



# FACT SHEET

WHAT DO I NEED TO KNOW?

## ESTABLISHED BUILDINGS

### USE DOCUMENTS TO ASSESS THE STRATA SCHEME

Is the building run well?

Are responsible levy increases made to cover costs?

Are meetings run well?

Are By-laws clear?

### ARE THERE ANY SURPRISES?

A building inspection can help you avoid or budget for significant outlays to remediate or improve.

### Strata Report / Strata Inspection

The Strata Inspection is usually obtained by your conveyancer or solicitor. It reports on the physical condition of the 'scheme' and provides the documents / records held by the **Strata Manager**. (If the strata is self-managed, held by the Secretary).

A strata inspection report can also assist when it comes to negotiating price, or having works done before settlement.

This is a general list, see more explanation further on:

- assessment of the interior and exterior of the unit
- compliance with fire and asbestos rules
- major expenditures, past and proposed
- pending / past building works or defects
- voting rights and entitlements
- financial status, including fund balances and expenses
- quarterly strata fees (levies)
- special levies
- insurance for the building/s
- building reports
- by-laws
- indications of residents living harmoniously.

Watch for gaps in records (Strata Managers vary in reliability).

Evidence of poor management might be continuous disputes with tenants or owners.

The minutes of Strata Committee meetings may reveal if matters were resolved well and if correct procedures are followed.



## WANT TO KNOW MORE?

Strata Defects & Risky Buildings

[Strata Inspection Report](#)

Entitlements

[NSW-gov Buying Strata Property](#)

Insurance – Building

[NSW-gov Finances, insurance](#)

# FACT SHEET

## WHAT DO I NEED TO KNOW?

### ESTABLISHED BUILDINGS

#### Entitlements – Strata Plan

'Unit entitlement' determines your share of ownership in common property, which affects your levies and voting power.

#### Financials

Includes many in/outgoings, such as Levies (each owner pays), Administration Fund (day-to-day expenses), Capital Works **Fund** (savings determined by the Capital Works **Plan**).

If levies have been set and raised in a responsible way, this may be a sign of good management.

How much with facilities (lifts, pool, etc) vs without facilities?

Check for updates here: [LookupStrata - Fees, Levies](#)

#### Insurance – Building Structure

Does NOT cover maintenance, defects or contents. Covers damage sustained to the building as a result of an accidental or malicious act. Common examples are:

- Fire / Arson
- Vandalism
- Glass Breakage
- Storm/Tempest
- Lightning Strikes
- Burst Pipes
- Burglary & Theft
- Vehicular Impact
- Earthquakes

The lot owner is responsible for the repair, replacement and maintenance of all building components **within** the lot, such as:

- Internal walls
- Internal doors
- Built-in wardrobes
- Kitchen sinks, cabinet, bench tops
- Appliances such as wall and bench ovens, cook tops, range hoods, hot water heaters, bathroom exhaust.
- Shower screens
- Toilets, baths & basins



## ADMINISTRATION FUND

Day-to-day running

## CAPITAL WORKS FUND

Expenses that must be saved for replacement / renewal

## CAPITAL WORKS PLAN

Mandatory 10-year Plan

## LEVIES

If not raised gradually, in a responsible way, Special Levies may be required (additional payments).

## STRATA COMMITTEE

A volunteer group which makes decisions on behalf of, and with permission of, owners

# FACT SHEET

## WHAT DO I NEED TO KNOW?

### ESTABLISHED BUILDINGS

#### Strata Scheme

Check the whole building, including the basement, storage and car parking. Is everything well-maintained? This shows if the residents care about upkeep and maintenance.

Find out what's been going on – look at **financial statements**. Has enough been put aside for big ticket items? E.g. lift repair, painting the building, replacement of garden waterproofing.

Building defects may be mentioned (original or from lack of maintenance) – how they were dealt with shows the way the Committee handles such matters.

Check the 2 operating funds – the amount of money in each should be in line with the **Budget**, which is approved by all owners at the Annual General Meeting.

[NSW-gov Strata Finances](#)

#### Administration Fund

'Every day' expenditure as shown in the annual Budget. This includes such items as building insurance, electricity, water, carpet cleaning, garden care, and regular maintenance inspections.

#### Capital Works Fund

Planned maintenance, replacements and repairs as per the **Capital Works Plan**, a 10-year timeline, which must be reviewed every 5 years, to keep pace with changes to the building/s, the aging structure/s and inflation.

It is prepared by a qualified expert and there should be minutes showing it is being implemented as per dates nominated.

If a Capital Works item cannot be paid from the amount saved into the Fund, owners can choose to raise more via a loan, or a **special levy** (additional payment from owners).



## REPAIR HISTORY & MAINTENANCE SCHEDULE

If repairs or maintenance are not being carried out, but the purchase has other benefits, you can prepare to take an active part improving the property.

**There is a step-by-step process which ensures transparency, including gaining agreement from other owners.**

Sometimes it takes just one motivated person to organise others and transform how owners go about caring for the premises.

[NSW-gov Repairs, Maintenance](#)

# FACT SHEET

## WHAT DO I NEED TO KNOW?

### ESTABLISHED BUILDINGS

---

#### Existing or Pending Legal Matters

If handled well as part of a process to ensure the Owners Corporation (all owners) receives due services, repairs, payment, etc, then this may not be a concern. However, it is certainly worthwhile checking the details.

#### Levies

Check that they are raised in sensible increments, to keep pace with the aging buildings/s, inflation and any new requirements in the Budget, such as solar installations and electric vehicle infrastructure. [NSW-gov Levies, Admin Fund, Capital Fund](#)

#### Strata Committee

The group supervising – on behalf of owners – ensures that the value of the scheme is maintained / enhanced.

Look for minutes of regular strata committee meetings and evidence that issues are being dealt with effectively (*absence of applications to NCAT – NSW Civil and Administrative Tribunal*).

#### Strata Manager

This business acts for the Owners Corporation in an agreed capacity. They handle many schemes, so it is important for the Strata Committee to continually monitor performance and ensure details are correct.

The person allocated to look after your scheme takes direction from the Committee and should react with sound, advice.

Look for professionalism, deep knowledge of Strata, good records and minutes which convey the issues under discussion in a clear way.

**Fees:** The Strata Manager contract fee may seem low, but you might be caught paying more overall, if charges for additional services and their associated disbursements are high (answering emails, envelopes, photocopying).

---