

Pros and cons of sectional title ownership

Potential buyers of sectional title property should weigh up all the pros and cons first and ascertain whether this lifestyle is best for them, as it doesn't always suit everyone, says Willem le Roux, director at the sectional title finance company Propell.



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Understanding fully what is being bought into is the first step to deciding whether to buy a unit in a sectional title scheme. When buying, the purchaser buys a section (or sections) of the development as well as a share of the common property. Types of sectional title schemes include townhouses, apartments, semi-detached homes, or duets. The exterior of the building is common property, which means that the body corporate is responsible for maintaining the roof and painting the outside walls. Other common property would include parking areas, perimeter walls, roads, green belt or park areas, tennis courts, and swimming pool and recreation areas. Some parts of the common property may be for the exclusive use of specific owners, examples of which include balconies, garages, private gardens or storerooms. While the buyer will not own his exclusive use area, he has sole right to its use and will pay a contribution towards the direct costs associated with this area.

Advantages are many

The advantages of living in a sectional title scheme are many, says le Roux, possibly the most important being the sharing of major costs of upkeep to the building/s and the sharing of municipal costs – with access to many amenities that the buyer may not be able to afford if he had bought a freestanding unit. In addition, the body corporate will take care of such items as building insurance, wages of cleaners or gardeners, administration and security as this is all included in the monthly levy payments from each owner.

In the majority of sectional title schemes, the units will be in close proximity to each other. Some might see this as beneficial, while others might see this as a negative aspect, in that neighbours are not always “perfect”, says le Roux.

All owners have to comply with the management and conduct rules – which sometimes causes conflict. A typical example of an issue that might cause problems is where the rules state no pets and an owner chooses to ignore this. Other rules will often include behaviour of residents and guests and access to communal areas or the usage thereof (such as parking limitations and visitors' access, etc.).

Alter a unit externally

Another disadvantage of sectional title living is that the owner does not have the freedom to alter his unit externally without first getting the approval from the body corporate. Some will see this as a great advantage as this creates aesthetic uniformity and no one unit will be able to differ greatly in appearance from another or “let the image of the complex down”.

“If you’re a person who tends to resent rules or the enforcement of these, sectional title might not be the right choice,” says le Roux.

Lastly, but not least importantly, is the payment of levies. The body corporate is responsible for the cost of administering and maintaining the common property which is paid from the funds raised by levying contributions from owners.

When owners fail to pay their contributions on time, the body corporate may not have enough money to meet its obligations. An added problem is that it needs to spend additional money (that it may not have) to compel delinquent owners to pay up. High levels of delinquency is the best indicator of poor financial health, says le Roux.

Prospective buyers should always ask for the body corporate’s financial statements to ensure that the complex is financially sound because poor financial health becomes the problem of the owners through higher future contributions.

Financial difficulties within the scheme will affect the overall saleability of other units as the financial soundness of a scheme is what banks look for in granting mortgage bonds.

As can be seen, sectional title living has pros and cons (as with anything in life) and a person must investigate fully what he is buying into and consider the impact on his lifestyle before signing an offer to purchase, advises le Roux.

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