

COMMON PROPERTY

Newsletter for professionals in the facilities management sector.



Shattered Buildings Filled by Levied Smashed Lot Owners



Edition: 19th October 2011

We are discovering increased circumstances where buildings are getting old or have been poorly constructed. All lot owners have been burdened with extensive levies to fix the building. There will become a time in every building's history where, although the building is still shattered, the levied smashed lot owners will not be able to raise any more money.

Let's look at the law: Section 62 of the Strata Schemes Management Act 1996 states that, the Owners Corporation "must" repair and maintain the common property. Therefore, it is an encumbrance upon every owners corporation to ensure that everything is maintained and repaired. In short, they cannot leave their building shattered. We have discussed this at length in previous newsletters.

What then happens if a lot owner throws their hands up in the air and says simply "I can't pay anymore". Well, if the Owners Corporation cannot meet their obligations, an application can be made to the Consumer Traders and Tenancy Tribunal pursuant to Section 162 to have a compulsory appointed strata manager. Unfortunately, this will not assist the lot owners to raise the money they don't have.

A product is emerging in the market whereby Owners Corporations can obtain strata finance. The difficulties of strata financing is that the Owners Corporation cannot create a mortgage over the common property. Experts are now emerging to provide unsecured loans to strata managers as a means of providing finance to enhance the asset. This appears to be the new mechanism that will need to be put in place for the levied smashed lot owners to comply with their statutory obligations.

If you have a shattered building with smashed lot owners, consider strata finance as an option. A small increase of levies over a long period of time is a better result than having to find large amounts of money on a short term basis.

Cheers, Bailey Compton and the team at ACP/Leverage

Strata CPD

~~~~~  
Full 12 points

**CASTLE HILL**  
Thurs 27<sup>th</sup> Oct  
\$199

**SYDNEY CBD**  
Fri 2<sup>nd</sup> Dec  
\$199

**Upgrade to a Strata Licence**

*If you are an experienced Strata or Property Agent, you may be eligible to attend our 4 day Strata Licence course.*

**Next course starts**  
Tues 15<sup>th</sup> Nov  
1300 88 48 10

**For more Common Property News  
or to make a comment you can**

**[Visit our Blog](#)**

**We specialise in all aspects of Strata,  
On-Site, Facility & Property Management!**

## **Nurture Your Staff and Reap the Benefits!**

**Grow the quality – not necessarily the quantity – of your team!**

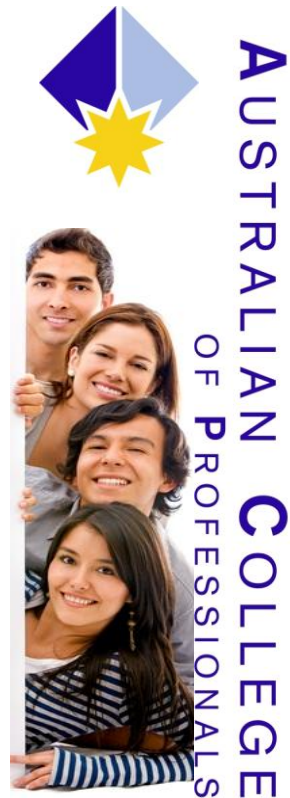
The Australian College of Professionals is offering an excellent opportunity for your new and existing team members via a quality training program to develop a culture of learning which will grow your business by strengthening your existing or new talent base.

### **Benefits include:**

- ✓ Improving the skill and knowledge of your staff
- ✓ Help provide a point of difference for your agency
- ✓ Build a culture of learning and professional development
- ✓ Build positive employer/employee relationships
- ✓ Motivate and encourage staff

**Contact Belinda on 1300 88 48 10 for further information on how to  
receive a \$4,000 incentive per course per employee.**

*The best training programs are those that truly align with the business strategy and are  
championed by an enthusiastic, visible leadership team!...B. Compton*



[www.collegeaus.com](http://www.collegeaus.com)  
[enquiries@collegeaus.com](mailto:enquiries@collegeaus.com)

Registered Training Organisation  
RTO # 91513

P: 1300 884 810  
F: 02 9899 4797