

Sectional Title Valuation Services



DDP's Valuers perform Sectional Title Valuation Services for banks and private Clients. For a number of reasons including safety, sectional title living has seen an increase in popularity in recent years.

- Sectional title ownership (as per the Sectional Titles Act No.95 of 1986), permits owners to buy a piece or section of a larger property / building / development in a manner where their ownership (or title) is protected under sectional title law.
- When you buy a sectional title, you not only own your own unit but you also become "part owner"

of the rest of the complexes or buildings, which is called "common property". The common property is made up of those parts or portions of a sectional title complex or scheme which aren't part of a particular "section". This includes swimming pools, driveways, passageways and entranceways.

- The participation quota (often referred to as "PQ") can be defined as the share that any particular section has in the common property in a sectional title scheme. The complex's sectional plan will include a participation quota schedule which clearly



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allocates a specific share to each section. This quota is used to calculate what each owner's portion of the complex's common expenditure together with the "value" of every title holders "vote" will be. These votes are exercised at the Body Corporate's Annual General Meeting and other such meetings where the day-to-day running of the complex are carried out.

- Every section is noted under the sectional title plan at the relevant Deeds Office. These plans will show "exclusive use" areas, which different from common property, are allocated for use by the specified unit owners only.

Valuation Procedure

Valuations for sectional title schemes are complex. Although part of the larger development, banks insist that sectional title owners have insurance for their property and therefore valuations are conducted for insurance value based on replacement cost. Valuers take into account comparable sales. This will include the replacement cost of all the buildings as well as the common property items in the sectional title scheme. The insurance valuation for each section in the scheme will be determined by using the PQ of that section, which will be a percentage of that section.

In sectional titles, building changes may take place inside the shell of the property, but may only build on the formally extend their section. Such extensions require permission from the body corporate and various approvals from the local municipality.



www.ddp.co.za



0800 060 200



info@ddp.co.za



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