



JAMESONS

STRATA MANAGEMENT

YOUR QUICK GUIDE TO THE
NSW STRATA LAW REFORMS

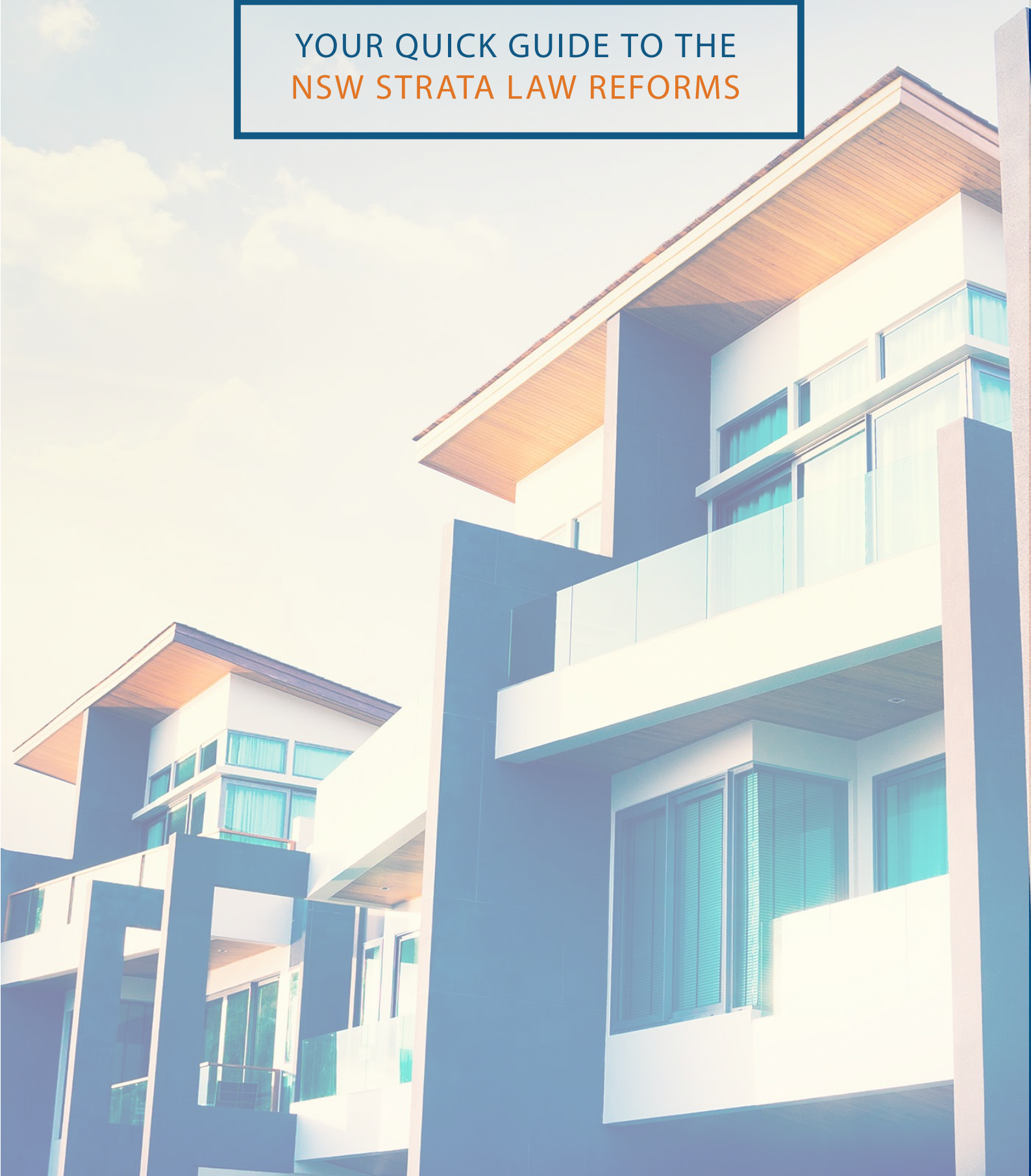


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INTRODUCTION

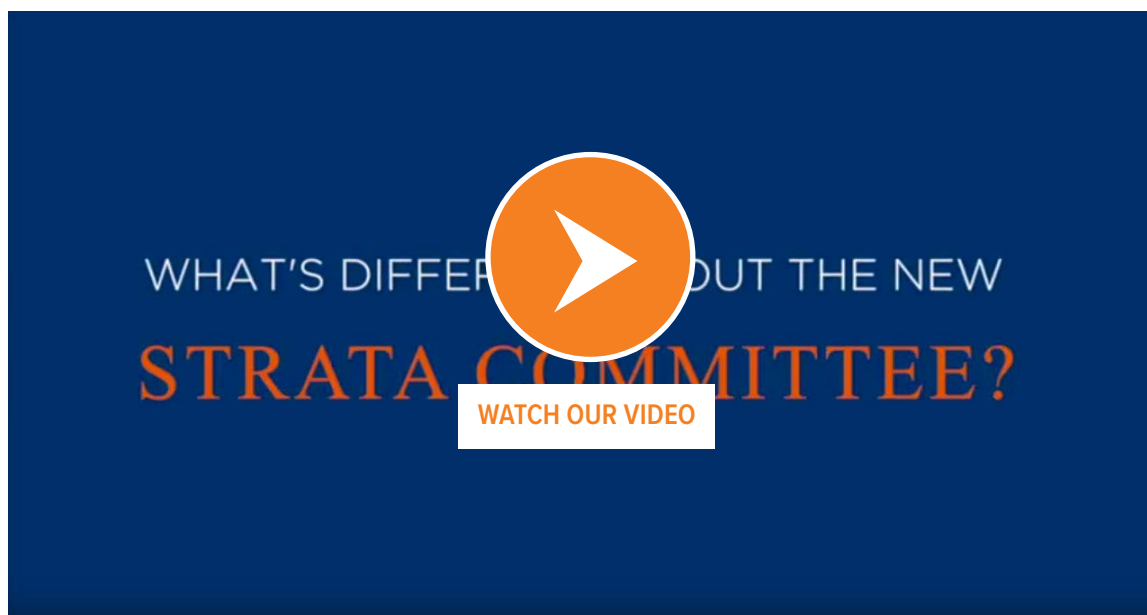
Your Quick Guide to the NSW Strata Law Reforms

The new NSW Strata Schemes Management Act 2015 has brought in a number of changes for greater transparency and fairness throughout the state's strata community. We've outlined the major changes for your reference with video explanations for each. Here's what you need to know.



What's different about the new strata committee?

- The executive committee is now known as the strata committee.
- For a large scheme over 100 lots you now need a minimum of three members on the strata committee. For a scheme with less than 100 lots a minimum of one member is required, while in a two-lot scheme both owners must be members.
- Any owner who wishes to become a strata committee member must be financial at the time of the AGM to be eligible for nomination.



How has the role of the strata manager changed?

- A strata manager's contract cannot be more than three years in length.
- Strata managers must now provide three months' notice of their contract expiry to allow time for review.
- A strata committee can choose to extend a managing agent's contract by three months at any time by resolution.
- Any gifts or commissions received by a managing agent in the last year or expected in the next year must now be declared at the scheme's AGM.



How do the new laws address gifts and benefits?

- A strata manager cannot accept a gift of more than \$60 in value at any one time, or they could now face a fine of up to \$2,200. Any gifts and commissions must be declared at the AGM.
- Jamesons Strata Management has long had a policy of declining gifts from contractors and does not accept any commissions, including insurance commissions.



What do I need to know about insurance in strata?

- Insurance commissions paid to a strata management agent can cost up to 20% of the total insurance premiums, and generate significant income for strata managers.
- Strata managers must now declare any insurance commissions they have received or may receive within 12 months on the strata scheme's AGM papers.
- Jamesons Strata Management does not accept any insurance commissions, which could save your strata scheme up to 20% per year on insurance costs.



What changes have been made to my building's sinking fund?

- The sinking fund is now known as the capital works fund.
- An annual audit of a strata scheme's accounts is now compulsory for buildings with over 100 lots or a budget exceeding \$250,000 per year.
- Strata schemes must now prove they are able to meet planned financial expenditure for the building or provide advice in their minutes why that is not the case.
- Special levies to cover insufficient funds can now be struck to the administrative or capital works fund, rather than just the administrative fund as before.



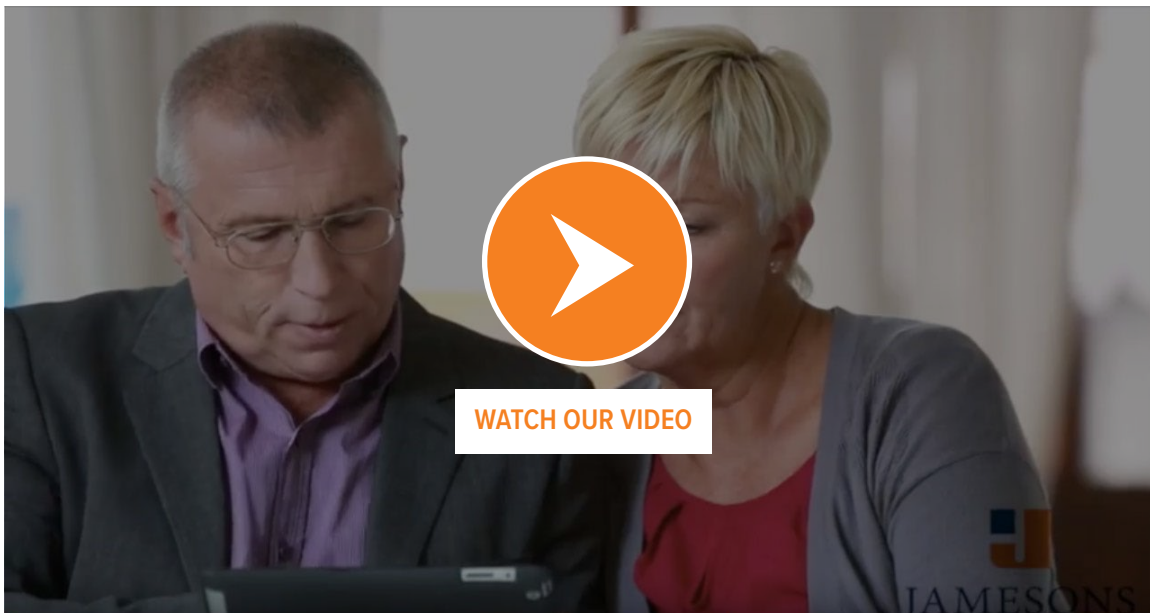
What can be done to retrieve unpaid strata levies?

- A compulsory motion must now be placed on each AGM agenda to discuss how your strata plan intends to pursue owners who have not paid their levies.
- Some providers such as Jamesons Strata Management will have in-built procedures already in place to pursue those who are not paying their levies, including reminders, final notices, payment plans and ultimately legal action.



What changes have been made to the strata by-laws?

- Each strata scheme will be required to review its by-laws over the next 12 months at its AGM to make changes where appropriate.
- A range of model by-laws have been provided to make it easier to amend and update by-laws to address modern issues such as smoking, pets and visitor parking.



How do the new laws affect pets in strata?

- New model by-laws encourage a more relaxed attitude to pets in strata buildings.
- These model by-laws do not automatically apply, so it's still important to seek permission before bringing a pet into a strata unit.
- Strata-specific by-laws do not apply to guide dogs and other support animals who are permitted in any building with the correct documentation.



How do the new laws affect smoking in strata?

- New model by-laws make it easier for strata schemes to ban smoking on common property and in areas that affect other people's lots. This can include smoke from one owner's balcony drifting into another resident's unit.
- These model by-laws do not automatically apply, they need to be passed at a General Meeting.
- It's important to review the building's individual smoking policies before buying or moving in if this topic is one that is important to you.



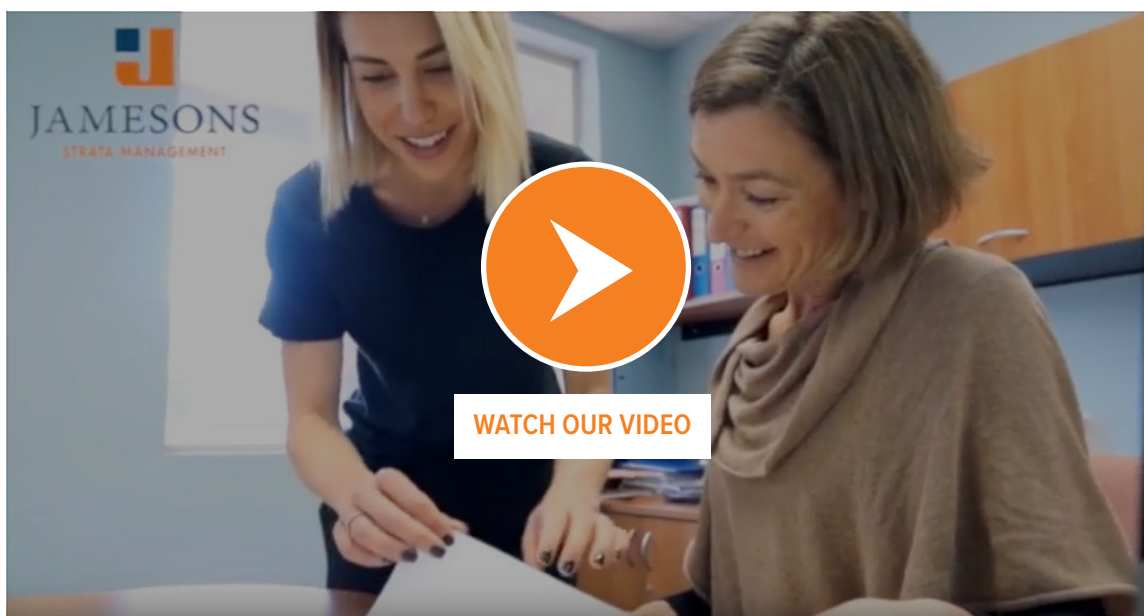
How do the new laws affect parking in strata?

- An owner's corporation can now strike up an agreement with local councils to help tackle non-residents parking in a strata building's parking lots, with the council issuing infringement notices and fines.
- For this to take place, there must be an agreement formed with the local council and a by-law must be registered at a General Meeting outlining specific parking and infringement conditions.



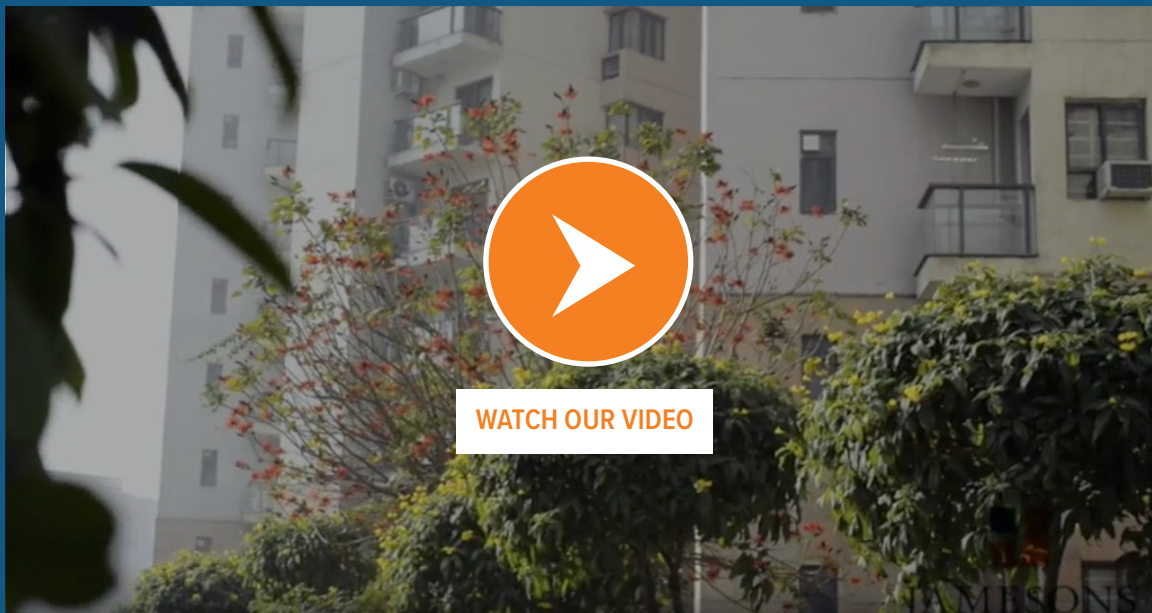
How has the role of tenants evolved?

- The new reforms aim to create a more inclusive environment within strata buildings. If tenants make up 50% or more of a building, they will be invited to have an annual tenant meeting where they can elect a tenant representative. This representative can provide input at strata committee meetings.
- Tenants will now be invited to the AGM, where they will not be able to speak but can hear what is being planned for the building. Tenants can be asked to leave if sensitive financial or other matters are being discussed.
- Tenants can now expect to be sent their building's AGM notice in order to attend.



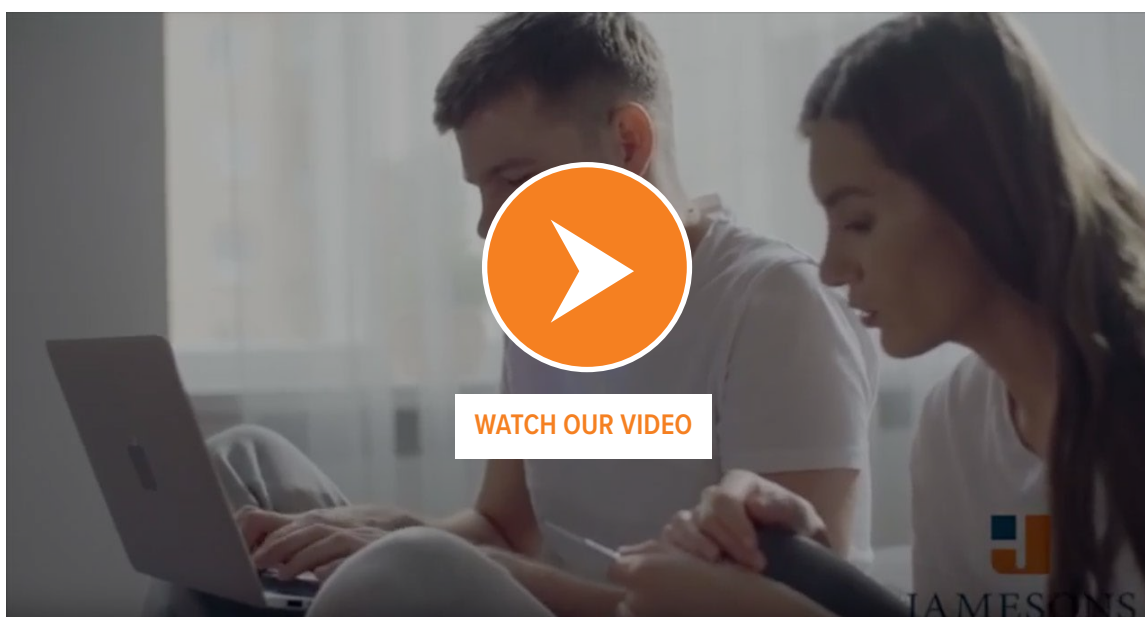
How can owners deal with disposed goods on common property?

- An owners corporation now has the right to move items that have been dumped on common property and sell or keep them, with the exclusion of vehicles.
- In order to do this an A4 laminated notice must be placed on the item advising the owner of the intended removal, and a written record of the removed goods must be retained for 12 months.



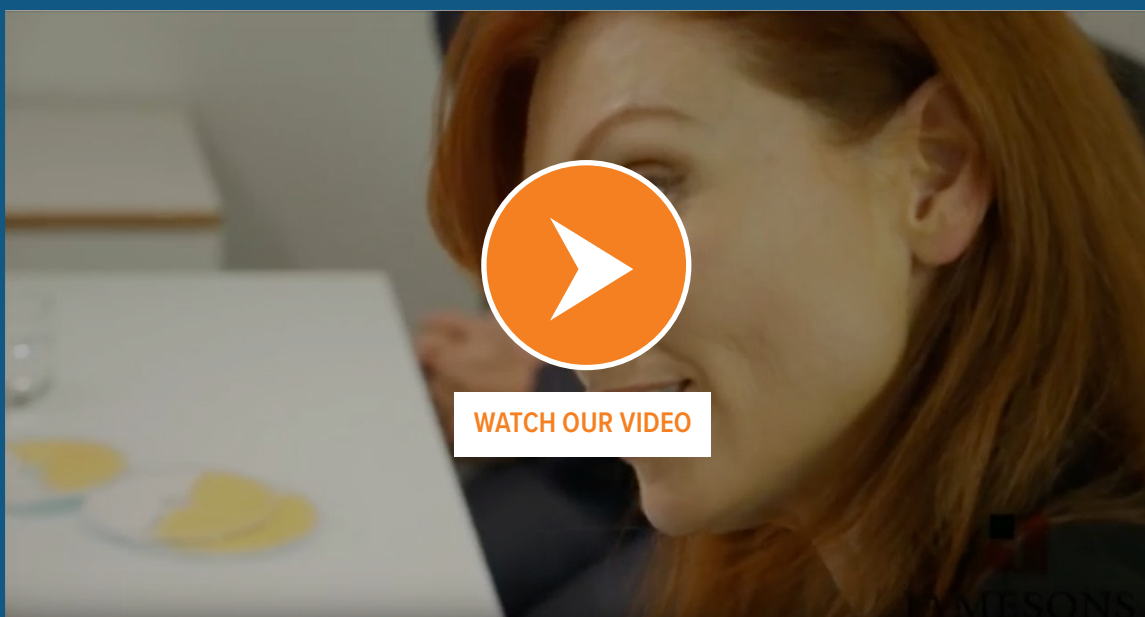
How do the new laws address short term letting?

- An owners corporation can now adopt a model by-law that requires lot owners to provide written notice at least 21 days before changing the purpose of their lot: for example, for short term letting. This enables necessary alterations to policies for the scheme if required.
- The new by-law empowers owners and owners corporations to take any disputes to the NSW Civil and Administrative Tribunal should extra insurance premiums, costs or other issues arise as a result as they can possibly be charged back to the owner involved.



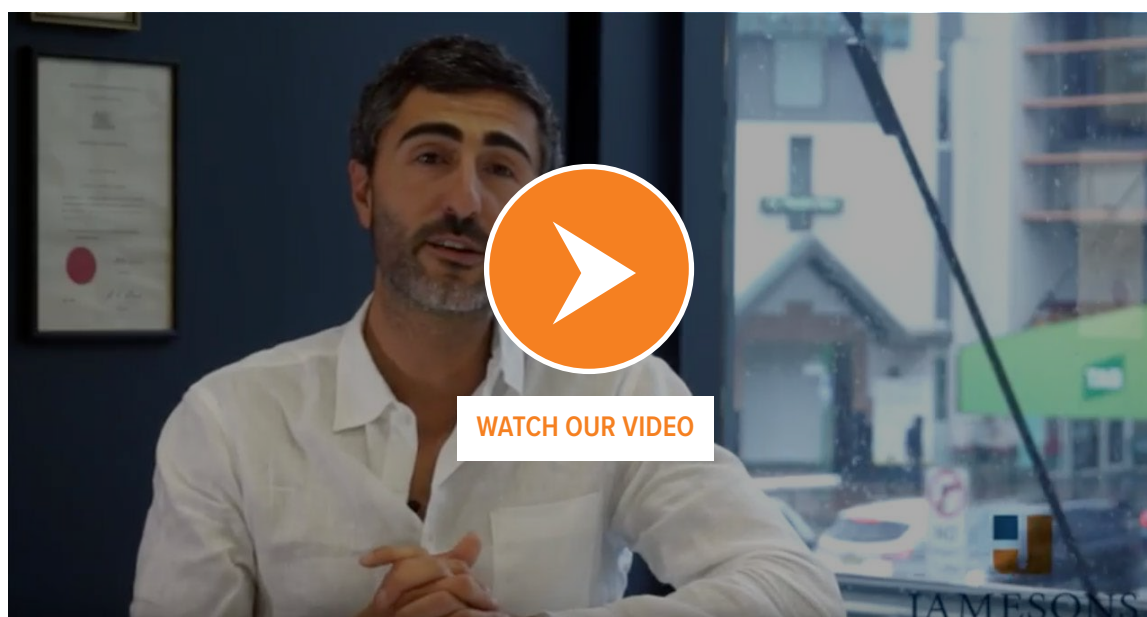
What changes have been made to General Meetings?

- If your building consists of 50% or more tenants, a tenants' meeting will be required prior to the AGM so tenants can elect a representative.
- A quorum is the minimum number of people who are required to be present and financial for a meeting to commence. The new legislation dictates that if a quorum is not present after 30 minutes, the people present who are entitled to vote can constitute a quorum and the meeting can continue, reducing unnecessary delays and costs.
- If you wish to be involved in your strata committee you will need to have your levy payments up-to-date at the time of the meeting to be eligible for nomination.
- If a building has 20 lots or less, any single owner can now only hold one additional proxy vote. If a building has over 20 lots, any single owner can now hold a maximum of 5% of the total proxy votes for that meeting.



What do I need to know about the new collective sales process?

- Up to 75% of the owners in a building can now choose to sell the building to another party, in comparison to the previous 100% requirement.
- There is a set process in place prior to sale in order to protect the rights and interests of all owners following this change, including a condition that the NSW Land & Court Environment Court sign off on the sale.



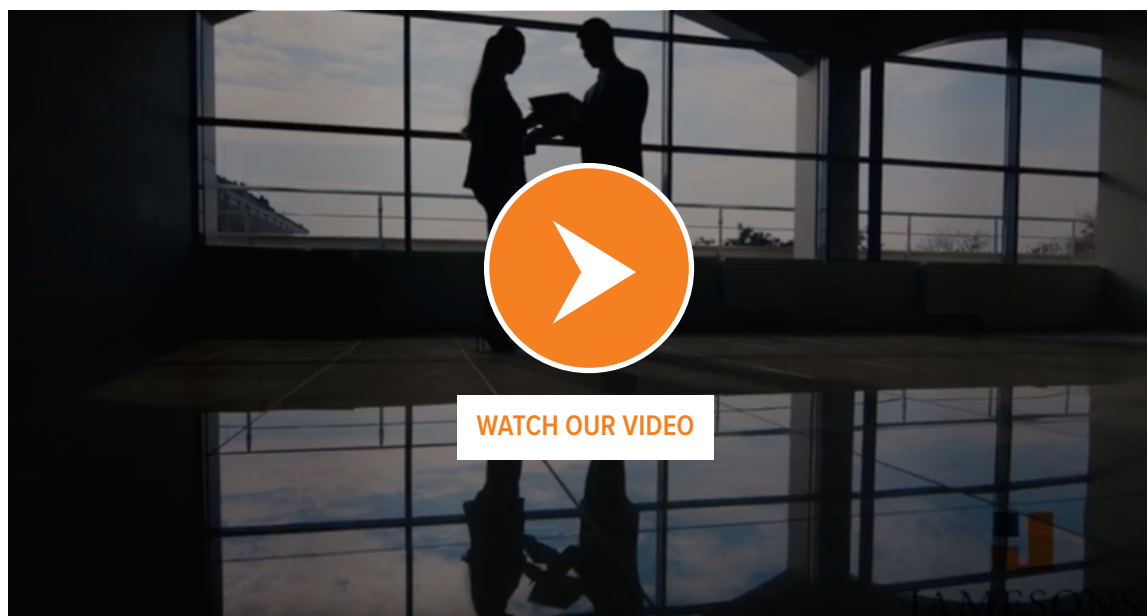
How do the new laws address renovations in strata?

- There is an improved three-tiered approval system for renovations within NSW strata schemes:
 - Cosmetic renovations that do not affect common property (such as replacing carpet and hanging nails) will not require notice to the owners corporation.
 - Minor renovations that have an impact on common property (such as altering walls or renovating kitchens) will require approval at a General Meeting. This process can be delegated to the strata committee to expedite approval if a vote is passed to approve this.
 - Major renovations that have a structural impact on common property (such as changes to load-bearing walls or replacing tiles) will require a special by-law to be registered at a General Meeting.
- If you are thinking of renovating the first thing to do is to contact your strata manager to discuss the types of work you have in mind and any strata-specific conditions that may apply.



How do the new laws address development defects?

- The new legislation imposes a 2% bond for developers to cover any defects in a new strata building. This will be held in trust throughout the development and beyond.
- The owners corporation will need to notify the developer of any defects within the appropriate statutory period, so it's important to identify and address any problems as early as possible.



How have the new laws affected strata insurance?

- Strata managers must now obtain three quotes for insurance each year and present these to the strata committee for them to select their preferred insurer.
- These quotes must outline the amount of any insurance commissions paid by insurers to the managing agent.
- Jamesons Strata Management does not accept insurance commissions, potentially saving your strata building up to 20% annually on your insurance premium.



ABOUT JAMESONS STRATA

Jamesons is a family run business and has been providing a range of strata management services to Sydney residents for over 50 years. The majority of our team has been with us for over 10 years allowing us to provide our clients with the highest quality service. We specialize in residential, mixed use, commercial, industrial and retirement.

For more information visit:

WWW.JAMESONS.COM.AU

