

Buying a strata property

Are you thinking of buying a strata titled property in NSW, such as an apartment or townhouse? Buying into a strata scheme means that you will share joint responsibility with other owners for the management and maintenance of the property. If there are major problems in the strata scheme, these could become big concerns for you too. Examples of problems include:

- disputes between strata management and owners
- legal issues
- building defects
- bad financial management.

These problems could affect your lifestyle and property. They could also result in special levies (additional strata fees) being raised that all the owners will have to pay.

Before you enter into any contract, make sure that you find out as much as you can about the strata property you are thinking of buying. Check if the by-laws (rules) will restrict you from doing certain things, such as keeping a pet. For more details on this topic, refer to the NSW Fair Trading website information: *Understand your by-laws*.

Finding out about the property

It is helpful to find out and understand as much as you can about the strata scheme.

Some important things you need to find out about the strata scheme include:

- if the strata scheme has a strata managing agent and what their duties are. These duties will be outlined in the contract between the strata managing agent and the owners corporation, which is called a strata management agency agreement
- the level of cover that is provided by the building insurance for the property
- if there is enough money in the strata funds to cover long term repairs and maintenance. Otherwise, owners risk paying thousands of dollars through special levies if urgent repairs become necessary
- if there is any building work planned, which could result in special levies

- what the common property boundaries are in your individual property. This will affect what renovations you can do. Refer to the NSW Fair Trading website information: *Renovations to your strata property*
- the cost of regular levies that owners have to pay. Consider if you are able to afford them into the future, and any possible increases
- if the by-laws for the strata scheme could affect your lifestyle. For example, there may be limited visitor parking for your family who visits you regularly, or your children may only be able to play in certain areas.

Where to get the information I need

You can get professional help to become informed about the strata property you want to buy. Use the following key sources of information:

- Inspect the records and accounts for the strata scheme
- Organise a strata search
- Talk to other residents in the strata scheme
- Check the section 184 certificate.

These are explained in more detail as follows.

Inspect the records and accounts for the strata scheme

Write to the owners corporation, or the owner of the particular property you want to buy, asking to inspect the books and records of the owners corporation. You will need to pay a fee to do this. The records will show the maintenance history of the building and inform you of any complaints lodged by other owners. It may show plans for future spending.

Organise a strata search

A solicitor, licensed conveyancer or specialist company can perform a detailed strata search (also known as a strata inspection report).

If you are serious about buying the property, a strata search is a good investment to make. It will help you make your final decision about whether to buy the property by telling you about such things as:

- past disputes
- legal action that has been taken or which is underway
- the state of the strata scheme's finances and its budget
- recent expenses
- current strata levies
- information about the condition of the building
- any past building works and building works that need to be completed.

Talk to other residents in the strata scheme

The residents in the strata scheme who could be your future neighbours may be able to tell you whether they enjoy living in the strata scheme. You should also ask them about whether they are happy with the strata management. If a strata managing agent has been engaged by the strata scheme, ask them about whether they are providing a good service. Visit the strata scheme at different times of the day, during the week and at weekends, to check on issues such as noise, which may be important to you.

Check the section 184 Certificate

You can get a section 184 Certificate through the owner of the property you are intending to buy from, or by contacting your solicitor or conveyancer.

The section 184 Certificate will give you a range of information. Examples include levies paid by the owners, outstanding levies owed on your property that you may need to pay, and if a 'collective sale' of the strata scheme is being considered by the owners. The collective sale process allows the strata scheme to be sold for redevelopment if the owners of at least 75% of the lots in a scheme agree to the sale, and certain conditions are met.

Buying 'off the plan'

Sometimes strata units are advertised for sale even before the building has been built. If you purchase such property, it is referred to as buying 'off the plan'. This type of property purchase has extra risks compared to buying property that is already built.

There may be designs available for you to look at, and a model apartment that you can visit. However, you won't be able to know exactly what your own finished property will be like.

To help you understand the risks and your rights, refer to the NSW Fair Trading website information: *Buying a property off the plan*.

Need more information?

For more information about strata schemes, visit the NSW Fair Trading website or call our strata hotline on 1800 214 023.

This fact sheet is also available in Arabic, Chinese, Korean and Vietnamese from our website (translated publication page).