

AMENDMENT OF SECTIONAL TITLES ACT

The Sectional Titles Act has recently been amended. Some of the managing agents are interpreting the amendment to mean that the Seller has to pay all levies which are due up to the financial year end. In effect therefore the Seller has to pay the monthly levies in advance for a period of up to 12 months. The managing agents believe that if they do not do so, they cannot recover the levies from the Purchasers.

Unfortunately if the managing agents do enforce the provisions strictly, it means that Sellers will have to pay large sums of money for their levy clearance certificates in order to have the levies paid in advance.

We therefore suggest that you include a clause in your sectional title agreements along the following lines:-

“In the event that the Seller has to pay levies in respect of a period beyond the date of registration in order to obtain a levy clearance certificate, the parties hereto agree that the purchaser shall refund to the seller any amounts due in respect of the monthly levies after such date of registration on condition that the Body Corporate does not hold the Purchaser liable for payment of such levies.”

We are suggesting to the Body Corporates that they enter into agreements with the purchasers for the payment of the levies so they can proceed in terms of such agreements instead of in terms of the Act, in order to minimize the cost and inconvenience of paying the levies so far in advance.