

**Mr Jeff Gilmour**  
President  
Association of Residential Communities

**Per Email: [jeff@hoasupport.co.za](mailto:jeff@hoasupport.co.za)**

Dear Mr Gilmour

**Re: CSOS and STSMA Regulations**

The above matter as well as various correspondence between CSOS and ARC, refers.

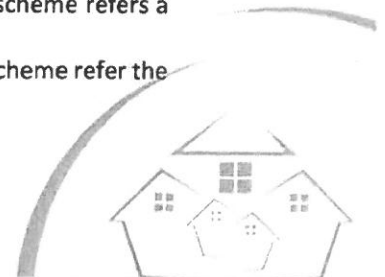
It is with great pleasure to inform you that, after approval of the CSOS and STSMA Regulations by Parliament, the Minister of Human Settlements has signed the Regulations and the President has signed the Proclamation Notice for both the CSOS Act and the STSM Act. This is the final approval that will allow the publication of the Regulations and the Acts for commencement. It is envisaged that the publication in the Government Gazette will be on **07 October 2016** and will be effective on the date of publication.

Please take note of the following transitional provisions which will only take effect after date of publication of the Act and Regulations in the Government Gazette: -

- The Regulations on the Fees and Levy Collection of the will only commence 90 (ninety) days from date of publication.
- The provisions of the CSOS Regulations relating to the registration of the schemes will be effective 30 (thirty) days from date of publication
- The provisions of the CSOS Regulation regarding the filing of Schemes Governance Documentation will take effect 90 (ninety) days from date of publication.
- The STSMA Regulations and other provisions of the CSOS Regulations, with the exception of the ones mentioned above, will take effect from the date of publication.

We wish to bring the following information to your attention. In terms of CSOS Act, the Schemes have the following rights and obligations: -

- Regulation 11 – An obligation to pay a levy on a quarterly basis.
- Regulation 12 – An obligation to pay an application fee (only if the scheme refers a dispute to CSOS for conciliation).
- Regulations 12 – An obligation to pay of adjudication fee (only if the scheme refer the matter to adjudication).
- Regulation 14 – An obligation to observe their Fiduciary Duties.
- Regulation 15 – An obligation to maintain a fidelity insurance.



- Regulation 16 - An obligation to lodge the Community Schemes Governance Documentation with CSOS within 90 days of coming into effect of the Regulations or the incorporation of a scheme in terms of applicable laws.
- Regulation 17 – The Right to be trained by CSOS.
- Regulation 18 (1) – An obligation to File the Annual Return within four months after the end of financial year of the Scheme.
- Regulation 18 (3) – An obligation to Register with CSOS within 30 (thirty days) of coming into effect of the Regulations or the incorporation of the schemes in terms of the applicable law.
- Regulation 19 – The Right to have the dispute within the schemes resolved by CSOS.
- Regulation 21 - The Right to Appeal the decision of the Adjudicator (on a pint of law)
- The coming into effect of the CSOS and STSMA Regulations does not substitute any other obligation that community schemes and/or managing agents might have under any other law such as the Estate Agency Affairs Board legislation.

In terms of the Regulations the formula for the levies is: **The lesser of R 40.00 or 2% of the amount by which the monthly levy charged by the Scheme exceeds R 500.00. Community scheme are required to collect and submit to CSOS on a quarterly basis. CSOS is still considering the collection methods and will communicate same in due course.** The fee for filing an application for Dispute Resolution is R50 and fee for Adjudication is R100.

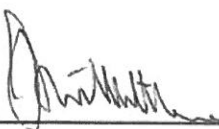
We have attached the copies of the signed Regulations and the Levy calculator for your ease use.

Additional information regarding the forms for registration, dispute resolution model and filing of schemes governance documentation will be placed on CSOS website.

CSOS is still committed to work closely with yourselves in order to promote good governance in the sector and looks forward to the conclusion of the MOU in this regard.

Feel free to contact us should you have any queries in this regard.

Yours sincerely,



**MR THEMBA MTHETHWA**

**CHIEF OMBUD**

Date: 23/09/2016