

Sectional title 10-year maintenance plans - here's what you need to know

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When you buy a unit in a sectional title scheme, it is important to understand who is responsible for maintaining the buildings and common property, and how the necessary funds are raised.



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Community scheme maintenance requires careful planning; firstly, to ensure that there is enough money to undertake costly maintenance projects and secondly, to schedule proactive maintenance tasks that will extend the lifecycle of the more costly items.

Maintenance, repair and replacement plan

The trustees are responsible for drawing up a maintenance, repair and replacement plan (MRRP) for the scheme. In the past, many schemes used to find themselves without the necessary funds to perform maintenance projects. This forced the scheme to delay larger maintenance projects, which either lead to raising a special levy to finance the project, or further deterioration if the necessary funds were not obtained.

The Sectional Title Schemes Management Act now compels schemes to have a 10-year maintenance plan in place, which estimates the total maintenance costs for each year over a period of 10 years.



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MRRPs should include the following:

- Major capital items that will require maintenance, repair and replacement within the next 10 years,
- Present condition of those items,
- When those items will require maintenance, repair or replacement,
- Estimated costs,
- Expected useful life of those items, and
- Any other information the body corporate considers relevant.

When maintenance projects are planned, it allows the trustees to manage the body corporate's finances more efficiently. By proactively maintaining costly items, expensive emergency repairs can be avoided and the maintenance costs are distributed more evenly over a longer period of time.

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Reserve fund forecast

The reserve fund forecast (RFF) is used to implement the maintenance plan. Both the MRRP and the RFF must be presented at the annual general meeting to the members of the body corporate for their approval. The maintenance plan should also be kept updated to reflect the most recent maintenance expenditure.

Note that there is an annual statutory minimum contribution to be made to the reserve fund that is based on the ratio between the reserve fund balance and the administrative fund contributions.

Operational expenses, such as fixing a leaking tap or a defective gate motor, are settled using the administrative fund.

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