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## Media Release

### Just 200 days until Victorian OC Day!

#### Strata owners should prepare now for new Owners Corporation Law

**13 June 2007** – As of Thursday 14<sup>th</sup> June there will only be 200 days to the end of the year. 31<sup>st</sup> December marks the introduction of the major provisions of the *Owners Corporation Act 2006*. This is the most significant change to strata laws in Victoria in twenty years, and one that will affect over 65,000 body corporates and the one in five Victorians who own or live in strata-style accommodation.

The least important change will be the most obvious – a change in terminology with body corporates now to be known as owner corporations.

Although the detail of the new legislative environment will not be available until Consumers Affairs Victoria publishes the Regulations (expected shortly), the Act provides a number of significant developments which strata owners should take heed to familiarise themselves, including:

- Financial accountability: The new Act includes requirements that the owners corporations' accounts must "provide for the making of true and fair view reports of the financial situation of the owners corporation." An annual financial statement must be presented at the Annual General Meeting and prescribed (read larger) owners corporations must have their financial statement audited after the end of the financial year
- Development of a maintenance plan for prescribed (read larger) owners corporations
- A new three-tier dispute resolution process, enabling escalation of unresolved problems; first through an internal owners corporation mechanism; then via Consumer Affairs; and then through VCAT
- Constraints on developers' influence: The new Act seeks to prohibit the behaviour of developers who own a large share of units in a building having a 'lock' on owners corporations' decision-making processes. Developers are also prohibited from requiring owners to provide proxies or powers of attorney as a condition of purchase.

The Regulation will define the minimum size for prescribed owners corporations.

Bill Debney, managing director of Strata Finance, advises owners to talk to their strata manager or committee chairman to check that necessary preparations are underway. "Do not assume that your building will automatically comply with the terms of the legislation and don't wait until to the New Year to ensure that it does."

"Most importantly, make sure a maintenance plan is being prepared, and that consideration is given to the range of options for financing it, such as the sinking fund, special levies and strata financing."

### About Strata Finance

Strata Finance provides non-mortgage loan funds to owners corporations (body corporates) for major repairs, maintenance and upgrade expenditure on building common areas. Strata Finance provides loan funds to complement the sinking fund and avoid unpopular and often unaffordable lump sum special levies. Strata Finance loans require no personal guarantees, liens or mortgages for individual owners – with no effect on an individual's credit rating.

Further information: [www.stratafinance.com.au](http://www.stratafinance.com.au)

For further information about new legislation, see the Consumer Affairs' pamphlet:  
[http://www.consumer.vic.gov.au/CA256902000FE154/Lookup/CAV\\_Publications\\_Bodies\\_Corporate/\\$file/bodies\\_corporate\\_laws.pdf](http://www.consumer.vic.gov.au/CA256902000FE154/Lookup/CAV_Publications_Bodies_Corporate/$file/bodies_corporate_laws.pdf)

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