

## MANAGEMENT AGREEMENT

ENTERED INTO BY AND BETWEEN:

THE BODY CORPORATE OF \_\_\_\_\_ SECTIONAL TITLE SCHEME,  
SCHEME NO: \_\_\_\_\_ / \_\_\_\_\_.

("the Body Corporate")

AND

\_\_\_\_\_ (Full Legal Name of Managing Agent)

\_\_\_\_\_ (Full CK/Reg. No. of Managing Agent)

("the Managing Agent")

### 1. RECORDAL

- 1.1 The Body Corporate needs abide by the terms of the Sectional Titles Act, No 95 of 1986 ("the Act") and Trustees have been elected in terms of the Act and the Rules adopted in terms of Section 35(2) of the Act.
- 1.2 The Trustees are obliged to perform certain functions and duties in terms of the Act and the Rules.
- 1.3 The Trustees require the Managing Agent to perform certain of those functions on their behalf.

### 2. APPOINTMENT

- 2.1 The Managing Agent is hereby appointed to act as managing agent of the Body Corporate on the terms and conditions set out in this agreement, which appointment is accepted.

### 3. POWERS AND DUTIES OF MANAGING AGENT

- 3.1 The Managing Agent shall be entitled to act in all respects on behalf for and in the name of the Body Corporate and/or the Trustees, as may be necessary for the performance of its duties, subject to the provisions of the Act and the Rules. The parties acknowledge that this agreement shall not be construed as a delegation by the Trustees of their powers (or those of the Body Corporate) to the Managing Agent.
- 3.2 The powers and duties of the Managing Agent are set out in **Annexure "A"**.

#### 4. REMUNERATION

- 4.1 The Managing Agent's fees are set out in **Annexure "B"**. These fees will increase by 10% (10 percent) on the 1<sup>st</sup> of January of each year following signature of this agreement.
- 4.2 The Managing Agent will be remunerated monthly in advance for all the fees set out in Annexure "B".

#### 5. COMMENCEMENT AND TERMINATION OF THIS AGREEMENT

- 5.1 This agreement begins from \_\_\_\_\_ and shall continue for an initial period of 1 (one) year. After the initial period of 1 (one) year, the agreement will automatically renew for periods of 1 (one) year at a time.
- 5.2 Either party may terminate the agreement by giving the other party 3 (three) calendar months prior written notice of termination prior to any anniversary date of the agreement.

#### 6. BREACH IN RESPECT OF MANAGEMENT - RULE 46(2)(a)

- 6.1 If the Managing Agent is in breach of any of the terms of this agreement, or if the Managing Agent is guilty of conduct which at common law would justify the termination of a contract between master and servant, the Trustees may, without notice, cancel this agreement, and the Managing Agent will have no claim whatsoever against the Body Corporate or any of the owners as are result of such cancellation.
- 6.2 If any party breaches any provision or terms of this agreement and fails to remedy such breach within 14 (fourteen) days of the date of receipt of written notice requiring it to do so, then, the other party ("the aggrieved party") shall be entitled, in addition to any other remedy available to him at law, to cancel this agreement or to claim specific performance, in either event without prejudice to the aggrieved party's rights to claim damages.

#### 7. GENERAL

- 7.1 This agreement shall be the whole agreement between the parties and no representations or variations shall be enforceable unless reduced to writing and signed by both parties.

THUS DONE AND SIGNED AT \_\_\_\_\_ ON THIS THE \_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
**WITNESS**

\_\_\_\_\_  
**TRUSTEE SIGNATURE**

\_\_\_\_\_  
**TRUSTEE NAME**

\_\_\_\_\_  
**WITNESS**

\_\_\_\_\_  
**TRUSTEE SIGNATURE**

\_\_\_\_\_  
**TRUSTEE NAME**

THUS DONE AND SIGNED AT \_\_\_\_\_ ON THIS THE \_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_.

**AS WITNESSES**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
**MANAGING AGENT**

**RESOLUTION:**

Resolution of the Trustees of the Body Corporate of the \_\_\_\_\_ Sectional Title Scheme,  
No \_\_\_\_\_ ("the Body Corporate") on this the \_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_

**RESOLVED THAT:**

1. The Body Corporate hereby enters into a Management Agreement ("the agreement") with \_\_\_\_\_ (Full Legal Name of Managing Agent) \_\_\_\_\_ (Full CK/Reg. No. of Managing Agent);
  
2. That \_\_\_\_\_ (trustee) and \_\_\_\_\_(trustee) be hereby authorized to sign the agreement on behalf of the Body Corporate.

Signed at \_\_\_\_\_ on this \_\_\_ day of \_\_\_\_\_ 20\_\_\_.

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

## **ANNEXURE “A” – POWERS AND DUTIES OF THE MANAGING AGENT**

### **A. ADMINISTRATION**

- To open, administer and manage a bank account in the name of the Body Corporate to meet the commitments of the Body Corporate. Should such bank account already exist, the Trustees grant the Managing Agent full access to such bank account.
- To compile and dispatch statements to each owner, on a monthly basis, displaying all current transactions.
- To collect and receipt all levies and other amounts and income due to the Body Corporate.
- To verify and pay rates, taxes, charges and any other expenditure whatsoever which may from time to time may be payable by or chargeable to the Body Corporate as per the Expenditure Budget Estimation. All other payments will first be referred to the Trustees of the Body Corporate, for approval.
- To pay all salaries and wages and all statutory deductions thereon, including PAYE and UIF on the dates and in the manner instructed by the trustees of the Body Corporate and prescribed by Law.
- To compile and distribute, to all trustees of the Body Corporate on a monthly basis, a management report which will include an income and expenditure statement (detailing actual versus budgeted figures), a balance sheet, a cash flow statement and any supplementary schedules which the trustees may require, ie. a monthly arrears report.
- To keep full and proper books of account and records in accordance with standard accounting principles showing clearly all revenue, expenditure, transactions and proceedings relating to the Body Corporate and Scheme.
- To make and sign applications to the appropriate government department/s and/or local authority/ies for all and any licenses, permissions and consents required by any Act, Regulation or By-Law in connection with the management of the Scheme.
- To demand and recover from all past and present owners of sections, all levies and other sums payable by them, and to take all necessary steps, whether by legal action or otherwise, in which case they may instruct attorneys of their choice to institute legal proceedings, agree fees with such attorneys and furnish all instructions to the attorneys, to recover any levies or sums in arrears.
- The Trustees have signed the mandate attached as Annexure C giving the Managing Agent permission to sign the necessary tri-partite clearance certificate agreement on behalf of the Body Corporate and be remunerated for such certificate.
- To carry out specific instructions from the Trustees in connection with enforcing the Rules of the Body Corporate.

### **B. INSURANCE**

- To provide for the insurance needs of the Body Corporate and more specifically:
  - To arrange and annually renew all the insurance requirements of the Acts and specifically of the buildings and common property;
  - To arrange and report on valuations and replacement values, for insurance purposes, of the common property of the Scheme as and when required;
  - To obtain a fidelity guarantee if decided by the members of the Body Corporate;
  - To submit and follow through to completion any insurance claims on behalf of the Body Corporate.

**C. MAINTAINANCE**

- To assist and advise the Trustees on the maintenance of the common property. If the Trustees require periodic inspections of the building, the Managing Agents will recommend a suitable professional firm to do so, at the cost of the Body Corporate.
- To negotiate, on behalf of the Trustees, with:
- professional persons, firms, or other organisations, for the drawing up of specifications for maintenance and repair contracts pertaining to the common property; and
- outside contractors to do work or perform services on behalf of the Body Corporate.
- To, at an additional fee, arrange for all meter readings and the processing thereof on a monthly basis, including the preparation of meter reading schedules for each unit.
- It is specifically recorded that it shall not be the duty of the Managing Agent to supervise work done on the common property and work done by employees of the Body Corporate and that the Trustees need arrange such supervision.
- The Trustees will allow \_\_\_\_\_ (Full Legal Name of Managing Agent) \_\_\_\_\_ (Full CK/Reg. No. of Managing Agent) to erect their sign at the entrance to the Scheme.

**D. MEETINGS**

- To assist and advise the trustees of the Scheme on any applicable procedural matters pertaining to the running of the Scheme. This would include procedures relating to annual general meetings, special general meetings, trustees meetings, resolutions, quorums, proxies, and voting rights.
- To arrange proxies, nominations and agenda's for meetings of the scheme and of the trustees
- To arrange, attend, minute, and distribute minutes of the Annual General Meeting of the Scheme.
- To arrange, attend, minute, and distribute minutes of the Trustee Meetings of the Scheme (with a maximum of 12 free meetings per calendar year, thereafter to be charged for).
- To print and forward to owners and where applicable tenants, notices and circulars on behalf of the trustees of the Scheme.
- To comply with the Sectional Titles Act in respect of the update and retention of minute books, attendance registers, sectional plans, rules, insurance policies and all other permanent records of the Complex.
- The trustees are required to provide the Managing Agent with copies of minutes of all trustee's meetings not attended by the Managing Agent.

**E. FINANCIAL YEAR END**

- To prepare an annual budget that will include an estimate of income and expenditure, a balance sheet and cash flow statements for the consideration and approval of the trustees of the Body Corporate.
- To prepare the annual financial statements for submission to the appointed auditor of the Scheme and to arrange the annual audit.

## ANNEXURE “B” – FEES

### FEES

- **Management** – fee per unit per month R \_\_\_\_\_.00 (exclusive of VAT) with a minimum monthly fee of R2000.00 (excluding VAT) for the Scheme.
- **Trustees’ meeting** – fee per meeting held in excess of the 12 meetings provided free of charge per calendar year R \_\_\_\_\_.00 (exclusive of VAT).
- **Meter reading** – fee per unit per month to arrange meter readings and meter reading schedules for the unit R \_\_\_\_\_.00 (exclusive of VAT).
- **Certificate** - fee for the issue of 15 (4) (b) Certificate R \_\_\_\_\_.00 (exclusive of VAT). Fee for the re-issue of 15 (4) (b) Certificate R \_\_\_\_\_.00 (exclusive of VAT). These rates may fluctuate from time to time.
- **Travelling** - as per the tariff of the Automobile Association for the vehicle concerned.
- **After hour meetings** - Should the Managing Agent be required to attend to any meetings of the Trustees or the Scheme, or be required to attend any other meeting on instructions of the Trustees, that extends past 20h00, attendance at such meetings for any period after 20h00 shall be charged for at the rate of R \_\_\_\_\_.00 (exclusive of VAT) per hour or part thereof.
- **Reconvening Annual General Meeting and/or Special General Meetings** – fee in the event of a quorum not being present at the date stated and having to reconvene the meeting R \_\_\_\_\_.00 (exclusive of VAT).
- **Stationery** - all bona fide expenses incurred for the benefit of or on behalf of the Body Corporate, including the costs of books of account, minute books, stationery, stamps, microfilming of records to be retained, photocopying, bank charges, cellphone and telephone calls and faxes. List available on request.
- **Other attendances**- In any event of the Managing Agent being required to attend to any matter not specified herein, or to attend to site meetings with contractors or attend to physical deliveries of whatsoever nature or to attend to the registration or dismissal of employees, then and in such event the Body Corporate shall reimburse the Managing Agent at the rate of R \_\_\_\_\_.00 (exclusive of VAT) per hour or part thereof as well as travelling costs.
- **Letter of demand** – fee per letter sent by the Managing Agent R \_\_\_\_\_.00 (exclusive of VAT).
- **Legal handover** – fee per unit handed over by the Managing Agent to attorney to issue summons R \_\_\_\_\_.00 (exclusive of VAT).
- **Legal monitoring** – fee per unit per month, whom the attorney has an open file for, to cover monthly meeting with attorney and reporting, giving of instructions to attorney, the providing of statements, reconciliation of payments and other matters R \_\_\_\_\_.00 (exclusive of VAT).
- **Deeds search** - fee per online deeds office search conducted by the Managing Agent R \_\_\_\_\_.00 (exclusive of VAT).

**Notwithstanding anything to the contrary herein contained, no Meeting shall be held on Friday evenings, Saturdays, Sundays or Public Holidays.**

**ANNEXURE A - CLEARANCE CERTIFICATE MANDATE**

**WHEREAS** section 37(2) of the Sectional Title Amendment Act, 2003, promulgated in November 2003, has been amended to read:

“Any contributions levied under any provision of subsection (1), shall be due and payable on the passing of a resolution to that effect by the trustees of the body corporate, and may be recovered by the body corporate by action in any court (including any magistrate’s court) of competent jurisdiction from the persons who were the owners of units **at the time when such resolution was passed**” (With particular reference to subsection 37(1)(d) which reads: "... to raise the amounts so determined by levying contributions on the owners in proportion to the quotas of their respective sections;"). This amendment (bold type) creates the obligation on the seller of a sectional title unit to pay all levies in advance before the transfer can be effected. In practice this means that the entire financial year's levy needs to be collected from the seller, and the purchaser will not be liable to the body corporate for any levies for the balance of the financial year. The trustees are willing to assist both the seller and the purchaser in apportioning the liability for any and all levies between the seller and the purchaser on a pro-rata basis, computed on the date of transfer.

To give effect to that willingness the trustees of the scheme known as the

Body Corporate of \_\_\_\_\_ Sectional Title Scheme, Scheme No: \_\_\_\_ / \_\_\_\_  
have on this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_:

**RESOLVED THAT** the Managing Agent may:

utilize a standard format "tri-partite agreement" which agreement would be

entered into between the seller, the purchaser and the Body Corporate, so as to clarify whose obligation it is to make good any and all levies on the sold unit to the credit of the Body Corporate;

sign such a standard format tri-partite agreement on behalf of the body

Corporate, and thereby binding the Body Corporate to the agreement. This

resolution duly authorizes the managing agent to sign on behalf of the body

Corporate.

sign any and all clearance certificates (and or extended clearance certificates),

on behalf of the Body Corporate, to give effect to any such agreement.

THUS DONE AND SIGNED AT \_\_\_\_\_ ON THIS THE \_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
**WITNESS**

\_\_\_\_\_  
**TRUSTEE SIGNATURE**

\_\_\_\_\_  
**TRUSTEE NAME**

\_\_\_\_\_  
**WITNESS**

\_\_\_\_\_  
**TRUSTEE SIGNATURE**

\_\_\_\_\_  
**TRUSTEE NAME**