

## **IS YOUR MANAGEMENT AGREEMENT FAIR TO ALL**

The Sectional Title Act allows the Trustees to appoint and by implication un-appoint managing agents when the need arises. Appointing managing agents is not usually a difficult exercise, but getting rid of them when you are not happy with them can be. Managing agents are appointed for a year at a time and must have a written contract with the body corporate.

Prior to the last amendment to the Act they could be given a months notice but this was found to be problematic for continuity. It is now necessary to give notice before the renewal date of the agreement or they are automatically appointed for a further year. Often an agreement will state that 3 months notice must be given of cancellation. Note that this is not the same as the date of the AGM, but is an annual renewal date for their contract.

Where there is a problem is that managing agents make it as difficult as possible to cancel their contract even where the Trustees are not happy with the service that they are given. Clauses added to the agreements include such that the Trustees cannot give notice to the managing agents, even though they were appointed by the Trustees, but that there must be an expensive and time consuming Special General Meeting of which at least 30 days notice must be given and on the agenda of which the dismissal of the managing agents has to be an item.

We all know how difficult it is to get a quorum for any meeting never mind a SGM. If you have this sort of clause in your managing agreement I believe it should be made a special item in your next AGM meeting (giving the necessary 30 days notice as well) so that you can decide to renegotiate your contract with your managing agent to remove this clause.

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