

So What Does the Strata Reform Mean for Developers Of New Strata Buildings?

There are a lot of changes and many affecting developers, such as:

- When registering a strata plan the unit entitlement will need to be made in accordance with a registered valuation.
- When the scheme is registered the undertaking to pay expenses during the initial period will be replaced with levies raised at a meeting within 14 days of registration of the plan.
- Strata management statements must provide for the fair allocation of costs of shared facilities and provide a review process every 5 years.
- By-laws to be registered with the plan will need to be changed to deal with issues, such as, renovations.
- Developers and those connected with the developer cannot be appointed as strata managers.
- Developers will need to provide initial maintenance schedules to the owners corporation prior to the FAGM.
- Developers who raise inadequate levies during the initial period may be exposed to claims for compensation.
- Developers will need to consider whether to use the strata plan or the common property memorandum to allocate responsibilities for repair and maintenance.
- Requirements to provide 2% defect bonds, defect reports paid for by developers and no voting rights for developers on defects will only apply if:
 - a) the contract to build the building was entered into after the legislation commences or if there is no contract where the works were commenced after the legislation commences; and
 - b) only where home warranty insurance is not required for the new building.
- There will be a motion to consider building defects and rectification at the first annual general meeting and subsequent annual general meetings, up until the warranty period for buildings of the strata scheme expire.

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