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COMMUNITY SCHEME FINANCE

WHY DIFFERENT COLLECTION STRATEGIES MATTER (By Danielle Binneman)



Danielle Binneman

Smart levy collections can protect the financial health of a Community Scheme.

Levy recovery is more than a back-office function — it is the financial heartbeat of every Community Scheme. When arrears are not managed strategically, the entire body corporate feels the strain.

In levy collections, one size simply does not fit all. Every arrear account has its own story, its own challenges, and its own behavioural patterns. Treating all owners the same is one of the biggest reasons recovery processes fail. A rigid, generic approach often leads to unnecessary conflict, delayed payments, and escalating legal costs that could have been avoided.

The real key to sustainable levy recovery is a diverse, structured, and adaptable strategy — one that responds to the age of the debt and the behaviour of the owner. Let us talk about some of the steps you can take.



Early Engagement: The Most Powerful Step in the Process

When a unit first falls into arrears, the most effective action is early, proactive engagement. This includes emails, phone calls, and reminder letters — simple, human touchpoints that open the door to communication. Most owners respond at this stage. They either settle the outstanding amount or enter into a manageable payment arrangement.

Early intervention does more than recover funds. It preserves relationships, reduces tension, and prevents arrears from snowballing into costly disputes. It is the most cost-effective and relationship-friendly stage of the entire process.

Soft Collections: Increasing Urgency Without Escalating Conflict

If early engagement does not resolve the matter, the next step is soft collections through attorneys. A formal demand, paired with the possibility of credit bureau listing, often shifts the owner's sense of urgency. This step alone resolves a significant percentage of accounts because it signals seriousness without immediately resorting to litigation. It is firm, structured, and still far more cost-effective than going to court.



+27 (0) 10 020-3228



info@zdfin.co.za



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Litigation: The Last Resort — Not the First Reaction

Litigation is always the final step. It is expensive, time-consuming, and often unnecessary when strong pre-legal processes are in place.

In my experience, robust pre-legal strategies are the backbone of effective levy recovery. They keep more owners out of court, reduce legal fees, and ensure the body corporate maintains healthy cash flow. When owners are given structured opportunities to resolve arrears before legal action, the entire scheme benefits.



The Real Difference: Strategy Over Aggression

Effective collections are not about being aggressive. They are about being:

- Structured
- Consistent
- Strategic
- Adaptive to each account

When you apply the right level of intervention at the right time, recovery rates improve, relationships remain intact, and the financial stability of the scheme is protected.

That is where the real difference lies.

If your Community Scheme is struggling with arrears, now is the time to rethink your approach. A strategic, multi-layered collection process can transform your recovery rates and protect your scheme's financial health.

If you would like guidance, a review of your current process, or support implementing a stronger strategy, I am always open to a conversation.



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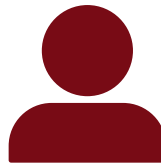
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