

Important Changes to Legislation

NEW REGULATIONS FOR THE BODY CORPORATE AND COMMUNITY MANAGEMENT ACT

As of 30 August 2008 new Regulations apply to the Body Corporate and Community Management Act 1997.

Some of these amendments to the Standard and Accommodation Modules will streamline the operation of your Body Corporate and this newsletter will detail those changes.



Committee Spending Limits

The spending limit for the Committee has been increased from \$125 multiplied by the number of lots to \$200 (plus GST) multiplied by the number of lots. There is also provision for the Body Corporate by ordinary resolution at a General Meeting to increase the spending limit of the Committee above this limit.

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Requirement for more than one quote

If the item of proposed work or expenditure exceeds \$10,000 (plus GST), 2 quotes are required. However, the Body Corporate may increase this amount by an ordinary resolution at a general meeting.

(NOTE: for Bodies Corporate of 9 or less lots, 2 quotes are required if the expenditure is to exceed \$1,100 (plus GST) per lot)

If your Body Corporate is one in which there are 40 or more lots, the previous limit for spending where the Committee deemed it necessary not to obtain more than one quote (e.g. emergency plumbing, engineering or consulting work, appointment of a Body Corporate Manager, dealing with a service provider etc) was \$250 multiplied by the number of lots. This limit is now set at \$10,000 (plus GST). The Body Corporate needs to consider whether to authorise a higher limit by ordinary resolution.

Improvements to common property by an owner

Improvements to common property by an owner requires Committee approval if the installed value is \$3,000 (plus GST) or less (increased from \$250) and the improvement does not detract from the appearance of any lot included in the scheme, or common property.

If the installed value is greater than \$3,000.00 (plus GST), an ordinary resolution is required (previously a special resolution was necessary).

Improvements to common property by the Body Corporate

A. Committee approval only is required if the cost of the entire project does not exceed an amount of \$300 (plus GST) multiplied by the number of lots, if the expenditure is within the spending limit of the Committee.

B. Ordinary resolution of a General Meeting is required if the cost is greater than A (refer above) but less than \$2000 (plus GST) multiplied by the number of lots.

C. Special resolution of a General Meeting is required if the cost is greater than B (refer above).

(NOTE: The Body Corporate may consider in its financial year the procedure in B [refer above] once only).

If your Body Corporate is considering improvements to common property, careful consideration of the cost of the improvements and the required resolution is required.

Owners of Multiple Lots

Those owners who own more than 2 lots in schemes with more than 7 lots may nominate a maximum of three persons.

Insurance Valuation

The Body Corporate must obtain an independent valuation for the buildings it is obligated to insure at least every 5 years. This information must be included with the notice of the Annual General Meeting.

If your complex has not received an independent valuation of its buildings within the last 4 years, it must do so by 30 August 2009.

Transfer Fee

For those Bodies Corporate with a Service Contractor or Letting Agent, commonly known as Management Rights, the provision of the transfer fee is now a “must”, not a discretion of the Body Corporate. However, for the transfer fee to apply, the date of a new assignment must be less than 2 years after the initial contract date, which is the date the Manager initially came party to a contract with the Body Corporate.

There is provision that the transfer fee not apply in the event of genuine hardship.

Nomination for Committee

It is now a requirement that the owner who nominates a person for the committee to be financial when the election is held, as well as the current requirement, that they be financial when nominating the person.

We would recommend that should an owner wish to nominate for the committee they nominate themselves, which is allowable under the Legislation, so that you can ensure your nomination is valid at the time of the election by being financial. If you are nominated by another owner and they are not financial at the time of the election your nomination would be invalid.

**IMPORTANT
CHANGES TO THE
LEGISLATION**

Copies of the new Regulations can be obtained from SDS Publications PH (07) 3246 3399 or via our website by accessing the link to Body Corporate and Community Management.

Should you have queries in relation to any of the above, please do not hesitate to contact us.





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