

# PRECISION BODY CORPORATE MANAGEMENT



## THE PROCESS FOR CREATING A COMMUNITY TITLES SCHEME

(also known as strata titling or a Body Corporate)

Your building designer/architect/town planner assist with designing the complex for council approval (if buildings are not already complete)



Surveyor prepares survey plans showing each lot and common property

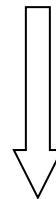


Precision Body Corporate Management or your solicitor prepare the Community Management Statement (CMS)



The CMS and the Survey Plan go to the local council for sealing

If you have a mortgagee, you will need to obtain their consent (your solicitor can assist with this)



Once sealed the documents go to you or your solicitor to arrange for lodgement with the titles office (DERM)



Once registered, the body corporate exists as a separate legal entity. From this point, the requirements of the Body Corporate and Community Management Act apply.

## An Overview

A Community Titles Scheme is created by registering a survey plan and a Community Management Statement with the Department of Natural Resources and Mines (the Titles Office). Once these documents have been registered, a body corporate is established. Every owner of a lot in the scheme is automatically a member of the body corporate.

This Information Sheet has been prepared as a guide to the process of setting up a body corporate. It does not cover every possible situation, so we are always happy to discuss your development with you, your surveyor, solicitor or real estate agent at any time.

## Building/Complex Design

Most developers engage a building designer or architect to assist with the design of the complex. Precision Body Corporate Management can also assist at this stage. Some decisions that are made at this stage can have a huge impact on the final running costs of a body corporate and therefore the levies, however if the design has already been approved, or the buildings built, it is too late.

For example, a toilet/bathroom on common property (for example, near a pool) can increase the annual budget substantially as the cleaning, repairs and consumables need to be budgeted for. Precision Body Corporate Management can assist with advice on the implications of some of these decisions.

## Surveyor

The first step is to speak to a surveyor and have a survey plan prepared. The survey plan sets out the lots in the scheme which are individually owned and the common property which is shared ownership between all the lot owners.

Your surveyor can advise you on the type of plan that would suit your body corporate, including:

- whether it is standard format, where owners generally own an area of land around their units and therefore the Body Corporate levies are relatively low, or building format where the Body Corporate maintains the outside of the buildings, not the owners and therefore levies are higher to cover the cost of painting, roof replacement etc; and
- the area and position of any exclusive use areas (usually courtyards, car parks etc).

We are happy to discuss these issues with you and your surveyor so that the body corporate is set up in a way to facilitate smooth operation of the body corporate in the future.

If you are selling the lots “off the plan”, the surveyor will probably not be able to prepare a final survey plan, and will instead prepare a draft survey plan for insertion into the contract that will be revised before registration.

## Precision Body Corporate Management

Once the survey plan has been prepared and forwarded to us, we can assist in the preparation of (in consultation with you and your solicitor if necessary):

- the Community Management Statement (CMS); and
- a draft budget (if you are selling off the plan).

The Community Management Statement is the document that governs the body corporate (similar to a constitution). It includes the proportion of costs of the body corporate that each lot must pay, the by-laws that govern the scheme and details of any exclusive use allocations.



Once we have completed the CMS, we will forward it to whoever is lodging it at council, which is usually your surveyor, but may be you or your solicitor.

### Council

The CMS and the Plan must be sealed (signed) by the council. The fees and time required will depend on the type of development and the council. Your surveyor or town planner can usually give you an idea of the cost and the time required for the council to seal the documents.

### Solicitor/Titles Office

Once the documents have been sealed, they will usually go to your solicitor who will finalise any mortgagee consents that may be required, check all documents to ensure that they are complete and correct, and will lodge them at the titles office for registration.

### After Registration

Once the documents have registered, you (or your solicitor) will receive a registration confirmation statement (RCS) for the common property and for each of the lots created.

It is important that we receive a copy of:

- the RCS for the common property and each lot; and
- a registered copy of the CMS and Plan;

as soon as possible so that we can complete the set-up process as quickly as possible. This includes:

- holding an Extraordinary General Meeting to set the budgets and strike levies;
- ensuring that the insurance is in the correct name and for the first 12 months after registration;
- ensuring electricity and other accounts are transferred into the Body Corporate name; and
- establishing the records for any potential buyers who want to search them.

## **Responsibilities of Developer/Original Owner**

Under the Body Corporate and Community Management Act, there are several obligations placed on developers.

### Insurance

The original owner is responsible for payment of the insurance for the first 12 months after registration. Your solicitor can usually ensure that you are reimbursed this expense as an adjustment at each settlement, however you will still have to pay it upfront upon registration.

Precision Body Corporate Management can assist with setting up the insurance in accordance with the requirements of the Body Corporate and Community Management Act.



## Documents

The original owner is responsible for providing the body corporate with the following:

- insurance valuation (see below)
- sinking fund forecast (see below)
- copy of the QBCC insurance policy
- a register of body corporate assets
- a copy of the Development Approval
- all plans, specifications, diagrams and drawings of buildings and improvements, as built, showing water pipes, electrical wiring, drainage, ventilation ducts, air-conditioning systems and other utility infrastructure
- copies of documents relating to any insurance claims
- if a fire and evacuation plan under the *Fire and Emergency Services Act 1990* is required under that Act for a building on the scheme land—a copy of the plan
- documents relating to buildings such as building contracts, certificate of classification, development approval, fire safety certificates, copies of any warranties for any plant and equipment on the common property or any buildings or assets
- copies of the contracts for building or other work of a developmental nature
- copies of any contracts for the supply of utility services to the body corporate
- any administrative documents (roll etc)
- copies of any contracts or agreements for the supply of utility services to the body corporate
- asbestos reports (for buildings built before 1990).

Precision Body Corporate Management can assist with determining whether these documents apply to your particular complex. In the case of reports, we can arrange these from experienced, qualified professionals in accordance with the requirements of the Body Corporate and Community Management Act.

- **Insurance Valuation** (insurance replacement cost estimate) – this is an independent report to advise on the replacement cost of the buildings in the complex that the body corporate is responsible for insuring. The replacement cost of buildings includes costs such as removal of debris, architects fees and council approval fees. You must then ensure that the insurance is in accordance with the recommendations of the report.
- **Sinking Fund Forecast** – the Sinking Fund is fund is used for planned, long term capital repairs and maintenance. This report advises on the expected expenditure over at least ten years and provides recommendations as to the levies that should be collected now to ensure the funds are available when needed.

If you have any questions or would like any assistance, please contact us:

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