



Residential Communities Council NPC
Registration No. 2019/286942/08
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28 March 2023

Our Ref: RCC_ PPRA_ Undesirable Practices

The Chief Executive
The PPRA
63 Wierda Road East
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Email; naledi.mphahlele@theppra.org.za

Dear CEO,

**RE: UNDESIRABLE PRACTICES–ARRANGEMENTS TO PAY “ACCREDITATION” FEES
YOUR CORRESPONDENCE TO ALL STAKEHOLDERS DATED 23 MARCH 2023**

1. I refer to the above. This correspondence is addressed to you on behalf of the Residential Community Council (the “RCC”) in response to your aforesaid correspondence.
2. The purpose hereof is to clarify what appears to be a misconception in the industry, in respect of so-called “accreditation” fees, being charged by Community Associations, (hereinafter referred to as “HOAs”).
3. It is a well-known fact that many HOAs are charging PPs a fee to register as a PP with the relevant HOA.
4. Contrary to the impression created in the minds of complaining PPs, the fee charged:
 - 4.1. is not in exchange for a benefit, advantage or other forms of preferential treatment; and
 - 4.2. does not provide an advantage to any one or more property practitioners; and
 - 4.3. does not exclude or disadvantage any property practitioner.

5. As the fee charged (as referred to hereunder) does not fall into any of the categories set out in paragraph 4 above, it is our considered opinion that the fee is lawful and enforceable.
6. Broadly speaking, there are two main reasons why PPs should be registered with an HOA, those being:
 - 6.1. for security reasons; and
 - 6.2. to ensure that a prospective purchaser/tenant is fully aware of the rules and policies of the relevant HOA.
7. I shall briefly deal with each of these reasons hereunder.

8. Security reasons

- 8.1. The main reason for the existence of Estates in South Africa is the demand for a secure living environment. People want to feel safe in their homes.
 - 8.2. The majority of Estates have advanced and extensive security measures in place to protect their residents and visitors. Access is monitored and the identities of visitors are recorded.
 - 8.3. HOAs cannot permit people to enter an Estate merely because they allege that they are PPs.
 - 8.4. To control and facilitate access to an Estate, the personal details of PPs must be captured on the relevant security systems.
 - 8.5. In many cases, the PP will be required to provide a fingerprint or to have his/her facial image recorded on the system.
 - 8.6. This process involves an appropriate interview with the PP, which shall often include a background check and independent verification of the PP's details.
 - 8.7. In following this process, the HOA not only protects its residents but protects the profession of the PPs as a whole, in that persons who are not qualified PPs are weeded out.
 - 8.8. The time and effort spent by the HOA in this process come at a cost, which must be paid for by the PPs.
9. **To ensure that a prospective purchaser/tenant is fully aware of the rules and policies of the relevant HOA.**
- 9.1. There is a duty upon HOAs to ensure that any prospective purchaser is made fully aware of the rules and policies of the HOA relevant to the particular Estate.
 - 9.2. Insofar as the HOA fails to comply with this obligation, a new owner may argue that his/her contravention of the rules and/or policies is a result of ignorance on the part of the new owner, ignorance that could simply have been avoided by either the PP or the HOA.
 - 9.3. The HOA cannot be expected to conduct a lengthy interview with each prospective purchaser to convey and discuss the relevant rules and policies.

- 9.4. In many cases, such an exercise would in any event be a waste of time if the prospective sale does not proceed for one reason or another.
- 9.5. A PP, on the other hand, who has undergone the necessary training is the person best suited to ensure that a prospective purchaser/tenant is properly informed.
- 9.6. We accept that PPs who want to deliver the best possible service to their clients would want as much information as possible about an Estate before commencing to market property in the Estate.
- 9.7. PPs should accordingly welcome an opportunity to attend such training as, in doing so, they equip themselves to deliver a better service to their clients.
- 9.8. We further accept that PPs cannot expect HOAs to provide such training at no cost.
10. As a general rule, the administrative fee charged by an HOA will be an all-inclusive fee for the following:
 - 10.1. training the PP on interpreting the MOI / Constitution and the rules and guidelines of the community; and
 - 10.2. offering the PP the opportunity to place adverts on the HOA website, and covering the costs of deploying additional security to handle increased traffic of visitors to the Estate on show days; and
 - 10.3. keeping a record of properties rented out on the Estate; and
 - 10.4. dealing with any enquiries that PPs may have relevant to the sale of a particular property on an Estate.
11. Although the administration fees may differ from Estate to Estate, administration fees are not charged based on a percentage of the transaction amount. The administration fee of each Estate will be commensurate with the services provided.
12. To ensure that no PPs are excluded, the number of PPs that may be registered at any given Estate is not capped.
13. Please note that the RCC and ARC are member-based organizations. Insofar as a specific member does not follow the process stated above, your office is welcome to bring such conduct to our attention, and we shall take it up with the relevant member.
14. In closing, and in the hope that we may thereby prevent any further misunderstandings or misconceptions in the industry, your office is invited to address any further queries you may have in this regard to us, and we will do our best to reply thereto. We are further willing to arrange a zoom/teams meeting at a mutually convenient date and time, should you so require.
15. I hope that the above clarifies the position of the RCC and our members.

Warm regards

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Management Agent of RCC

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