

Platinum
Strata Management

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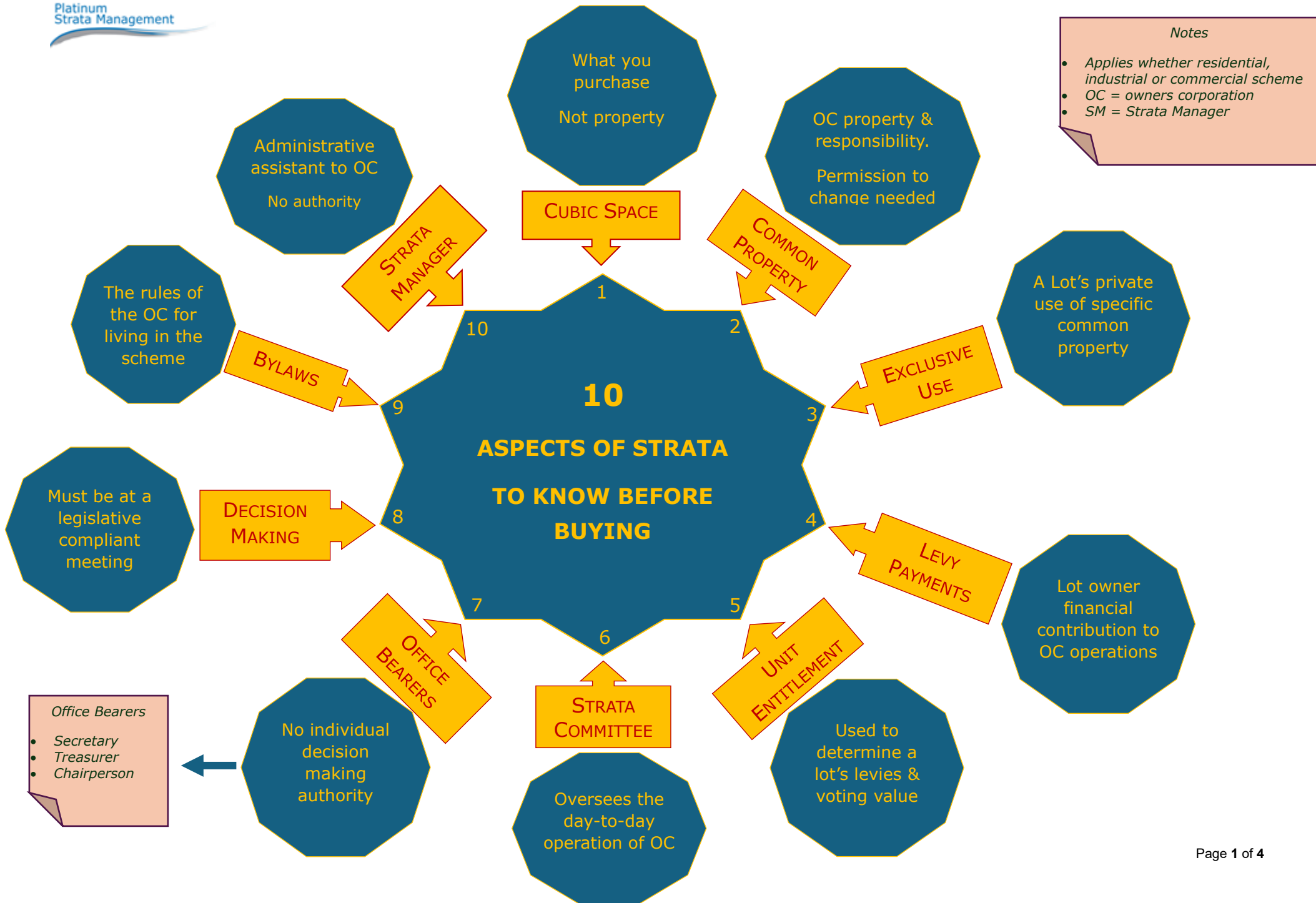
TEN ITEMS TO KNOW BEFORE PURCHASING IN STRATA

Understand Before You Buy

Disclaimer:

This document is for general information only and should not be considered legal advice. Prospective strata lot purchasers should seek their own legal advice pertaining to their personal situation

July 2024



Notes

- Applies whether residential, industrial or commercial scheme
- OC = owners corporation
- SM = Strata Manager

Office Bearers

- Secretary
- Treasurer
- Chairperson

1	CUBIC SPACE	When purchasing a unit, apartment or townhouse in a strata scheme you do not purchase physical property as you do when purchasing a Torrens Title property (house). You are only purchasing cubic space - that is the airspace within the boundary walls, ceiling, and floor. You do not purchase the boundary walls, nor the windows or doors contained within those walls. Balconies in apartments & courtyards in townhouse complexes are not part of the purchase. You purchase 'exclusive use'. This means these items are common property.
2	COMMON PROPERTY	This is owners corporation property & responsibility to maintain & repair. Every Lot in a strata scheme contains a significant amount of common property. A Lot owner cannot change common property without having the written permission of the OC prior to any works being undertaken. Kitchen & bathroom cabinetry, fittings & fixtures are lot owner property because they are within the cubic space of the Lot.
3	EXCLUSIVE USE	This is common property that is set aside for use by a particular Lot within a scheme & not for widespread use by other owners/occupants. Can be identified on the registered plan or via bylaws. A vinculum identifies 'exclusive use' on the registered strata plan. The OC has the authority via a general meeting to establish exclusive use. Requires a Special Resolutions
4	LEVY PAYMENT	The OC requires financing on an annual basis. This financing is achieved via levies on all lots. No lot is exempt from levies. These are determined at the AGM of the OC every year and apportioned to each Lot. The most common method is quarterly (4 payments per year). However, the AGM may decide other terms such as monthly, bi-monthly, half -yearly.
5	UNIT ENTITLEMENT	An arbitrary number apportioned to each lot by the surveyor and registered valuer Part of the application for registration of the scheme. Location within the complex, outlook, size & associated facilities with a specific Lot are used to determine UE. UE is applied to determine a Lot's financial contribution and the voting value for Poll, Special & Unanimous resolutions at general meetings.
6	STRATA COMMITTEE	Nominated by owners at the AGM each year. A legislative requirement with a maximum of 9 members permitted. Responsible for the day-to-day operations of the OC. Works closely with the strata managing agent.
7	OFFICE BEARERS	Secretary, Treasurer, Chairperson. Roles prescribed by section 42, 43, 44 of SSMA 2015. Responsible for the operations of the SC & OC in conjunction with SM. Duties can't be conducted outside of SC unless by a strata managing agent with a signed agency agreement.
8	DECISION MAKING	All decisions of an OC must be as a consequence of a legislative compliance meeting of the OC or the SC. It should be noted that office bearers do not have authority to make decisions simple because of being an office bearer.
9	BYLAWS	Rules of operation within a specific strata scheme. Must be registered with NSW Land Registry Services to have an effect. May, & do, vary from scheme to scheme. Items such as maintaining an animal, minor works, major works, exclusive use, occupant behaviour, vehicles, rubbish disposal are some issues covered with bylaws.
10	STRATA MANAGER	Provides advise, support, guidance, and assistance to the OC generally. Not legislatively required, but it is unwise for an OC to operate without one. SM does not have any decision-making authority except in a limited capacity in emergency circumstances.

TEN Supplementary items important to understand when purchasing a strata Lot.

A	VISITOR PARKING	VP is determined by the local council as part of the Development Application. Must only be used for the occasional visitor to the complex. It is not available to owners or occupants of the scheme. If occupant has excess vehicles to Lot allocation for parking, they must make alternative arrangements for parking.
B	TYPES OF VOTING	At general meetings, a vote on a motion may be either an Ordinary Resolution; a Poll Vote; a Speciation Resolution or a Unanimous Resolution. An Ordinary Resolution is a vote by show of hands. All other votes are by UE. Poll Vote may be call by any owner after the outcome of an Ordinary Resolution but before consideration of the next motion. The SSMA 2015 determines the type of vote to apply.
C	MOTIONS ON AGENDAS	An owner is legislatively entitled to place a motion on a general meeting agenda. SC or office bearer approval is not required. The motion goes on the next general meeting. Must provide Lot number and an explanation of no more than 300 words to be valid.
D	ANNUAL GENERAL MEETING	AGM Legislatively must be conducted once within every financial year of the OC. (OC financial year not standard tax year) Main function is to set levies, appoint SC members and consider the appointment of an auditor. A quorum is 25% of Lot in the scheme.
E	MANDATORY MOTIONS	The SSMA 2015 requires approximately fifteen mandatory items for an OC to consider. Most are on an AGM agenda. Confirmation of minutes is mandatory on all general & strata committee meetings. General meetings confirm GM meeting minutes & Strata Committees confirm SC minutes.
F	MEETING NOTICE TIME	For any meeting to be compliant, a written notice setting the day, date, time, and location of that meeting, as well as the motions to be considered, must be provide to all owners. General Meetings require minimum 7 clear days' notice, whilst Strata Committee Meetings require a minimum of 3 clear days. The Interpretation Act 1987 must be applied if any owner receives their notice via standard post. No item can be added to an agenda once issued. There is no general business in a strata meeting. If conducted, no binding resolution can be made.
G	MEETING MINUTES	Minutes are legislatively required to be issued for all meetings conducted. Minutes must clearly show those in attendance; commencement & conclusion time of the meeting; the resolution for each motion & how each Lot voted. Minutes must be distributed to all owner within 14 days of a general meeting and 7 days for a strata committee meeting being concluded.
H	LEVY ARREARS	Lots in arrears (unpaid levies) are legislatively precluded from voting. \$0.01 is in arrears and renders the Lot ineligible to vote.
I	PROXY APPOINTMENT	Lot owners can appoint a proxy to attend & vote on their behalf at any general meeting. This may be any person over the age of sixteen. The appointment must be in writing & lodged with the secretary prior to the commencement of the meeting. Follow instruction on the form as conditions do apply. A proxy cannot nominate a person or themselves for elections. Limits apply on the number one person may hold.
J	STRATA COMMITTEE VOTING	There is only one type of vote at a SC meeting – Ordinary Resolution Poll Vote Special or Unanimous Resolutions do not apply. Office Bearers or Chairperson do not have a casting vote. A 50/50 vote is resolved in the negative. A quorum is 50% of the AGM determined membership.

INSURANCE

CHECK THE INSURANCE COVERAGE

- Legislation requires an owners corporation to carry building insurance coverage
- Strata building insurance covers the building structure and permanent fixtures, although fixtures are Lot owner property [e.g. kitchen cabinetry, bathroom cabinetry, vanity, bath, toilet, shower]
- Owner should consider contents insurance to cover assets not covered by strata insurance policy [carpets, Floating floors, white goods, etc.]
- Owner furniture & window dressings not covered

CAUTION

PROPOSED CHANGES TO YOUR PURCHASE

Often prospective purchasers of a strata Lot contemplate making physical changes to the property.

Prospective owners should clarify the situation regarding proposed changes.

Clarify the bylaws & process before your purchase.

Generally, requires application to the owners corporation & approval must be via a vote at a general meeting.