

Buying a Strata Unit

Buying a strata unit?

With the increasing number of units and town houses being built, more and more people will be dealing with a strata title when they buy a home.

What is a strata title?

A strata title is the most common title associated with town houses and home units and is evidence of ownership of a unit, which is called a 'lot', in a strata plan. A strata plan divides a building and its associated land into lots, each of which has a strata title, and usually common property.

Common property is the part of the land and building in the strata plan which does not form part of any unit, for instance, stairways, passages, driveways and carpark.

Are there other types of title for lots?

Another form of home unit ownership is company title which involves ownership of shares in a company which owns the land and building. Frequently, an owner may need the company's permission to sell his or her shares or lease the unit. Because the owners do not own any of the land and building, but only shares in the company, lending institutions may not look as favourably on company titles as security.

If you intend purchasing shares in such a company, you should discuss the rights and obligations associated with company title with your Solicitor.

What is an owners corporation and how does it function?

An owners corporation comprises the registered owners of all the units in the strata plan. An owners corporation and its council has powers and responsibilities to administer the building and care for such things as the land around the building, entrance, stairways and paths.

At each annual general meeting of an owners corporation a committee is elected to administer the day-to-day running of the strata scheme.

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It is possible and sometimes more practical for an owners corporation to delegate some of its powers or duties to a licensed managing agent.

The rights and responsibilities of the owners corporation and lot owners are governed by a law called the Strata Schemes Management Act. By-laws are the rules and regulations which define the powers and obligations of the owners corporation and lot owners.

Some by-laws place restrictions on the behaviour of residents, for instance not allowing them to keep pets. Within some limits the owners corporation can alter, add or delete by-laws.

What are the principal powers and obligations of an owners corporation?

To establish property management and maintenance funds based on contributions known as levies which are calculated according to unit entitlements. (Each lot owner has a unit entitlement which determines his or her interest in the common property and on which the amount of levy is based);

To employ persons to administer, control or perform work on the building and common property;

To enforce the by-laws and to sue for any damage caused to the building and common property;

To add to or amend certain by-laws;

To make provision for insurance against fire, and to take out other insurances required by law, for instance, workers compensation and public liability insurance;

To maintain the building and common property in good order;

To hold annual general meetings of members;

To keep minutes of meetings and prepare accounts;

To record details of the ownership and occupancy of lots in a strata roll;

To provide information to owners and mortgagees about the strata scheme.

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What are the principal obligations of lot owners?

To pay rates, taxes and owners corporation levies;

To notify the owners corporation of any change in ownership or occupancy;

To comply with the by-laws and, in particular, to behave in a manner which will not offend other residents or interfere with their peaceful enjoyment of that property;

Not to carry out alterations to the lot without consent from the owners corporation and local authority when that consent is required by law.

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If I intend to rent my lot, do I have additional responsibilities?

Yes. You should ensure that compliance with the by-laws is made a condition of any tenancy agreement and that your tenant is supplied with a copy of the by-laws.

Also, you must notify the owners corporation of the name of the tenant, the date the tenancy commenced and the name of any agent involved.

How are disputes resolved?

Disputes between lot owners or with the owners corporation are best resolved by discussion. Should this fail you can contact the Strata Titles Commissioner or the Strata Titles Board for assistance. Details on this procedure may be obtained from the Strata Schemes Office, Level 5, 26 O'Connell Street, Sydney 2000, phone (02) 9229 6122, toll free 1800 451 431.

Are pets allowed in strata lots?

The standard by-laws provide that animals may be kept in strata lots only with the consent of the owners corporation, which may not be unreasonably withheld. However, since the owners corporation has the power to change the by-laws, you should check whether it has done so. The owners corporation cannot prohibit you from keeping a guide dog in a lot or on the common property.

If you believe the owners corporation has unreasonably refused permission to keep a pet, or that someone is keeping a pet without permission, or that a pet is causing a nuisance, you should contact the Strata Schemes Office.

What inquiries should be made before buying a strata lot?

- Your Solicitor will seek full details of:
- The strata plan;
- Levies payable to the owners corporation and whether they are in arrears;
- Changes to the by-laws;

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- Insurance policies held by the owners corporation;
- Any legal proceedings involving the owners corporation;
- Any expenses for which the owners corporation is or may become responsible.

How can a Solicitor help me?

- If you intend to buy a strata lot you should contact your Solicitor who can:
- Investigate all relevant aspects to ensure that the title to the lot you buy is sound;
- Advise you of your rights and duties as a lot owner and a member of the owners corporation;
- Advise the owners corporation of its rights and obligations and take action on its behalf to recover unpaid levies and to enforce the by-laws;
- Suggest and prepare changes to by-laws, and register changes at the Land Titles Office;
- Assist you in the resolution of disputes;
- Prepare a contract when you want to sell your lot.

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