



+27 (0) 10 020-3228



info@zdfin.co.za



www.zdfin.co.za



## OUR SERVICES



Executive Managing Agent (EMA) | Equipment Rental Finance | Insurance | Levy Finance and Specialist Collections | Loans | Overdraft Facility | Project Finance | Unfinanced Levy Collection

# NOTES

---

---

---

---

---

---

---

---

---

---

# ABOUT US

*We do not just talk, we do it.  
We have over 100 years of practical  
experience in the property industry.*

## WHO ARE WE?

ZDFin is a specialist finance company providing smart solutions for **Community Schemes**, be they **Sectional Title Bodies Corporate**, **Homeowners' Associations** or **Share Block companies** ("Community Schemes") on competitive terms and at a favourable interest rates.

## HOW CAN WE HELP YOU?

ZDFin's team has a wealth of practical experience in property management, finance and financial management pertaining to Community Schemes. At ZDFin we understand the unique challenges Community Schemes face and have various financial products which have been formulated, tried and tested, to assist Community Schemes.

## SERVICES OFFERED

- Equipment Rental Finance
- Executive Managing Agent
- Insurance
- Loans and Project Finance
- Levy Finance and Specialist Collections
- Overdraft Facility
- Unfinanced Levy Collection Services



# EXECUTIVE MANAGING AGENT

## MORE ABOUT AN EMA

The **Sectional Titles Schemes Management Act (STSMA)**, signed into law on **7th of October 2016**, was the genesis of the **Executive Managing Agent (EMA)** capability. The concept and overriding objective of an **Executive Managing Agent (EMA)** is the professionalisation of the trustees' role, this making the paradigm shift from volunteer with indemnification, to full-time role with liability.

The **EXECUTIVE MANAGING AGENT (EMA)** assumes the roles and functions that would otherwise be the responsibility of a board of Trustees; thereby becoming the trustees and assuming the full responsibility and function; such functions include budgeting and all related financial affairs, maintenance, levy collections and associated procedures, rule enforcement, housekeeping issues and any other tasks on behalf of other owners in a scheme; these all being critical to ensure optimisation of value for which trustees are ultimately liable.

The traditional role of a **Trustee** has become increasingly difficult and complicated, exacerbated by the part-time and all too often non-professional nature of related capability, protected by some level of indemnity offered by the **STSMA**.

The many, largely unknown and onerous responsibilities coupled with the thankless nature of being a trustee has led to a dwindling number of willing participants to perform this critical function. Recognising these challenges, **the Legislature in line with prescribed management Rule 28(1) of the STSMA**, provides for **Bodies Corporate**, by way of a special resolution, to appoint an **EXECUTIVE MANAGING AGENT (EMA)**.



# EXECUTIVE MANAGING AGENT FAQ

## How will the appointment of an Executive Managing Agent (EMA) safeguard my investment?

- \*The ZDGroup has R5 million professional insurance cover.

## What are some of the major benefits to appointing an EXECUTIVE MANAGING AGENT(EMA)?

- Complete objectivity in relation to crucial decision-making; a convenient way for owners to avoid any difficult scenarios pertaining to their fellow owners that may involve legal proceedings, renovation requests, conduct rule transgressions etc.
- Ensures full-time focus by suitably qualified and experienced professionals, as opposed to part-time volunteer management. The **Executive Managing Agent (EMA)** is afforded no indemnification in terms of the STSMA and is fully liable for all decisions, or omissions\*.

## What is an EXECUTIVE MANAGING AGENT (EMA)?

- An **Executive Managing Agent (EMA)** is an individual and/or company appointed by the members of a Community Scheme to perform the roles, responsibilities and functions that would ordinarily be performed by Trustees. The **Executive Managing Agent (EMA)** 'steps into the shoes' of the conventional trustees, and is responsible for the management of the scheme per legislative directive.

## What are the pro's and con's of appointing an EXECUTIVE MANAGING AGENT (EMA)?

- Being a trustee in a scheme is a time-consuming and often thankless job which, to do correctly, requires time and focus ideally coupled with a diverse skill-set.
- Schemes are essentially businesses with multi-million Rand asset values requiring dedicated, skilled and focused management.
- Volunteer trustees seldom have the time and focus and don't always have the full skill-set required to run these multimillion Rand businesses.
- An **Executive Managing Agent (EMA)** essentially professionalises the board of trustees, this from part-time volunteer to full-time, dedicated professional management with no indemnification as is afforded to volunteer trustees.



# EXECUTIVE MANAGING AGENT

## WHAT IS AN EMA?

ZDMgt has the know-how, with a good blend of both technical expertise and practical experience to be appointed as an **EMA**.

### What is an **EXECUTIVE MANAGING AGENT (EMA)**?

- An Executive Managing Agent (EMA) is a professional individual and/or company appointed to assume professionally all the duties and responsibilities that trustees typically handle in a community scheme. This includes finance, maintenance, levy collections, and enforcing rules.
- The Executive Managing Agent (EMA) ensures full-time, skilled management of the scheme in compliance with the Sectional Titles Schemes Management Act (STSMA).

### How is an **EXECUTIVE MANAGING AGENT (EMA)** different from a **MANAGING AGENT (MA)**?

- **Executive Managing Agent (EMA):** Makes executive decisions, acting as professional trustees with full accountability i.e. no level of indemnification afforded by the STSMA as is the case with voluntary part-time trustees.
- **Managing Agent (MA):** Handles operational and administrative tasks like issuing levy statements, sourcing quotations, sending notices and taking meeting minutes. Importantly, the Managing Agent (MA) remains the custodian of scheme information.
- Combining these roles ensures efficiency but separating them ensures transparency and a healthy segregation of responsibility noting the **Managing Agent (MA)** takes instruction from the trustees, and or appointed Executive Managing Agent (EMA). The Managing Agent (MA) is still the preferred first point of contact at all times.

### Why should we appoint an **EXECUTIVE MANAGING AGENT (EMA)**?

- **Accountability:** Executive Managing Agents (EMA's) are legally liable for their decisions, with no level of indemnification ensuring full accountability for decisions made i.e. full recourse in the event of any mis-management.
- **Continuity and Professionalism:** Schemes are managed by experienced professionals, not part-time volunteers with frequent transparent updates. Decisions are made objectively and timeously free from internal politics and associated strife and conflict.
- **Fairness:** All owners share the cost, avoiding reliance on a few unpaid trustees.
- **Time-Saving:** Owners are freed from the demanding trustee role.

# EXECUTIVE MANAGING AGENT

## WHAT IS AN EMA? (Continued)

### How does an **EXECUTIVE MANAGING AGENT (EMA)** safeguard my investment?

Executive Managing Agents (EMA's) focus on maintaining and enhancing property value by ensuring the scheme is financially sound, well-maintained, and compliant with all legal obligations.

### How are **EXECUTIVE MANAGING AGENT (EMA)'s** appointed or removed?

Appointment or removal requires a special resolution by members, as per PMR 28 of the STSMA. Owners always retain the power to change the Executive Managing Agent (EMA) if dissatisfied at any given time. As long as sufficient notice is given for the Special General Meeting (SGM) and members in attendance hold 25% of the total quota of sections in the scheme.

### How do we monitor the **EXECUTIVE MANAGING AGENT (EMA)'s** performance?

Executive Managing Agent (EMA)'s must:

- Provide quarterly (or monthly) reports detailing all financial and operational activities.
- Conduct bi-annual inspections of common property.
- Follow all regulations and scheme rules.
- Have a physical presence by conducting site visits twice a month.

### Will we lose control of the scheme when we appoint an **EXECUTIVE MANAGING AGENT (EMA)**?

No, Owners retain critical powers, including:

- Approving budgets.
- Managing scheme rules.
- Monitoring the Executive Managing Agent (EMA) through regular reports.

# EQUIPMENT RENTAL FINANCE

## MORE ABOUT OUR ERF SERVICE

ZDFin (Pty) Ltd (“ZDFin”) offers an **Equipment Rental Finance** (“ERF”) service.

ZDFin (Pty) Ltd (“ZDFin”) offers an **Equipment Rental Finance** (“ERF”) service to any Scheme, which does not have the immediate financial capacity to, or otherwise does not want to, outright purchase any assets (examples being security equipment, back-up power equipment or the like) yet ideally require this equipment to optimise daily operations including safety needs and efficiency of and for the Scheme.

ZDFin’s **ERF service** offers Scheme Executives a quick and efficient mechanism to source, install and provide all members with the immediate benefit of related equipment.



**ZDFin has a wealth of practical experience in property and financial management. Our financial products address a range of challenges and can be tailor-made to suit your scheme.**



# INSURANCE

## ABOUT OUR SERVICE

**ZDFin** is an authorised **Financial Services** and **Credit Provider (FSP 50767 and NCRCP 13610)**. **ZDFin** provides specialist services and advice to **Bodies Corporate, Homeowners' Associations** and **Property-Ownng Companies**. **ZDFIN** is able to offer competitive premiums from leading insurers in the market along with fast, effective, and convenient claims management. As part of our **insurance services** for community schemes, we offer building insurance, insurance advice, policy administration, claims management and policy reviews.

### What differentiates ZDFin?

- By appointing **ZDFin** to handle your community scheme insurance, **ZDFin** can provide you with a range of benefits, from expert advice, tailored solutions, cost savings and most importantly, peace of mind.
- **ZDFin** are dedicated to providing a proactive and responsive service, addressing insurance-related issues or concerns promptly and effectively.
- **ZDFin's** risk management services help identify and mitigate potential risks within your community scheme, ultimately reducing the likelihood of future insurance claims.
- **ZDFin** values building long-term relationships with clients, and as a result, **ZDFin** will work closely with you to continually assess and adapt your insurance coverage as your community scheme evolves.
- **ZDFin** streamlines insurance processes for your community scheme, saving you time and effort in managing insurance-related tasks.

### Why let ZDFin handle your **COMMUNITY SCHEME INSURANCE**?

- Insurance solutions are uniquely designed to meet the community scheme's requirements.
- Comprehensive insurance coverage to adequately protect your community scheme.
- Competitive rates, potentially saving your community scheme money.
- Specialised knowledge and experience in handling community scheme's insurance claims.
- Claim handling and management.
- Compliance with insurance regulations and requirements.



# LEVY FINANCE AND SPECIALIST COLLECTIONS SERVICES

## ABOUT OUR SERVICE

ZDFin understands that cash flow budgeting is notoriously complex, taking into account arrear levies and the associated legal costs necessary to collect these outstanding levies. Over the past few years, levy non-payment has become a widespread problem for bodies corporate and other community schemes.

The impact of this all too often means spiraling cash flow pressures and plummeting values in affected schemes, which is to the detriment of all owners. The dwindling functioning of schemes sees a physical deterioration of buildings that directly impacts owners daily, not to mention the massive erosion of value for all owners alike.

ZDFin's **LEVY FINANCE AND SPECIALIST COLLECTION** services allows for a predictable and guaranteed levy income stream at preferential rates while all associated collection and legal work is overseen and managed directly by **ZDFin's in-house legal team**. Importantly, fees are negotiated with **ZDFin's** panel of attorneys and financed per product mechanics.

### Why use our **LEVY FINANCE SERVICE**?

- Initial, and often much needed, cash injection of the levy arrears to the scheme.
- Advancement of schemes levies on a monthly basis, which guarantees both the amount and timing of levies paid to the scheme.
- Legal fees associated with levy collections, are funded on the schemes behalf to ensure uninterrupted legal action without financially burdening the scheme.
- Enable accurate forecasting and budgeting.
- Eliminate cash flow pressures.
- Provide protection to the scheme as well as protecting the paying owner.
- Strong legal oversight and management, with monthly reporting to the scheme.
- No long-term contracts and easy termination.
- No need to change your Managing Agent (MA), provided they are members of NAMA and are in possession of a valid Fidelity Fund Certificate.
- Maximum transparency and engagement with trustees.

# LOANS AND PROJECT FINANCE SERVICES

## ABOUT OUR SERVICE

At **ZDFin**, we understand that schemes requirements are different, and for this reason we have designed different product offerings to assist schemes when their needs arise. We offer straight forward loans, which includes assisting with the planning and financing of large maintenance projects, whether long or short-term, on competitive terms. As well-meaning volunteers, scheme trustees and directors, tasked with the fiduciary duty to ensure that the schemes are optimally run and maintained, don't always possess the skills or have the time, to dedicate to what is often complex work(s) requiring specialist knowledge and technical expertise, and this is where **ZDFin** step in to assist.

### **ZDFin offers the following when it comes to straight loans:**

- **Loans:** This is a loan to the scheme, on competitive terms, which the scheme will repay to **ZDFin** over an agreed period.
- **Project Finance:** This is a fixed-term loan to the scheme, to fund in full or part (typically), large maintenance and redecoration or capital projects. **ZDFin** is able to tailor-make a workable solution matching the scheme's cash flow constraints.

### **How to navigate this tricky terrain?**

It is best to turn to experts who can give viable alternatives to consider. Loan finance is available with minimal fuss, on favourable terms (no personal sureties) and guaranteed turnaround times.

### **The benefits of our products and services:**

- Enables immediate restoration of required work(s).
- Allows for effective budgeting and financial management.
- Eliminates cash flow pressure and enables effective budgeting and forecasting.
- Favourable interest rate.
- No personal sureties.
- **No long-term contracts nor penalty for early settlement.**

# OVERDRAFT FACILITY

## ABOUT OUR SERVICE

ZDFin is an authorised **Financial Services and Credit Provider (FSP 50767 and NCRCP 13610)**. ZDFin provides specialist services and advice to **Bodies Corporate, Homeowners' Associations and Property-Owning Companies**. The **Overdraft Facility** product is an easily accessible and user-friendly product providing simple, same day, withdrawals as and when needed for operational use by the scheme.

The **Overdraft Facility** is a flexible, revolving credit solution with no monthly fees, flexible repayment terms, and fast access to funds.

### Who is this product for?

This product is ideal for bodies corporate and homeowners' associations and can assist with managing cash flow gaps and unexpected expenses, especially at month-end.

### Overdraft Facility key features and how it works.

- **Facility:** Straightforward and flexible credit solution designed to support your financial and operational needs efficiently.
- **Revolving Credit:** Withdraw funds as needed available immediately, no delays.
- **No Fixed Monthly Fees:** Enjoy cost-effective financing with no ongoing charges or lockin.
- **Flexible Repayments:** Repay as and when money is available.
- **No Pre-Determined Termination Dates:** The facility remains available as long as it is needed.
- **Quick Access to Funds:** Same day availability.
- **Transparent and Simple Process:** Approval by special resolution.

### What differentiates ZDFin?

- Experts in the field.
- Fast approval process.
- Fully licensed with all relevant authorities.
- Transparent and flexible terms.
- Well recognised and trusted industry brand.



# UNFINANCED LEVY COLLECTION

## OUR SERVICE

**ZDFin's in-house legal team will take over and manage the collection of the Levy Arrears for a Scheme.** ZDFin manage both the pre-legal and handed-over collection and use our practical experience (from working in both Litigation and Property Management) to manage the external panel of attorneys to collect the levy arrears as quickly and as cost-effectively as possible.

**ZDFin, with the combined Property Management and Legal experience,** have learnt first-hand that not all schemes are good candidates for Levy Finance, and as such we provide an Unfinanced Levy Collection service to these schemes.

With **ZDFin's UNFINANCED LEVY COLLECTION SERVICE,** our in-house legal team manages the collection of all levy debt owing to the scheme. We, inter alia, attend to the pre-legal collection; oversee and instruct an external panel of attorneys; report to the Managing Agent and Trustees on a monthly basis; attend regular meetings with the Trustees and the Managing Agent to go through legal updates; and we check legal fees to ensure the Scheme is not being overcharged for services rendered by external attorneys.

The difference between our **UNFINANCED LEVY COLLECTION SERVICE** and our **LEVY FINANCE PRODUCT** is that we offer the legal management and collection services to the Scheme without the financial assistance.

This product is best suited to schemes which either:-

- Have sufficient cash reserves and do not require financial assistance to operate or fund the legal action, but need professional assistance with the collection of levy arrears; or
- Where the scheme has financial issues, but **ZDFin** does not consider the scheme a viable candidate for Levy finance. This would be in instances where the debt exceeds the underlying value of the unit and/or where the Levy Finance Product may lead to the scheme being at risk of being stuck in a proverbial debt trap.

**ZDFin** understand that quick and effective recovery of levy arrears is paramount to the successful running of the scheme, and we have seen, all too often, schemes implode as a result of non-paying owners.

# FOLLOW US

## LEARN MORE ABOUT OUR SERVICES



Follow us on LinkedIn



 ZDFin

Follow us on Facebook



 ZDFin

Follow us on YouTube



 ZDFin

Visit our Website



 [www.zdfin.co.za](http://www.zdfin.co.za)

# USEFUL INFORMATION



## NOTICE PERIOD FOR A MEETING

### Section 3 of the CSOS Act

- 3.(1) The chairperson or the chief ombud must give not less than seven days' written notice of any meeting to all members of the Board, except-
- (a) in cases of emergency; or
  - (b) where all members of the Board agree to accept shorter notice.
- (2) The notice contemplated in subregulation (1) must-
- (a) specify the date and time of the meeting;
  - (b) state the general nature of the business of the meeting; and
  - (c) either-
    - (i) state the place of the meeting; or
    - (ii) specify the means of communication by which the meeting will be held.
- (3) The proceedings of or resolutions passed at a meeting of the Board are not invalid merely because a member did not receive a notice of the meeting, provided that the chairperson or the chief ombud made a reasonable attempt to give the member sufficient notice.

### Section 6 of the STSMA

6. (1) The meetings of the body corporate must take place at such time and in such form as may be determined by the body corporate.
- (2) The body corporate must, at least 30 days prior to a meeting of the body corporate where a special resolution or unanimous resolution will be taken, give all the members of the body corporate written notice specifying the proposed resolution, except where the rules provide for the shorter notice.
- (3) The notice contemplated in subsection (2) must be-
- (a) delivered by hand to a member;
  - (b) sent by pre-paid registered post to the address of a member's section in the relevant scheme; or
  - (c) sent by pre-paid registered post to a physical or postal address in the Republic of South Africa that a member has chosen in writing for the purposes of such notice.

# USEFUL INFORMATION



## RESOLUTIONS

**The Body Corporate (BC) needs an ORDINARY RESOLUTION to:**

- Remove a Trustee.
- Pay an honorarium to a Trustee that is not a member.
- Request the Trustees to appoint a Managing Agent.
- Cancel the Management Agreement after it expired (can also be done on a Trustee resolution).
- Install separate utility meters.
- Approve an improvement by an owner to an exclusive use area.
- Approve the admin fund budget and reserve fund budget.
- Approve the minutes of a previous general meeting.
- Approve the schedule of replacement values of units.
- Approve the 10-year maintenance plan.

**The Body Corporate (BC) needs WRITTEN CONSENT of ALL OWNERS to:**

- Alienate, exercise, or cede a Section 25 right to extend the scheme (also bondholder approval).
- Change the purpose of use of a section or exclusive use area.
- Purchase land to extend the common property.

**The Body Corporate (BC) needs a UNANIMOUS RESOLUTION to:**

- Alienate a portion of the common property.
- Let a portion of the common property for a period of 10 years or more to owner or occupier.
- Let a portion of the common property to someone other than an owner or occupier (no matter the period).
- Extend the period of the Section 25 right reserve to extend the scheme.
- Create exclusive use rights into the plans.
- Amend the Management Rules (also subject to approval by CSOS).
- Decide how to distribute funds received on the expropriation of the common property.
- Determine if the building(s) is deemed to be destroyed.
- Decide if the building(s) deemed to be destroyed must be rebuilt.
- Grants loans from body corporate funds.
- Make alterations or improvements to the common property that is not reasonably necessary (previous luxury improvements).



# USEFUL INFORMATION



## RESOLUTIONS

### The Body Corporate (BC) needs a **SPECIAL RESOLUTION** to:

- Take legal action against the developer.
- Insure the BC against other risks over and above those prescribed.
- Purchase or otherwise acquire, take transfer of, mortgage, sell, give, transfer, or hire or let units (when essential for the proper fulfillment of the BC duties).
- Borrow money for the performance of the BC functions and exercise of the BC powers.
- Short term lease of common property to an owner or occupier.
- Cancellation of an exclusive use right created into the plans.
- Create a servitude.
- Give an owner permission to extend the boundaries or floor area of his section.
- Amend the Conduct Rules (also subject to approval by CSOS).
- Create a rule that nominated rules be used instead of the PQ's.
- Pay an honorarium to Trustees who are members.
- Determine that the general meetings of the BC may be held outside the local municipal area where the scheme is situated.
- Appoint an Executive Managing Agent.
- Resolve that contract of the Managing Agent be cancelled (2 months' notice).
- Where the BC wants to make alternations or improvements to the common property that is not necessary (previously non-luxurious) and an owner requested a meeting be held.
- Install prepaid meters (60 days' notice).



# USEFUL INFORMATION



## QUORUM REQUIREMENTS

### Section 11 of the STMA

11. (1) Subject to subsection (2), the quota of a section must determine-
- (a) the value of the vote of the owner of the section, in any case where the vote is to be reckoned in value;
  - (b) the undivided share in the common property of the owner of the section; and
  - (c) subject to section 3(1)(b), the proportion in which the owner of the section must make contributions for the purposes of section 3(1)(a) or may in terms of section 14(1) be held liable for the payment of a judgment debt of the body corporate of which he or she is a member.
11. (2) (a) Subject to section 3(1)(b), the developer may, when submitting an application for the opening of a sectional title register in terms of the Sectional Titles Act, or the members of the body corporate may by special resolution, make rules under section 10 by which a different value is attached to the vote of the owner of any section, or the liability of the owner of any section to make contributions for the purposes of section 3(1)(a) or 14(1) is modified.
- (b) Where an owner is adversely affected by such a decision of the body corporate, his or her prior written consent must be obtained.
  - (c) The members of the body corporate may not make rules by which a different value is attached to the vote or liability of the owner of any section as contemplated in paragraph (a) until such time as there are owners, other than the developer, of at least 30 per cent of the units in the scheme.
  - (d) Where the developer alienates a unit before the opening of a sectional title register in terms of the Sectional Titles Act, the developer may not make rules by which a different value is attached to the vote or liability of the owner of any section as contemplated in paragraph (a), unless the developer has disclosed such intention in all deeds of alienation.

# USEFUL INFORMATION



## QUORUM REQUIREMENTS

### Section 4 of the CSOS Act

4. (1) No business may be conducted at a meeting of the Board unless a quorum of members of the Board is present.
- (2) A quorum for a meeting of the Board is the majority of its members.
- (3) If a quorum is not present within 30 minutes of the time determined for a meeting of the Board, the person presiding at the meeting may adjourn the meeting to the same time and place, seven days after the adjournment.
- (4) If a quorum is not present at an adjourned meeting within 30 minutes of the time determined for such meeting, the meeting is automatically cancelled.

## CSOS RETURNS

- 18.(1) The documents referred to in section 59(b) of the Act must be filled with the Service within 4 (four) months after the end of the community scheme's financial year, by filling in the prescribed Form CS 2.

## CSOS CONTRIBUTIONS

3. The levy is calculated subject to any applicable maximum amount, discount or waiver referred to in subregulation (2), according to the following formula:
  - (a) The lesser of R40.00 or 2% of the amount by which the monthly levy charged by the Scheme exceeds R 500.00.

# ZDFin

COMMUNITY SCHEME FINANCE

## CONTACT DETAILS

- +27 (0) 10 020-3228
- info@zdfin.co.za
- www.zdfin.co.za
- ZDFin
- ZDFin
- ZDFin

