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