

# EXECUTIVE MANAGING AGENT (EMA)

## 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 rate.

## HOW CAN WE HELP YOU?

ZDFin's team has a wealth of practical experience in both 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**.

## ZDFIN SERVICES OFFERED

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

## ABOUT OUR EMA SERVICES

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**; 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)**.

### Major benefits to appointing an Executive Managing Agent (EMA) include:

- 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\*.

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

\* The ZDGroup has R5 million professional insurance cover.

### If you have any questions, please don't hesitate to contact us:

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# EXECUTIVE MANAGING AGENT (EMA)

## FREQUENTLY ASKED QUESTIONS ABOUT AN EXECUTIVE MANAGING AGENT (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.

### 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.



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## EXECUTIVE MANAGING AGENT (EMA)

### FREQUENTLY ASKED QUESTIONS ABOUT AN EXECUTIVE MANAGING AGENT (EMA) - cont.

#### How does an Executive Managing Agent (EMA) benefit the scheme compared to trustees?

- **Full-Time Focus:** Dedicated professionals with expertise in sectional title management.
- **Objectivity:** Avoids conflicts among owners over decisions.
- **Reliability:** Professionals ensure compliance and reduce legal risks.

#### Why choose us as your Executive Managing Agent (EMA)?

- **Proven Expertise:** Over 100 years of practical property experience which adds a wealth of knowledge for the scheme.
- **Professional Insurance:** R5 million professional indemnity cover.
- **Transparency:** Monthly reports for clear communication.
- **Comprehensive Services:** Budgeting, rule enforcement, levy collection, maintenance, and more.

ZDFin has adopted the approach of monthly reporting to all owners where they have been appointed as **Executive Managing Agent (EMA)**. Experience, being invaluable, has shown that while the regulations provide for quarterly reporting, the monthly reporting approach ensures transparency, and lessens the number of queries from members every quarter, who instead have the benefit of more frequent and consistent reporting on the management of their scheme.

#### What processes have become faster or more efficient since using Executive Managing Agent (EMA)?

- Maintenance task allocation is now attended to as quickly as possible instead of waiting around for an external company with an unknown quote.
- Monthly financial reporting is timely and accurate with the expertise of the finance professionals in the EMA as well.

#### Why choose an Executive Managing Agent (EMA) over other solutions?

An **Executive Managing Agent (EMA)** offers a complete suite of features at a competitive price, with hands-on support, a board of professionals in different departments and clear communication.

#### Who do Executive Managing Agent (EMA)'s report to?

To all owners/members as directed by PMR 28, that being every 4 months by way of an EMA Report detailing all administrative and pertinent matters. The EMA works very closely with the Managing Agent (MA) of the scheme, as the trustees would.

#### If I have an issue, what do I do?

- Ordinarily the **Managing Agent (MA)** remains your point of call, who in turn take instructions from trustees.
- If an **Executive Managing Agent (EMA)** is appointed there will be no trustees and thus the **Managing Agent (MA)** takes instructions from the **Executive Managing Agent (EMA)**.
- The lines of communication do not change for members and the **Executive Managing Agent (EMA)** is always available on request.

#### How does the fee structure work?

- **ZDFin** provides a clear, upfront fee structure with no hidden charges.
- Regular, detailed financial reports and real-time access to financial data ensure complete transparency for all stakeholders.
- In depth list items are also available to read and discuss in the contractual agreement.



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