



FACT SHEET

WHAT DO I NEED TO KNOW?

NEW BUILDS – FIRST AGM

GET GOOD HELP

If you're considering buying new or off the plan, make sure you work with a specialist property lawyer,

The lawyer will help you know exactly where you stand and can examine a complex 'new build' or off-the-plan contract.

A general conveyancer may not have a background in this kind of assessment.

BUYING OFF THE PLAN?

[NSW-gov Buying off the plan](#)

First Annual General Meeting (AGM) – owner obligations

The **first** ANNUAL GENERAL MEETING determines what conditions are accepted for running the strata scheme, and any long-term payment obligations.

Within 2 months of the initial period ending, the original owner must hold an Annual General Meeting (AGM), giving 14 days notice to owners and invested parties on the Strata Roll.

At least 14 days before the first Annual General Meeting, the original owner must provide certain documents and estimate the amount of money it will need to credit to its Administrative Fund ([day-to-day costs](#)).

The law specifies agenda items for a first Annual General Meeting, a list is here: [NSW Legislation website](#). It includes decisions about funds, insurance, By-laws, the Strata Manager, the Building Manager (if applicable), financials, building defects and rectification.

Records to be provided to owners corporation include

- a) all plans, specifications, occupation certificates or other certificates, diagrams, depreciation schedules and other documents such as insurance policies
- b) all planning approvals, complying development certificates and related endorsed plans, approvals, 'as built' drawings, compliance certificates (within the meaning of the [Environmental Planning and Assessment Act 1979](#)), fire safety certificates and warranties.
- c) the strata roll and any notices or other records
- d) the initial maintenance schedule
- e) any building inspector interim report or final report regarding building defects.



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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

Obligations of all owners (continued)

An important document to consider is the initial maintenance schedule. It must include maintenance information and inspection times for the property, as specified on the [NSW Legislation website](#).

All budgets presented for approval are proposed and can be amended.

New owners can request additional quotes to compare the proposed costs and period of engagement.

E.g., **check the Building Manager contract – it may be 10 years.**

The original owner may propose appointment of the existing strata managing agent. The Owners Corporation is not obliged to appoint that particular agent.

Regardless of which agent is appointed, the appointment can only be for 12 months and extended for up to 3 months to coincide with the second Annual General Meeting.

When purchasing in a new strata scheme, it is recommended that owners research various strata managing agents and their services. Seek information from friends, relatives and work colleagues and share your information with other new owners in the strata scheme.

Try to make an informed decision based on service level rather than cost alone and check the Contract schedules for fees, as they may be high to offset a low base fee.

Levies are likely to be low, due to existing warranties. The owners corporation may wish to increase the figures to ensure money is available when (utilities / maintenance) service warranties expire. This may help avoid the need for future special levies.



STRATA PLAN

Brochures, marketing flyers and estate agents may give incorrect information.

Checking the Strata Plan confirms details such as the number of parking spaces, gardens for private / common use.

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Carefully examine long term payment arrangements

The Owners Corporation should carefully check contracts (or engage a specialist lawyer) for expensive **long-term contracts** attached to basic services the developer/builder is typically expected to provide.

Some developers are choosing not to pay for installation of necessary building infrastructure, such as gas, electricity, water, stormwater filtration, heating, air-conditioning and internet access. Instead, the cost is transferred to owners in the form of inflated service contracts.

A good embedded electricity network aims to save owners and tenants money, but in some strata schemes, this is not the case.

Building Defects – Enforcing Statutory Warranties

A good developer will remediate defects at their own cost. Much persistence and follow-up by the Owners Corporation is likely to be required, as the developer will have moved on to another project / other priorities.

The owners corporation needs to enforce the **statutory warranties** – depending on the contract date for the works, the owners corporation may have 2-year and 6-year warranties for non-major and major defects respectively. NB: A serious issue may not be considered 'major' under the terms of the contract.

The Owners Corporation will need to quickly engage expert specialists to determine the nature of each defect, as the process can be slow.

A defects report will assist with negotiations or legal proceedings to enforce warranty rights, if negotiations are unsuccessful.



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Voting

Unit entitlement: the share of the strata scheme that you get when you buy the property. For example, a small apartment might have a unit entitlement of 50. A larger apartment might have a unit entitlement of 75. A person with higher unit entitlements has greater voting power, but pays higher levies.

By Law, if the original owner still owns half or more of the total **unit entitlement** at the time of the first Annual General Meeting, their vote is reduced to one-third of the total unit entitlement.

The Developer or lessor is always excluded from votes relating to building defects.

You can appoint a **proxy** to attend the meeting on your behalf and vote on items according to your directions. (Spouse / family member / friend / solicitor / another lot owner / committee member.)

For a scheme over 100 lots, the proxy form must be lodged at least 24 hours prior. For schemes less than 100 lots, the proxy form can be handed in just before the meeting. The law restricts how many proxies 1 person can hold. (Up to 20 lots = 1; over 20

The quorum required at an Annual General Meeting is either:

- 25% or more of people that have the right to vote or
- enough eligible owners to represent 25% or more of the scheme's total **unit entitlements**.

If a quorum is not present within 30 minutes of the starting time, a new meeting is called with not less than seven days' notice. If there is still not a quorum, the meeting can proceed.

A penalty of up to \$11,000 can apply to a breach. [NSW-gov New-build strata-schemes](#)

Link for information on typical strata meetings – with information such as how voting works: [NSW-gov Strata-Meetings](#)

COMMON BY-LAWS

Common by-laws include rules about smoking, short-term rental accommodation (like Airbnb) and noise.

For example, **approval needed to keep a pet, where can you hang washing, parking restrictions.**

HELPFUL LINKS

[NSW-gov By-laws](#)

[NSW-gov Understanding By-laws](#)