

8 STAGES OF STRATA BUILDING BOND INSPECTION SCHEME (SBBIS)

The SBBIS is relevant to residential or mixed-use strata schemes of 4 storeys or more for building works of contracts that were entered into from 1 January 2018. A building bond lodged by the developer may be used after 2 years from lodgement to pay for identified rectification works if the developer has failed to rectify these defects.

This guide aims to simplify the SBBIS stages; give clarity on timelines (references are from the date of Occupation Certificate); flag the important aspects such as the OCs need to enable full and proper inspections to be completed within the small window of 3 months. At the time of writing this Guide no strata scheme has progressed past Stage 3.

Please note that the SBBIS Scheme is *not* relevant to schemes of 3 storeys or less as remedy is available under Part 6 of the Home Building Act 1989.

STAGE 1 | BUILDING BOND LODGEMENT

- + The stage is solely developer responsibility for lodgement of 2% of contract value.

STAGE 2 | INSPECTOR APPOINTMENT | *within 12 months*

- + The Developer is responsible for appointment of inspector & the related costs.
- + Inspector must be selected from a panel and must be agreed to by the OC.

STAGE 3 | INTERIM INSPECTION & INTERIM REPORT | *15 to 18 months after completion*

- + The Developer must give written notice of at least 14 days of the inspection.
- + OC must give reasonable access, or the use of the bond might be in jeopardy.
- + The inspection is visual and non-evasive testing. Secondary speciality inspectors can be involved eg HVAC.
- + Developer to provide the report to the OC within 14 days of receiving it.
- + Once the report is received, the OC must let all owners know within 14 days where to access it.

STAGE 4 | RECTIFY DEFECTIVE WORK | *18 to 21 months*

- + Responsibility of developer to liaise with the builder.
- + If need to enter a lot to rectify then must give 14 days' notice to the OC, developer, lot owner & lot occupier.

STAGE 5 | FINAL INSPECTION & REPORT | *21 to 24 months*

- + Developer must arrange for the same inspector.
- + Inspector cannot raise any matters that were not raised in the 1st report.
- + Final report must be in approved form and provided to OC within 14 days of completion no less than 24 months after Occupational Certificate.

STAGE 6 | DETERMINE COST OF RECTIFICATION | *after 24 months but before 2 years & 90 days*

- + Developer & OC to agree to the cost and provide a deed of agreement within 30 days of the finalised report.
- + If no agreement, the government will appoint a quantity surveyor to determine the cost of the defective works. The developer & OC to share the cost of the appointed quantity surveyor.

STAGE 7 | PAYING THE BUILDING BOND | *2 years from completion OR 90 days from final report (later of 2)*

- + Bond to be claimed OR released between 2 and 3 years after completion date.
- + Unreasonable access refusal to the developer or builder can lead to refusal of a claim on the bond.
- + 7 different circumstances are provided to enable the bond release.

STAGE 8 | COMPLETE THE PROCESS | *within 3 years*

- + Notifications from the OC to the developer are required to comply and penalties exist if these notifications do not happen.

This information is summarised from the NSW government's comprehensive 48-page owners corporation information manual. [This Manual](#) includes key terms, detailed processes, and schedules which include the different written notices to be used in the 8 stages (32 forms).

If you have any questions, simply contact your [Strata Plus accredited strata manager](#)



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