RULES & PARTICIPATION QUOTAS

Rules Section 10

- (1) The body corporate must manage a scheme in terms of the Act and its rules.
- (2) Rules must deal with regulation, management, administration, use and enjoyment of sections and common property. They are as management and conduct rules as prescribed and which, subject to CSOS approval, can be amended by the body corporate by unanimous or special resolution. The developer can, on opening of a register, change or repeal all the prescribed conduct rules and some of the management rules. Conduct rules cannot be irreconcilable with prescribed management rules.
- (3) Management and conduct rules must be reasonable and apply equally to all unit owners.
- (4) Rules apply from establishment of the body corporate and bind it and the owners and occupiers of section.
- (5) When the body corporate makes or changes a rule, it must notify the CSOS which examines the proposed change and, if it finds it reasonable and appropriate to the scheme, issues a certificate of approval, at which time the change takes effect; a developer making or changing a rule must similarly notify the CSOS and an approved rule takes effect when the register is opened.
- (6) The body corporate must keep copy of all rules, have them at trustee and owner meetings for inspection; give copies of the rules to any person who becomes a section owner or occupier; give copies of rule changes to owners; supply copies of rules to owners and their agents.
- (7) A developer or a body corporate may make management or conduct rules which confer exclusive use rights on members.
- (8) Exclusive use rules must include scale plans showing a number, the location and purpose of the area and to which owner it is allocated.
- (9) Altered management rules made under repealed legislation lapsed if they were not lodged with the registrar by 1 June 1988 and were replaced by prescribed rules.
- (10) Unaltered management rules prescribed under repealed legislation lapsed on 1 June 1988 and were replaced by prescribed rules. Unaltered conduct rules were replaced by subsequently prescribed conduct rules.
- (11) Any other rules remained in force after 1 June 1988, unless they were irreconcilable with any prescribed management rules, in which case the prescribed rule applies and is supplemented by the addition of the new prescribed management rules.
- (12) Any rules made under the Sectional Titles Act are considered to have been made under this Act.

Rules Regulation 6

- (1) Rules, are considered to be and must be interpreted as body corporate laws for the scheme.
- (2) The prescribed management rules are in Annexure 1 and the prescribed conduct rules are in Annexure 2.
- (3) On opening a register a developer may change/delete management rules 5(2) and (3), 7, 8(1) and (2) and 12 and may add other management rules that do not contradict any prescribed management rule.
- (4) If the schedule of title conditions includes conditions that identify an association (the constitution of which provides that its members include all the members of the body corporate and it has the assigned right to exercise the body corporate's powers and functions) and restricts transfer of any unit without that association's consent, then on opening the register the developer can substitute any of the management rules.
- (5) If when this Act takes effect the arrangement set out in (4) exists in a scheme, the prescribed management rules do not apply to that scheme.
- (6) The body corporate can change/delete the prescribed management rules by unanimous resolution, but not until at least 30% of the units are owned by persons other than the developer, except if the scheme was approved under the Sectional Title Act of 1971.

Amendment and binding nature PMR 3

- (1) Rules can only be changed under section 10 of the Act.
- (2) A member must take all reasonable steps to ensure that employees, tenants, guests, visitors and family members comply with the scheme's conduct rules.

Effect of quotas and variation Section 11

- (1) The quota of a section determines the section's vote value; the size of its share in common property and the extent of the owner's obligation to make fund contributions / pay body corporate judgment debts.
- (2) (a) On applying to open a register the developer may, or members may by special resolution make rules attaching a different value to a section's vote or modifying the owner's obligation to make fund contributions / pay body corporate judgement debts.
- (2) (b) When such a rule negatively affects an owner, it is not valid without prior written consent.
- (2) (c) The body corporate cannot make such rules until persons other than the developer own 30 per cent of the units.
- (2) (d) Where the developer alienates a unit before the opening of the register s/he may not make such a rule unless this intention has been disclosed in all sale agreements.