

Dear Member,

**COMMENCEMENT OF THE COMMUNITY SCHEMES OMBUD SERVICE ACT, 9 OF 2011
("THE ACT") AND REGULATIONS**

Please be advised that the draft regulations on Community Schemes Ombud Service published on 2 October 2015.

The Act and the Regulations on Community Schemes Ombud Service ("the Regulations") came into operation on 7 October 2016. In the circumstances, the Association is required to:

On or before 7 November 2016, file with the Service the completed form CS1 (Registration of a Community Schemes) attached hereto.¹ This has been attended to.

Within 4 months after the end of the Association's financial year, file with the Service an annual return in the prescribed form, a copy of its annual financial statements and any other prescribed information.² This will be attended to before end June 2017.

Insure against the risk of loss of money belonging to the Association or for which it is responsible in accordance with the requirements of the Act. This has been attended to.

Subject to paragraph 0 below, pay to the Community Schemes Ombud Service ("the Service") the levy referred to in the Community Schemes Ombud Service Regulations: Levies and Fees ("Levy and Fees Regulations").³

Each director of the Association will be required to comply with the governance obligations set out in Regulation 14(1) of the Regulations.

Notwithstanding the commencement of the obligation to pay levies to the Service on 7 October 2016, the **Levies and Fees Regulations** will only come into operation on **5 January 2017**. **This means that in effect the Association will only be required to attend to the following from 5 January 2017:**

Collect from each member a monthly levy ("CSOS Levy") calculated as follows:⁴

¹ Regulation 18(3) of the Regulations.

² Section 59(b) of the Act read with Regulation 18(1) of the Regulations.

³ Section 59(a) of the Act read with Regulation 11(1) of the Regulations.

⁴ Regulation 2(1) of the Levies and Fees Regulations.

Monthly levy charged by the Association	Monthly CSOS Levy Payable
0 to R500.00	R0.00
R600.00	R2.00
R700.00	R4.00
R800.00	R6.00
R900.00	R8.00
R1,000.00	R10.00
R1,250.00	R15.00
R1,500.00	R20.00
R1,750.00	R25.00
R2,000.00	R30.00
R2,250.00	R35.00
R2,500.00 and above	R40.00

Pay the CSOS Levies collected over to the Service on a quarterly basis, i.e. the first payment in April 2017.⁵ Should the Association fail to pay any CSOS levies due to the Service on the due date therefor, the Association will be liable to pay interest on that amount for the period it remains outstanding at a rate prescribed by the National Credit Act, 34 of 2005.⁶ This will be attended to in April 2017.

Since the levy currently being charged by the HOA is R1254.79, we will be obliged to add a charge of R15.10 to your monthly levy invoice for the CSOS effective January 2017.

⁵ Regulation 2(1) of the Fees and Levies Regulations and Regulation 11(1) of the Regulations.

⁶ Regulation 13 of the Regulations. It is unclear as to whether this regulation is referring to the maximum prescribed interest rate for incidental credit agreement (currently 2% per month) or some other interest rate.