

Strata Inspection report, an advice from the expert

In this article, I will tell you that you are getting an advice from the wrong source.

What is a strata inspection report?

It is a physical inspection of the records and correspondences that are kept by the strata managing agent.

Strata Inspection report is only relevant if you are buying a unit or a house in a community scheme.

Why would you want such a report?

- To ascertain if there will be major work upgrade and money to be spent.
- To ascertain what the likely costs are for you as a buyer that you need to spend.
- To ascertain any potential problems in the short to medium term.
- In short: what problems and the likelihood of money to be spent.

Common misconception

The term “strata inspection report” itself is very misleading. It says a strata report. It should be a strata report of the records only.

Most people think it is a physical inspection of the building. It is not.

Is a strata pre-inspection report compulsory?

Answer: No. There is no law to force you to order one. However, in the last 30 years, people believe it is highly advisable to get one.

Are all strata inspectors the same?

Answer: They are all similar

Let me ask you a scenario as who would you pick to give you advice

If your wife was giving birth, would you take the advice from a midwife or a doctor?

You see, your lawyer or conveyancer had never done an actual inspection of a strata record before.

Therefore you should seek the advice that is, calling your strata inspection once you have the report in your hands to make any clarifications.

The strata inspector does this job day in day out. Often, they do three inspections in a day. That is a lot of accumulated experience.

You should get the advice from the strata reporter and not the solicitor because they are the expert and also you pay them a fee for it.

What is a Special Levy?

Special levies can be sought where there are insufficient funds to cover large capital works or unforeseen works, for example, to carry out major repairs to the common property.

Who pays special levy and when?

Answer: This depends on the day of settlement.

The law says the owner of the property pay the special levy when it is due.

So how do you determine who is the owner, at exchange or at settlement.

- At exchange, the vendor is still the owner.
- At settlement (the 1 second after), then the purchaser will be the new owner. (Some would argue that the vendor is still the owner until midnight).
- On the day of settlement, all the Special Levy on that date or before is payable by the vendor.
- Any Special Levy that is payable after the due date, then it is payable by the purchaser.

Why is Special Levy a big deal?

Answer: Usually, a Special Levy is a significant amount.

Here is an example:

1. Let's say a \$10,000 Special levy is due on 15 March
2. Now let's say the exchange of contract was pm 10 February
3. The settlement is due on 20 March, who would have to pay the \$10,000, the vendor or the purchaser?

Answer: the vendor

What are other fees with strata?

Admin fund

The administrative fund is used to manage the day-to-day expenses of running the scheme, including maintaining the common property, providing for insurance, and other recurrent expenses, such as electricity, water, carpet cleaning, lawn mowing services and the like.

Sinking fund

A sinking fund is set up by the owners corporation to cover the costs of future capital expenses, which include, for example, painting the building, driveway refurbishment, replacement of common property items like carpets, roofing and guttering and lift overhauls.

Summary of smart tips:

- ❖ Special Levy is payable on the due date. On the day of settlement, the vendor must pay if it falls on or before that date
- ❖ However, if you can negotiate any special levy as who needs to pay, then that will be the agreement
- ❖ A Special Levy can be a burden as it is usually a big amount so it is wise to order a Strata Inspection Report before exchanging contracts
- ❖ Nowadays, what was known as a body corporate is now more commonly referred to as the owners corporation.

Our staff is happy to give you 3 strata inspectors and you then contact them

Or you can find them in your local newspaper, Pink Pages, Yellow Pages or on Google

