

Crockers Strata Sphere

Your quarterly update on the Body Corporate world

Issue One, July 2009

WELCOME TO OUR FIRST EDITION OF CROCKERS STRATA SPHERE

Each quarter, Crockers Strata Sphere will be covering off points of information which are relevant to you as an occupant or landlord in your unit title property.

To suggest other topics you would like to see us cover, email us stratainfo@crockers.co.nz

Overdue changes to the Unit Titles Act

Many readers will be aware that the Unit Titles Act of 1972 is in for a long overdue revamp. Crockers has been working closely with Government Officials reviewing the Act to provide an industry perspective.

The content of the final Act depends very much on the work of the Select Committee, which reports back to Parliament in September. Based on the first draft of the Bill, the key changes we're likely to see include:

MORE FLEXIBILITY

Regulations can be made or changed by a simple Order in Council, rather than by a time consuming Act of Parliament. Generally speaking, the Act itself is the framework, and regulations are the detail. For example, the Act specifies that levies not paid on time will be subject to interest payments. The regulations will say what interest rate applies and how interest is to be calculated.

GREATER CLARITY

Critical issues around governance and management will be clarified and updated; some of these changes will make a difference for owners of leaky buildings. For example, the body corporate will be responsible for all building elements, regardless of who owns them. In effect, this encompasses any physical part of the building and anything that affects the health and safety of those who use it. This should reduce the need to seek Court orders or to enter into Deeds recording unanimously agreed arrangements.

MORE FAIRNESS AND FEWER NASTY SURPRISES

Developers will have obligations to the body corporate when units settle.

Contracts deemed to be unconscionable will be able to be overturned within a three year period.

Developers will also be obliged to provide plans, specifications and other prescribed documents to the body corporate at handover. Likewise, sellers will have to give specified information to buyers. If they don't have that information, they must obtain it. This means buying unwittingly into a known leaky building should become a thing of the past.

Levies will now be raised in proportion to either 'ownership interest', which is similar to unit entitlement, or 'utility interest'. Moreover it will be compulsory for a body corporate to have a long term maintenance plan and maintenance fund – effectively, a compulsory savings scheme. Provision has also been made for optional contingency and capital improvement funds.

MORE SIMPLICITY

Decision-making mechanisms are spelt out more clearly and are simpler. For example, the Bill prescribes a quorum of 25% at all general meetings. (Currently every body corporate has its own rules.) A simple majority will decide all issues unless the Act specifically calls for a Special Resolution. To pass a Special Resolution will require 75% of eligible voters (those who have paid their levies) who vote, to vote in favour.

Members will have better access to information because committees will be obliged to report to them at set intervals. There'll be greater democracy, as bodies corporate will be forbidden from delegating their powers to raise levies, or spend and invest money. They will be able to delegate some powers to the Committee; however, the Committee will have no powers to delegate to others.

FEWER COSTLY COURT CASES

The dispute resolution process has been refined. Disputes up to \$50,000 will go to the Tenancy Tribunal. This should include most disputes about the calculation of levies, application of levy money or liability to pay. Disputes between \$50,000 and \$200,000 will go to the District Court, and the High Court will deal with everything else, plus all disputes relating to title.

Continued overleaf ►

Crockers working for their clients = savings to you

Crockers Strata Management is using the scale of our size and body corporate client base to negotiate discounted and preferential deals for our clients. We already have arrangements in place for the provision of telephone, rubbish collection and insurance services. Currently we are negotiating with Energy supply companies (electricity and gas) and plumbing & maintenance services. Watch this space for an update.

Australian lender to bodies corporate enters the New Zealand market

Lending to bodies corporate to fund capital works and other requirements has been a feature of the Australian strata market for a number of years; however, in New Zealand it is a market niche which has remained unfilled. This is about to change, with Australian provider **Lannock Finance** currently establishing themselves in the NZ market.

Lannock provides unsecured funds to the body corporate, not to the individual owners. All facilities are unsecured – there are no personal guarantees from owners, or mortgages over individual properties. Lannock investigates the financial position of the building, not of the individual owners. Lannock's loans are generally long term arrangements – between four and ten years – allowing the cost of capital works to be spread over several levy periods, rather than being raised in one financial period. For further information on Lannock and their products, see

www.lannock.com.au

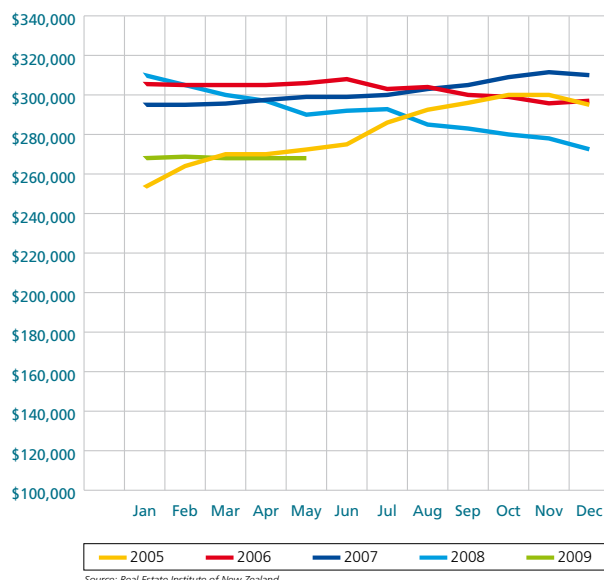
Crockers Strata Management has been working with Lannock Strata Finance for some years now, and is pleased to be the first Body Corporate Secretary to bring this innovative product to our clients. For further information about Lannock please contact your Crockers Strata Management Body Corporate Secretary.

If you have not yet experienced the benefits of having Crockers Strata Management as your Body Corporate Secretary – you are missing out. For a body corporate proposal, email mandy@crockers.co.nz.

For more information on frequently asked questions and answers about how bodies corporate work and understanding the 'jargon', visit:

- www.crockers.co.nz
- **Click on Secretary Body Corporate**
- **Click on 'Understanding the Jargon' in the left hand navigation bar**

Auckland Apartments Median Sales Price 2005 -2009



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