



FACT SHEET



Strata Title

A strata scheme (block of apartments) is divided up into **LOTS** and **COMMON PROPERTY**.

A **LOT** is the part of the strata scheme that a person may occupy as a resident. You only ever own the right to occupy the space within the first layer of paint on the internal walls including any balcony space.

The rest is **COMMON PROPERTY** and this includes the actual building, pathways, hallways, driveways, gardens etc.

The **BODY CORPORATE** is responsible to managing the strata scheme. It will (usually through its appointed strata managers) strike levies for the lot owners to pay. Normally levies are paid quarterly. The levy is made up of two payments:

(1) ADMINISTRATIVE FUND:

This type of levy is to raise money for the day to day-up keep of the property .

(2) SINKING FUND:

This type of levy is to raise money for the long term up keep of the property. i.e. in the roof needs replacement in 25 years.

The amount you pay as a **LOT** owner depends on your **UNIT ENTITLEMENT**. It is compulsory that a strata scheme allocate a unit entitlement to each lot. Normally the unit entitlement is based on the value of a lot compared to the other lots in the same scheme. For example a two-bedroom unit would normally have a higher entitlement than a one-bedroom unit OR an apartment on the top floor with water views would have a higher entitlement than a unit on the ground floor.

EXAMPLE:

Assume the strata manager wanted to strike a levy for \$12,000 and your lot had a unit entitlement of 1 out of 100. Therefore your contribution would be \$120. If your neighbour had a better unit and that unit had an entitlement of 3 of a 100, his liability would be \$360

SPECIAL LEVY: - This type of levy may be strike at any time if the strata scheme runs out of funds or has to meet an unexpected costs.

INSURANCE: - It is compulsory that a strata scheme have insurance for workers compensation, building and public liability. For example if there was no public liability insurance and a person brings a successful action against the scheme the lot owners will be exposed to paying the liability based on their unit entitlement.

STRATA INSPECTION REPORT:

This is a valuable way to investigate the financial and legal state of the strata scheme. We therefore recommend that you obtain a strata inspection report prior to purchasing any strata title property. Your solicitor or conveyancer should be able to obtain this for you and provide you with additional information.