

# Guide to Understanding your Strata Community



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# OWNERS CORPORATION

SHARED PROPERTY AND SHARED SERVICES ARE CONTROLLED BY THE OWNERS CORPORATION

## What is an Owners Corporation?

Think of a Owners Corporation as the group of all the apartment owners in a building or development where there is common property. An owner is anyone who owns a 'lot'.

## Who is Involved?

Running an Owners Corporation involves people with different roles and accountabilities.

### DID YOU KNOW?

A 'Lot' is the formal term for an apartment but a lot could also be an utility lot such as a storage unit or even a car park which is registered on title. No matter what it is, all lot owners are members of the Owners Corporation.

### The Owner

When you buy an apartment or shares in a company title, you automatically become part of the Owners Corporation for that building.



### Owners Corporation

The group consisting of all owners



### The Executive Committee

Helps administer and manage the Owners Corporation responsibilities. Any owner/company nominee can be on this executive committee and help manage and improve your building. Executive committee members are elected at the Annual General Meeting (AGM).



### Building/Caretaker/Facilities Manager (if applicable)

Oversees or undertakes onsite works and maintenance of shared property and services. Eg. Operations of building systems like heating, air conditioning, ventilation, waste disposal, lifts, garages and utilities.



### Owners Corporation Manager = US (STM Strata Title Management)

Helps the Owners Corporation (Owners) do its job. This may include coordinating meetings, arranging insurance, managing finance and take instructions from the executive committee.



## What does an Owners Corporation Do?

- The primary focus for an Owners Corporation is to manage and maintain shared property and services. Owners Corporations are also required to:
- Insure the shared property for replacement and public liability insurance
- Administer the finances and lot owners common funds (These are known as your levies)
- Pay all common property invoices
- Convene meetings of owners and committee, document minutes and deal with all correspondence
- Manage the dispute resolution process for any owner disputes
- Ensure that the rules of the Owners Corporation are upheld

### TIP

Owners Corporations are legally required to fulfil these responsibilities and keep your building healthy. If you keep your building in good condition, it keeps its value longer.

## The Strata Lifestyle

Strata schemes are effectively small communities, where the activities and attitudes of residents can have an impact on others. Therefore, it is important to be aware of your responsibilities and obligations when you own or live in a strata unit.



Strata living can provide a positive community style environment, but you must remember it is not the same as living in a freestanding house. Some activities may be more restricted in a strata scheme, for example;

- You own your unit or apartment as well as sharing ownership and responsibility for 'common property'.
- If you own your unit, you are automatically a member of the Owners Corporation, which has responsibility for common property.
- You have to contribute to the cost of running the building by paying levies.
- There will be lifestyle restrictions in a strata scheme, for example there are rules called by-laws that may affect you doing renovations to your unit, keeping pets, parking your car etc.

## Definitions

**Common Property:** is all the areas of the land and building not included in any 'lot'. It is jointly owned by all owners and the owners corporation is responsible for its management.

**Lot:** may include a unit, town house, car space & storage area that you have a right of ownership over on title. It is made up of cubic air space and is generally formed by the inner surface of the boundary walls, the under surface of the ceiling and the upper surface of the floor.

**Lot owner:** a person(s) or company that buys a lot and whose name is shown on the roll.

**Owners Corporation:** is made up of all the owners in the strata scheme. Each lot owner is automatically part of the owners corporation and has a right to participate in decision making.



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## What is a strata scheme?

A strata scheme is a building, or collection of buildings, where individuals each own a small portion of the scheme known as a 'lot' (e.g. an apartment or townhouse) but where there is also common property (e.g. External walls, windows, roof, driveways, foyers, fences, lawns, pools and gardens). Every owner shares the ownership of the common property.

Strata schemes vary in size, some comprise of only two lots, others have more than 700 lots, strata schemes do not just apply to residential developments. There are also commercial, industrial, mixed use, hotel and retirement village strata developments.

The major difference between owning a house and owning a unit or apartment (known as a 'lot') in a strata scheme which was established under a Strata Plan, is the external walls, the floor and roof do not usually belong to the lot owner. These areas are usually common property and the maintenance and repair of these parts of the building is usually the responsibility of the owners corporation to maintain and insure. As it is common property, the lot owner is not able to alter or renovate these areas without the permission of the owners corporation.

## What are your responsibilities as owners and residents?

Owners and residents living in a strata scheme are members of a community. To ensure your community runs harmoniously you need to;

- Be considerate and co-operate with your neighbours, this will help minimise dispute and conflict.
- Follow your strata schemes by-laws (your communities set of rules).
- Do not damage common property.
- Lot owners must pay your levies.





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## By-laws

There is no 'mandatory' set of by-laws. Some model by-laws are set out in legislation, others are set by the original owner/developer of the scheme.

By-laws can be made or changed to meet the needs of all owners and to assist with the running of the scheme, after consideration by owners.



### Some common by-laws;

- Keeping animals
- Parking
- Noise
- Activities of residents & visitors
- Drying of washing
- Renovating your lot
- Cleanliness/appearance of your Lot

### Some examples of Frequently asked questions...

#### ***"I want to get a dog. Do I need the owners corporation permission"***

Check your by-laws first. Some schemes allow pets with the permission of the owners corporation, the executive committee can give this approval. Other schemes do not allow pets at all. If your by-laws allow for pets then make a written request to the owners corporation and include any information to support your request. See our forms section on our website for a 'Request a pet application'.

#### ***"Someone is making a lot of noise late at night. How do I get them to stop"***

The best approach is to try to resolve the problem yourself, so talk to the person first, try not to be aggressive or emotive. This approach may be most effective if undertaken after the event or if at the time the noise is occurring, a call to the Council Ranger and or Police may help. If that doesn't work or, if you feel intimidated, you have other choices. You can ask the Executive Committee to issue them with a formal written notice to comply with the by-law then seek a fine if they keep breaching (this approach can take many months). Or you can apply for mediation through Fair Trading to have a mediator assist you to discuss the issue with them.



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## Breach of by-laws

Approach or notify the person of the breach; the person may not be aware and may cease the breach immediately. This can be done by yourself or through the Building Manager/Caretaker or your Strata Manager. It can also facilitate harmonious community living by resolving a matter internally.

If it continues, the owners corporation or managing agent (if their agency agreement gives them authority) can service a Notice to Comply with a By-Law on the person who is breaching it.

If the person continues to breach the by-law the owners corporation may apply to the Consumer Trader and Tenancy Tribunal for a penalty of up to \$550 to be imposed on them. The fine is payable to the Director General of the Department of Finance and Services.

***"Remember to talk to the person about it first. They may not be aware of the breach."***

## Other responsibilities of owners and residents

Besides by-laws, owners and residents have a number of other responsibilities under section 116-119 of the Act.

- An owner or occupier must not interfere with any support or shelter provided by their lot for another lot or the common property.
- An owner must give the owner corporation written notice before altering structure of their lot. The notice must describe the alterations and works must not commence before written approval for the Owners Corporation is received.
- The owners corporation can stop alterations to a lot if it interferes with the common property or any support to the rest of the building.
- An owner or occupier must not interfere with the passage or provision of water, sewerage, drainage, gas or other similar services.
- An owner or occupier must not use or enjoy their lot in such a way which might cause nuisance or hazard to another resident.
- An owner or occupier must not use or enjoy the common property in a way that may interfere unreasonably with another resident's use and enjoyment of common property of their lot.
- An owner must provide the Owners Corporation an Australian Postal address for the posting of notices.
- An owner who rents out their lot must notify either the secretary of the managing agent within 14 days. The notice needs to give the name of the tenant, the date the tenancy agreement commenced and details of any property manager acting for the owner. If the lot is sub-let, then the sublessor has the same obligation to provide information.

## What is the Owners Corporation?



The owners corporation is made up of all the owners in the strata scheme and the common property. Each lot owner is automatically part of the owners corporation and has a right to participate in the decision making.

### What does it do?

The owners corporation has the responsibility of the overall management of the scheme which includes;

- Financial management;
- Keeping all necessary insurance covers up to date;
- Record keeping;
- The repairs and maintenance of common property;
- By-laws enforcement;
- Engagement of contractors to undertake various roles of maintenance & administration.

The owners corporation can only make decisions at properly convened meetings. The annual general meeting (AGM) is held once a year. Extraordinary general meetings can be held at any other time, provided at least 7 days prior written notice is given to all owners of such a meeting.

# The Executive Committee



The owners corporation must elect a executive committee at every AGM. On behalf of the Owners Corporation the executive committee can make many of the day-to-day decisions about running the scheme.

## **Election of the Executive Committee**

It can have up to nine members and, once elected, decides who is to hold the officer bearer positions of chair (chairperson), secretary, treasurer and ordinary committee members.

### **Who can stand for election?**

You can be elected to the committee if you are:

- an owner;
- A company nominee of a corporation that is an owner;
- A person who is not an owner but who is nominated by an owner who is not standing for election.

### **What is the executive committee responsible for?**

- Dealing with owners requests / complaints;
- Enforcement of by-laws;
- Monitoring the schemes financial position;
- Working with, monitoring and directing the Building Manager (if applicable);
- Work with and directing the Strata Manager;
- Keeping full and accurate records of meeting resolutions;
- Carrying out resolutions passed at a committee meeting;
- Carrying out resolutions passed at a general meeting;
- Preparing proposed budgets for adoption at each annual general meeting;
- Giving notice of levy contributions (after they have been fixed at a general meeting);
- Making available the books and records for inspection by an interested person;



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# Owners Corporation Meetings

## General Meetings

Once a year the executive committee, specifically the secretary, must convene and hold a general meeting, referred to as the annual general meeting (AGM). They can also hold additional general meetings (known as extraordinary general meetings) as necessary throughout the year. There are rules about how these meetings are to be called, who can attend and vote, how they must be run and how decisions are made.

## Committee Meetings

It is not compulsory for a executive committee to hold a meeting but a committee may wish to hold many formal committee meetings in a 12 month period. All formal committee meetings can only be held if 72 hours prior written notice is given to the members of the committee and to all other lot owners within the scheme, either via post or by placing a copy of the agenda on the notice board at the building.

### **A committee meeting consists of:-**

- A face to face meeting.
- A voting outside of a committee meeting or commonly referred to as a Schedule 3 paper meeting.

A decision of a committee is when a quorum of committee members (half of the total number of committee members) votes in the affirmative.

### ***"I am an owner—what meetings do I have to go to?"***

While it is not compulsory for an lot owner to attend committee meetings, a strata scheme operates better if those concerned take an interest in its affairs. There would usually be several meetings of the committee a year, however the annual meeting, when levies are set for the coming year and the committee is elected, is the only meeting required to be held by law. It is helpful if people are willing to making themselves available for election to the committee.

### ***"How do I get to have a say in the meetings?"***

Owners have the right to speak at any general meeting, and if you can't attend personally you can give someone your proxy or complete a voting paper. However, in order for your vote to count, you must be financial (have paid all your levies).



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## The Strata Manager

The Strata Manager is contracted to the scheme to provide services including administrative matters such as calling meetings and collecting levies. They should also provide advice and guidance about legislative requirements.



### **Duties generally include:**

- Prepare and forward notices as required by the Act;
- Prepare notices of Committee and General Meetings;
- Attend and prepare minutes for Committee and General Meetings;
- Attend to matters resulting from Committee and General Meetings;
- Attend to all correspondence;
- Keep the books, records and roll;
- Issue levy notices to owners and collect their contributions;
- Prepare statements of account and annual budgets;
- Pay accounts;
- Effect all insurances and submit claims;
- Make applications and submissions to the Adjudicator/NCAT as "required";
- Recommend actions for Executive Committee and Strata Scheme to ensure compliance with the Strata Schemes Management Act 1996 and regulations.

# What are levies?

Owners Corporation contributions are otherwise known as the levies. Lot owners are required to pay the owners corporation to ensure it has sufficient funds to meet its financial commitments in any given financial year.

The amount and frequency of the owners corporation levies required to manage the common property are decided by the owners each year at the Annual General Meeting (AGM). A contribution notice is sent for each payment period (generally 3 month period). The levies are divided into 2 separate funds.

## 1. Administrative Fund

The administrative fund is for regular recurring expenditure and includes payments to service contractors, utilities, ongoing maintenance and repairs and upkeep of common property.

## 2. Sinking Fund

The sinking fund is a separate fund where money is put aside for future non-recurring maintenance (e.g. painting) and the purchase of new owners corporation assets.

Body Corporate for

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TAX INVOICE  
ABN \_\_\_\_\_

*Body Corporate and Community Management Act 1997*

**NOTICE OF CONTRIBUTIONS**

Account	Period	Due Date	Amount	Interest Received	Net Amount
Administrative Fund	01/05/13 to 31/08/13	01/07/13			
Sinking Fund	01/05/13 to 31/06/13	01/07/13			
Prepayments & Discounts					
<b>Totals</b>	<b>(Levies include GST)</b>		<b>0.00</b>	<b>0.00</b>	<b>NH</b>
Taxable Supply is _____ and GST is \$ _____					

Please make your payment in accordance with the attached slip

For stamp and initials		Amount Paid \$ _____
		Date Paid / / _____

\*\* received by\* means received by the body corporate bank or by the body corporate manager. Payments made to an agent are not received by the body corporate until transferred to the body corporate bank account or to the body corporate manager

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Ref: 1340 10893 5  
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