

LEVIES EXPLAINED

Strata+

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Levies are regular financial contributions that owners in a strata property collectively pay to cover various expenses associated with the maintenance, repair, and management of the common property (property jointly owned by all owners).

Levy contributions from owners are made into a trust account held in the name of the owners corporation and are divided into two different funds.

1. Administrative Fund

These levy contributions are allocated for day-to-day expenses of the owners corporation, including repairs and maintenance to common property, shared utilities, building insurance, and other operational expenses.

2. Capital Works Fund

Funds set aside for planned or unplanned major expenses that the scheme will incur in the future, such as painting, roof replacement, and other significant projects.

Who determines levy amounts?

Each year Strata Plus prepares a proposed budget, in consultation with your strata committee, for the owners' consideration.

This is based on operating costs of similarly sized and structured buildings. This is just a recommendation based on experience. It is ultimately the collective decision of all owners at the Annual General Meeting to determine the specific amount to be raised for levies each year.

How are levies apportioned?

Levies are apportioned under the unit entitlement of the lot. 'Unit entitlement' determines your share of ownership in common property and how much you'll pay

to maintain it. It also can affect your voting power in decisions the owners corporation makes. The strata plan shows the unit entitlement for each lot which is apportioned on a market value basis by the developer on the day of valuation (typically on registration of the strata plan) and certified by a valuer.

Voting on levies

Before levies are voted on, the strata manager prepares a proposed budget detailing the estimated expenses for the upcoming period. The proposed budget and levies are communicated to all owners through a notice of a general meeting. We recommend receiving notices of AGMs yourself (in place of your real estate agent) so you can be notified of proposed budgets and levies via email.

Having your say at meetings

At the meeting, a motion is presented specifying the exact amount of levies to be charged.

Owners have the chance to discuss and seek clarifications during the meeting about budget items. Owners attending the meeting can vote on the proposed levies.

Voting threshold

The decision to approve the levies typically requires a simple majority vote.

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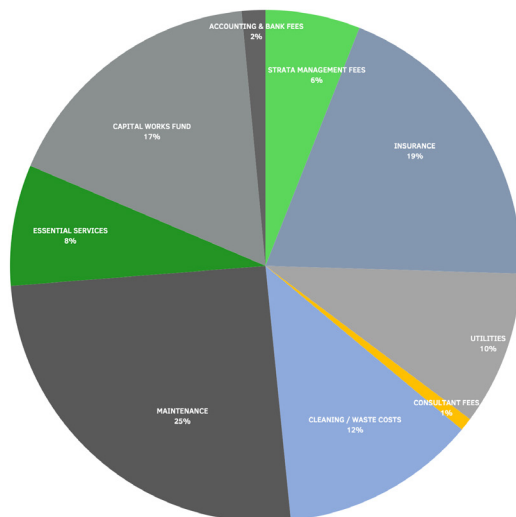
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AN EXAMPLE BREAKDOWN OF STRATA LEVIES



A building's design and construction can greatly affect levies. But, an owners corporation that focuses on preventive maintenance, sustainable upgrades, energy monitoring, and budgeting has better levy control.

A general* breakdown of levies include:

Insurance premiums

Cover for total rebuild costs, machinery breakdown, public liability, volunteer workers, office bearers' liability and the Emergency Services Levy.

Repairs & maintenance

Plumbing, electrical, mechanical ventilation, garage doors, intercoms, CCTV, pool and lift maintenance, air conditioning etc

Onsite services

Including cleaning, building management, security, landscape gardening or concierge.

Compliance

Fire safety systems, lifts, pools, escalators, car stackers and cooling towers all need certification and registration.

Utilities

Consumption of electricity, gas and water on common property and emergency phones in lifts & monitored fire alarms.

Cleaning & waste management

Service fee for cleaners and supplies, pest control, external window cleaning and sanitation for waste management facilities.

Administration costs

Professional fees for accounting, auditing and strata management as well as charges for meetings, photocopying, software, postage.

Capital works fund

Money set aside for major foreseeable works such as painting, carpets, facades, roofs, foyers and lifts.

*Operational costs vary greatly from scheme to scheme.

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PAYMENT OF LEVIES, INTEREST, AND ARREARS

Payment and interest

Levies are payable every quarter in advance, with the due date falling on the first day of the quarter. Our office sends levy notices out approximately five weeks before the due date to provide sufficient time for payment.

Interest for overdue levies

If the levy is not paid within one month from the due date, interest will accrue at 10% per annum, as stipulated by legislation. Strata+ and owners corporations does not have the authority to waive interest. However, the owners corporation can make a general resolution to charge **no** interest.

Who receives the interest?

Accrued interest is paid to the owners corporation trust account.

The debt recovery process

A reminder notice is sent if a contribution is unpaid for more than 30 days, then at 45 days. If the total amount of contributions and interest is unpaid for 90 days, a final notice is sent advising the owner (or property manager) advising them to pay, before the matter is sent for debt collection.

How does an owners corporation recover unpaid levies?

If a contribution remains unpaid after one month, the owners corporation can consider it a debt. This includes any interest owed and the expenses incurred in recovering these amounts.

Your strata manager handles the management of unpaid levies. Associated costs are billed to the owner and detailed on the lot statement.

Who sets the budgets in new buildings?

In a new strata development, the developer is responsible for establishing the initial financial framework for the property and determining the initial levies.

Once the developer transfers control of the property to the owners corporation, the responsibility for setting levies typically shifts to the owners corporation itself (or strata manager on their behalf).

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