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Introduction

Welcome - safety doors and telephones

What and who is Capitol Body Corporate Administration

Established 1996

Capitol Directors

Ian D'Arcy, Josephine D'Arcy and Ashley Fox



Introduction

The Capitol team – introduce the team

- Community Relationship Manager (CRM)
 Body Corporate Manager
- All CRMs are supported by a Community Relationship Assistant
- Accounts team
- Insurance Manager
- Event Coordinator



Introduction

Our culture at Capitol

Followers of: Fish! Philosophy and Speed of Trust Currently our team is receiving training from National College of Business

What we do

- Agreed services (secretarial and treasury)
- Non agreed services (maintenance coordination)

We proudly support Act for Kids as our chosen charity





Introduction

Where are our offices located?

Brisbane | Gold Coast | Redcliffe

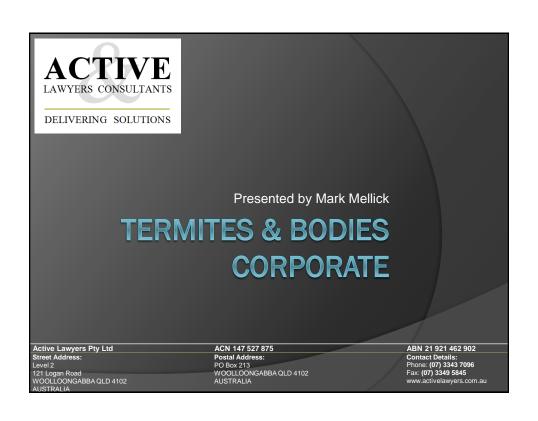
How to contact our team via our website

www.capitolbca.com.au



Introduction Session topics Question time at end of seminar > Termites 101 Mark Mellick, Active Lawyers > How Capitol can assist you Capitol team > Useful tips from your Community Relationship Manager Capitol team

Capito L BODY CORPORATE ADMINISTRATION





159 Duties of body corporate about common property—Act, s152

(1) The body corporate must maintain common property in good condition, including, to the extent that common property is structural in nature, in a structurally sound condition.

Note-

For utility infrastructure included in the common property, see section 20 of the Act (Utility infrastructure as common property).

- (2) To the extent that lots included in the community titles scheme are created under a building format plan of subdivision, the body corporate must—
 - (a) maintain in good condition—
 - (i) railings, parapets and balustrades on (whether precisely, or for all practical purposes) the boundary of a lot and common property; and
 - (ii) doors, windows and associated fittings situated in a boundary wall separating a lot from common property; and
 - (iii) roofing membranes that are not common property but that provide protection for lots or common property; and
 - (b) maintain the following elements of scheme land that are not common property in a structurally sound condition—
 - (i) foundation structures:
 - (ii) roofing structures providing protection;
 - (iii) essential supporting framework, including load-bearing walls.

170 Obligations of owners and occupiers - Act, s160

- (1) An occupier of a lot included in the community titles scheme must keep the parts of the lot readily observable from another lot or common property in a clean and tidy condition.
- (2) The owner of a lot included in the scheme must maintain the lot in good condition.

Surfer's Green

[28] Pursuant to section 281, if damage has occurred to a lot because of a failure to maintain or rectify a defect in something that is the responsibility of the body corporate, then the body corporate would be responsible for rectifying the damage. Therefore, while an owner is generally responsible for the interior of their lot, a body corporate will be liable to rectify any damage to the inside of a lot arising from its failure to effect adequate pest prevention.

Silvapine Villa's

[24] Liability under section 281 of the Act is not a strict liability [3]. The body corporate is required to act reasonably in performing its functions and it does so if it has a system in place for monitoring the maintenance or state of repair. I am not satisfied that the body corporate has failed to implement reasonable termite prevention and control measures. If the termite damage occurred after 2005, I believe that the body corporate's maintenance plan with respect to termite prevention and control, which has been ongoing since 2005, was satisfactory.

Ridgeview Terraces

- [22] A Body Corporate has a duty to administer, manage and control the common property and body corporate assets for the benefit of the lot owners.[5]
- [23] There are obligations on owners and occupiers about the condition in which they must maintain their lots.
- [24] An adjudicator must investigate the application to decide whether it would be appropriate to make an order on the application.[7]
- [25] The duties imposed on a Body Corporate regarding common property includes an obligation to maintain common property in good condition, including to the extent that it is structural in nature, in a structurally sound condition.[8]
- [26] A Body Corporate must maintain in good condition common property included in a community titles scheme under a building format plan of subdivision all railings, parapets and balustrades on (whether precisely, or for all practical purposes) the boundary of a lot and common property; and doors, windows and associated fittings situated in a boundary wall separating a lot from common property; and roofing membranes that are not common property but that provide protection for lots or common property; and maintain the following elements of scheme land that are not common property in a structurally sound condition foundation structures; roofing structures providing protection; essential supporting framework, including load-bearing walls. [6]
- [27] An order to repair damage or reimburse an amount paid for carrying out repairs must only be made if satisfied that the applicant has suffered damage to property because of a contravention of this Act or the community management statement, can order the person who is found to be, on reasonable grounds, responsible for the contravention to carry out stated repairs, or have stated repairs carried out, to the damaged property; or to pay the applicant a fixed amount as reimbursement for repairs carried out to the property by the applicant. [10]

- [28] For an order to be made pursuant to section 281 of the Act an order can not be made, under subsection (1)(a)—if in carrying out the repairs the cost is more than \$75,000; or for an order made under subsection (1)(b)—for reimbursement, the amount more than the maximum sum of \$10,000.
- [29] Mrs Heaphy seeks an order that the body corporate pay her the sum of \$50,470.43. The sum is sought for the reimbursement of cost she has paid for carrying out structural repairs to a balcony and her lot.
- [30] In relation to the claim, section 276 of the Act gives an adjudicator the power to make an order that is "just and equitable in the circumstances (including a declaratory order) to resolve a dispute". Specifically, section 276(2) provides that "An order may require a person to act, or prohibit a person from acting, in a way stated in the order". Orders requiring payment of money have been granted by an adjudicator under section 276[11] and there is no money limit in respect of orders an adjudicator can make under this provision. [12]
- [31] In this case Mrs Heaphy made submission that an adjudicator has power under section 276(2) to order the amount of money that she seeks. In this case the Body Corporate does dispute whether an adjudicator has power to make an order for reimbursement of more than the legislative amount set in section 281 of the Act.
- [32] Based on the decision in *James v Aarons*, [13] find that an adjudicator has power to make an order for reimbursement of funds spent by an owner in performing work the body corporate was required to do. This is irrespective of whether the work was actually performed on the applicant's lot, on the common property, or on another owner's lot.

How Capitol can assist you

Owner login
Status reports and six monthly reviews
Invoice approval hub
Insurance claims process



Owner login Status reports and six monthly reviews Felicity Frewin Business Development & Community Relationship Manager

How Capitol can assist you Owner login Status reports and six monthly reviews Invoice approval hub Insurance claims process

Capitol

Owner login

Your owner login enables you to securely access information about your body corporate and you can update your contact details at any time 24 hours a day , 7 days a week, the owners portal is updated daily by the team at Capitol.



Owner login

What information will you find in your owner's portal?

• Your statements and levy information

Did you know?

- You can access current statements for your lot
- Make payments of levies
- Update your details:

Change of address, contact telephone numbers and email address



Owner login

There is immediate access to the following documents (download these documents directly to your email)

- Community management statement (including by-laws and plans)
- Building reports (including insurance valuations, safety audit reports and sinking fund forecast)
- Meeting minutes
- By-laws
- Insurance information



Owner login

Committee members have additional access to your body corporate financial information.

What is available to committee members?

- Up to date financial statements
- Building status reports



Owner login

Where do you get your login details?

Owner information pack (at time of purchase of your unit or if you have recently moved to Capitol)

- StrataPay reference number (series of numbers)
- Password (series of letters)



Owner login

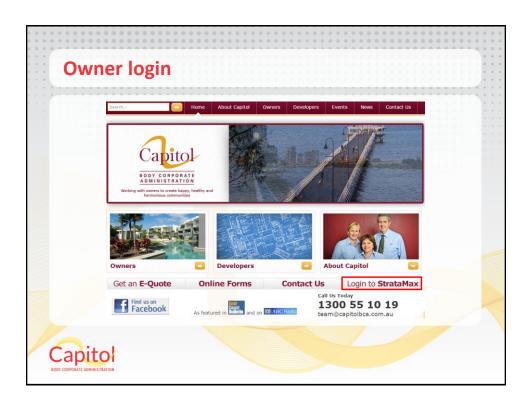
What to do if you don't know your details

Request details via the owner login page

How to access the login page

Go to <u>www.capitolbca.com.au</u> Click on "Login to StrataMax"









Status reports Status reports Track the financial management of your body corporate Issued monthly to executive committee members Uploaded to owner portal All committee members can access Available for 3 months from date of upload

Status reports and six monthly reviews

What is included in the report?

- Payment of invoices
- Receipt of levy contributions
- · Outstanding contributions
 - No identifying information about owners who have outstanding contributions
- Notification of new owners
- · Notification of change of details for current owners
- Monthly statement from Macquarie Bank



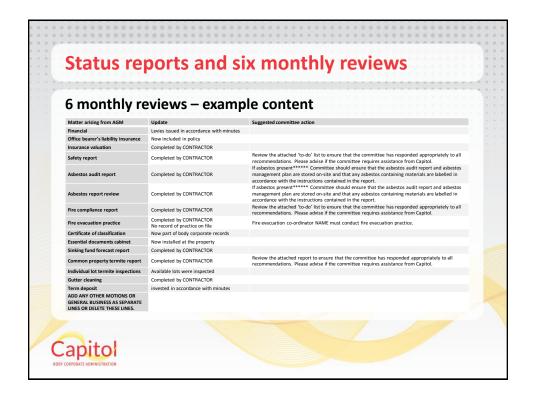
Status reports and six monthly reviews

6 monthly reviews

- An update of actions following the AGM
- Manually reviewed and generated by your CRM
- An important communication tool with committees



Status reports and six monthly reviews 6 monthly reviews – example content Dear committee members Please find below an update on matters arising from the AGM held on XX MONTH 20XX. Capitol views this report as a key tool to assist the committee with the management of the body corporate. If you have any questions regarding the contents of this report, please contact your Community Relationship Manager.





Accounts team process approximately 4,000 invoices each month 10% sent to committee for approval prior to payment Invoice approval hub is a new Capitol initiative

Capitol

Invoice approval hub

How can we do it better for you?

Capitol are introducing the automated invoice approval hub.

- Give committees greater control
- All invoices centrally located
- Instant online access at any time
- Simple to operate



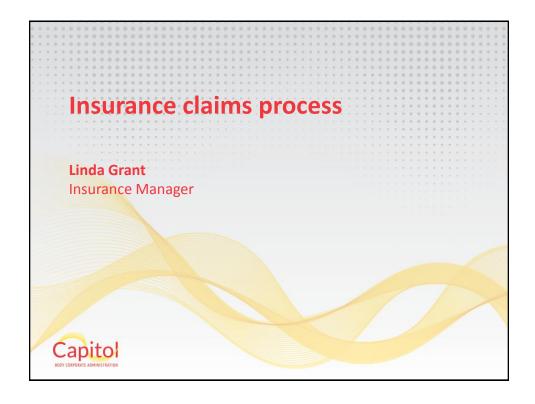
Invoice approval hub

How does it work?

- · Invoice is uploaded by Capitol
- Automated email sent to the nominated approver
 - · Chairperson or Treasurer
- If invoice not approved within 7 days, a reminder is automatically generated and sent to nominated approver







Insurance claims

- What is claimable under the body corporate policy
- How to lodge a claim
- What supporting documents are required



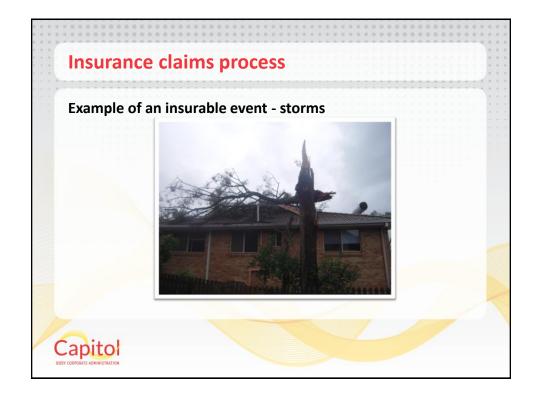
Insurance claims process

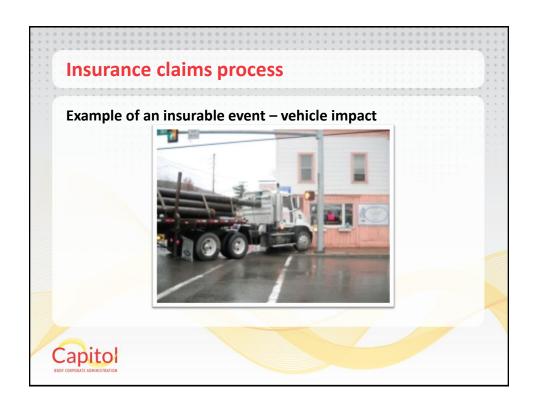
What is claimable under the body corporate insurance

Elevators	Pergolas	Doors
Gates	Fences	Toilets
Escalators	Out buildings	Built-in cupboards
Satellite dishes	External signs	Windows
Insinkerators	External awnings	Walls
Sinks	Swimming pools	Closed in balconies
Basins	Underground services	Ducted air-con (servicing more than 1 lot)
Baths	TV & other antennas	
Stoves	Shower screens	Fixed tiling



Insurance claims process What is not claimable under the body corporate policy Air conditioners that only service 1 Carpets / curtains / blinds Loss of rent: tenant default Contents items (fridge, couch etc) Dishwashers Carpet underlay Domestic appliances Ceiling coverings Temporary walls Temporary floors Floating floors Fixtures removable by a lessee at the expiration of the lease Hot water system servicing 1 lot Capito L BODY CORPORATE ADMINISTRATION







Example of an insurable event - glass





Insurance claims process

Where to start with lodging a claim with your insurer

There are three key components that are required to lodge a claim through the body corporate insurer.

- 1. Claim form is to be completed and signed by the owner/committee.
- 2. Quote/s for resultant damage are to be supplied
- 3. An invoice that identifies that the source of the problem has been repaired.



Why are these documents required?

To ensure there is no misunderstanding in what is being claimed and how the damage occurred.

It is important that the claim form is completed by the owner/committee rather than this office to ensure that no information is omitted from the claim that may result in disappointment.

Having all the facts and supporting documents may prevent delays.



Insurance claims process

The insurer will need to know the extent of the damage therefore submitting a quote for the resultant damage will assist with processing the claim and will also identify if an assessor is required to attend the premises.

As a general rule, an assessor will be appointed by the insurer if the claim exceeds \$6,000.00.



Cause invoice

- An invoice identifying that the repairs to the source of the problem has been attended to will need to form part of claim documents
 - i.e. repairs to the burst water pipe, repairs to the leaking roof etc.
- This is important as the insurer will not pay out on the same damage twice



Insurance claims process

Additional information

The insurer/Capitol may request additional information that may assist with finalising your claim.

- Photos of the damage
- Details of the person responsible (if applicable)
- Contact details of the occupant in order to gain access to the property



Information pack from Capitol

This outlines what is required by you in order to lodge your claim.

- Claim form
- Insurance fact sheets
- Legislation extract regarding excess

Return your documents via email: insurance@capitolbca.com.au or by post.

Upon receipt of the documents the claim will be lodged with the body corporate insurer.



Insurance claims process

Claim acknowledgement

- Once lodged, you will be issued with a reference number obtained from the body corporate insurer
- Your reference number enables a quick response when obtaining updates for your claim
- Once the insurer reviews the claim they will provide notice of outcome to this office which will be passed onto the person who lodged the claim
- If accepted, the repair work will need to be carried out in a reasonable time frame
- Once the work is completed the invoice for those repairs will be sent to the insurer where either the contactor will be paid directly or the body corporate be reimbursed



In summary

Capitol will facilitate the your claim process once all the supporting documents are received.

In order for Capitol to provide a well presented claim to the Insurer please ensure the following documents are supplied:

- Claim form
- Quote to rectify resultant damage
- Cause invoice
- Photos of damage
- Contact details

Upon the insurer provides a notice of outcome regarding the claim we will notify the owner/committee of the outcome and the appropriate action will be taken to finalise the claim in question.



Useful tips from your CRM

Committee

- Nominating for a committee
- Resignation and replacement
- What happens if no committee
- Responsibilities
- Actioning safety audit reports

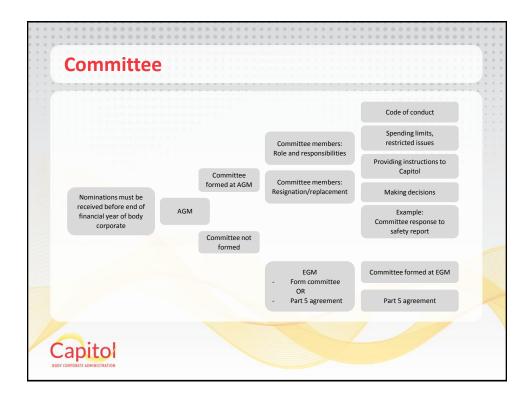
Approvals

- Lot improvements
- Solar panels
- Pet approvals











- Nominations must be received prior to end of financial year
 - Capitol invites owners to submit nominations for the committee and motions for the AGM
 - For nomination to be valid, the nominee and nominator must be eligible based on lot ownership and financial status
 - Nominee must be the lot owner, company nominee or family member of the lot owner
 - Neither party can owe a debt to the body corporate (unpaid levies)



Committee formation

- · Committees are elected by the body corporate
- If a person validly nominates for an available position and no other owner nominates for that position, the nominee is elected unopposed at the AGM
- If a position remains vacant (no nominations received), then nominations will be called for from the floor of the AGM
- Owners may then nominate to be elected on the spot



What if more than one nomination is received for the same position?

- A ballot is conducted to elect a nominee
 - The body corporate may have permitted an open ballot
 - If no open ballot, a secret ballot must be conducted
 - Secret ballot involves extra processes that prevent disclosure of who voted for which nominee



Committee formation

What happens if a committee is not formed at the AGM?

This is usually due to an insufficient number of nominations

- The body corporate must call an EGM within one month of the AGM
- At the EGM, the body corporate may appoint extra committee members, without the need to conduct an election
- EGM must include a motion to approve a Part 5 agreement



Part 5 agreement

- Engagement of a body corporate manager to carry out functions of committee and executive members - Act, section 122
- Agreement must be resolved at a general meeting and then an agreement is signed.
- The term lasts either for 12 months, or until the end of the next annual general meeting, whichever comes first.



Committee formation

Part 5 agreement

- The agreement authorises the body corporate manager to act on behalf of the body corporate by exercising powers of the committee and each executive member.
- The body corporate manager then assumes the decision making authority of the committee, carries out the functions of the committee and provides regular reports to the body corporate regarding the management of the scheme.



Part 5 agreement

- Most importantly, the appointment of a body corporate manager under a part 5 agreement is expensive. A typical part 5 agreement for 12 months can cost <u>each lot owner</u> an additional \$1,000.00 + GST per year on top of the regular levies.
- It is always preferable to form a valid committee, both to reduce cost and to retain control of your body corporate.



Committee formation

Resignation or replacement of committee members

Term of committee – until the end of the next AGM. A casual vacancy may arise if a committee member:

- · Resigns in writing
- Dies
- Becomes ineligible
 - E.g. sale of lot
- Is convicted of an indictable offence
- Is not present at 2 consecutive committee meetings without the committee's permission
- Is removed from office by ordinary resolution of the body corporate



Resignation or replacement of committee members

If a position becomes vacant and the number of remaining members remains sufficient to form a quorum, the committee must either appoint a new eligible member, or call an extraordinary general meeting (EGM) to choose a person to fill the vacancy. This must be done within 1 month of the position becoming vacant.



Committee - code of conduct

The code of conduct for committee members is found in schedule 1A of the Act.

- Acquire an understanding of the Act, including this code
- Honesty, fairness and confidentiality
- Acting in body corporate's best interests
- Complying with Act and this code
- Nuisance
- Conflict of interest



Committee – spending limits

Repair and maintenance matters

- Multiply \$200 by the number of lots in the scheme
 - E.g. default limit for a scheme with 10 lots is \$2,000
- Can be varied at a general meeting



Committee – restricted issues

Section 42 of the Standard Module Regulation including

- · Fixing or changing levies
- Changing the rights, privileges or obligations of owners
- · Starting legal proceedings other than to recover a debt
- Payment to a member of the committee unless, under Section 43, the decision is not a decision on a restricted issue for the committee
 - travel expenses to committee meetings, maximum \$50 per meeting and \$300 per year
- Any other issue added to the list at a general meeting (e.g. decisions regarding pool equipment)



Committee

Providing instructions to Capitol

- Capitol can only act under instruction from the committee or the body corporate
- Capitol cannot make decisions on behalf of the committee or the body corporate.



Committee

Making decisions

Committee meetings

- All owners must be invited with 7 days notice and given a copy of the meeting agenda.
- Quorum: at least half of the committee members must be present either personally or by proxy
- Simply majority voting more 'yes' than 'no' required.
- No casting votes or tie-break votes.
- Objection period: 7 days for Standard Module Regulation



Committee

Vote outside of committee meeting (VOCM)

- · Votes submitted in writing
- Owners must be notified of decision as soon as possible, but the 7 day rule does not apply.
- A majority of committee members must vote yes for the motion to be carried
 - E.g. if there are 4 committee members, 3 must be in favour of the motion for it to be carried.
- Objection period: 7 days for Standard Module Regulation

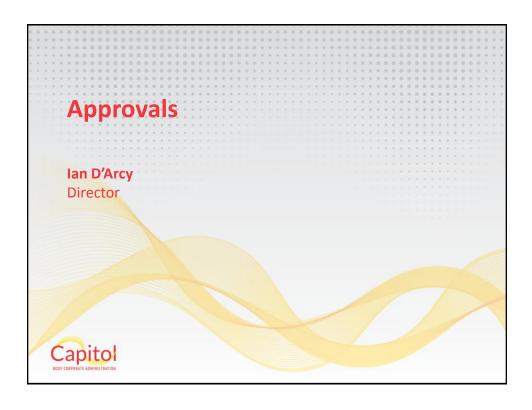


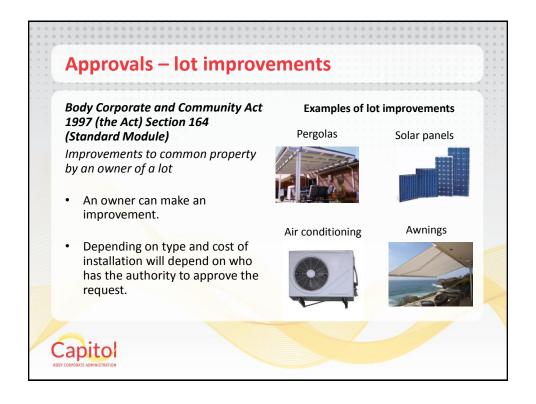
Committee

Example: actioning safety report

- Committee receives the safety report from Capitol
- Committee reviews the recommendations
 - Committee obtains quotes or instructs Capitol to obtain quotes
- Assess and call either committee meeting, VOCM or general meeting depending on cost of work
- For committee decisions, no action is to be taken until the 7 day objection period has passed
- Supervise works being completed
- Advise Capitol once work is completed and authorise payment of invoice.







Approvals – lot improvements

Section 164 (Standard Module) states:

- The body corporate may, if asked by an owner of a lot, authorise the owner to make an improvement to the common property for the benefit of the owner's lot.
- The improvement must be authorised by ordinary resolution of the body corporate unless
 - a) the improvement is a minor improvement; and
 - the improvement does not detract from the appearance of any lot included in, or common property for, the community titles scheme; and
 - the body corporate is satisfied that use and enjoyment of the improvement is not likely to promote a breach of the owner's duties as an occupier.
- An authorisation may be given under this section on conditions the body corporate considers appropriate.
- 4. An owner who is given an authority under this section
 - a) must comply with conditions of the authority; and
 - must maintain the improvement made under the authority in good condition, unless excused by the body corporate.
- * Minor improvement means an improvement with an installed value of \$3,000 or less. (as per the definition)



Approvals – lot improvements

Type of approval

- Committee can consider request if less than \$3,000
- If more than \$3,000 request is put forward as a motion at a general meeting
- Improvements that do not detract from the appearance is open to interpretation

Capitol would seek direction from the committee.

If committee were satisfied the improvement meets legislative requirements, they would consider your request.

Committee may choose to put request forward as a motion at the next general meeting if they feel the improvement is contentious.



Approvals – lot improvements

Informal process

Owner contacts committee and asks that they consider their request to make a lot improvement. The committee then reply via email or letter and if a majority of the committee have approved the lot improvement (generally without conditions) then the owner can proceed with work.

Formal process

At a committee meeting or via a vote outside of a committee meeting (VOCM) which is a written vote generally with conditions.

NB: The owner applying for the approval via a VOCM covers the cost of this process.

Capitol recommends this process so that the body corporate records are accurate and it clarifies who is responsible for maintenance and insurance.



Approvals – lot improvements

Capitol can assist with preparing motions to ensure conditions are included. For example:

- 1. The lot owner shall at all times comply with the conditions of this approval as well as the provisions of the body corporate by-laws.
- The lot owner will obtain all necessary Council and other approvals prior to commencing work. In this regard the lot owner may need to consult with the builder and/or the Council.
- 3. The improvements are to be carried out in a proper and workmanlike manner.
- The improvements are in keeping with the rest of the lot owner's property and are in keeping with the standards of the complex generally.
- All costs associated with the improvements and any Council applications shall be met by the lot owner.
- The improvements shall be maintained at all times at the lot owner's expense and the lot owner shall be responsible for insurance cover on the improvements.
- Any damage to the common property or another lot, either now or in the future, as a result of the improvement will be rectified by the lot owner.



Approvals — lot improvements Submitting a request Include as much information as possible to assist the body corporate in their decision. If the committee feel they don't have adequate information, they do have the right to request further details from you which delays your request. Submit an online request via our website www.capitolbca.com.au





Approvals – lot improvements

Owner objections

Under the Standard Module (Section 56) there is a seven day period in which an owner can submit a notice of opposition.

The notice must be given to the Secretary within seven days of receiving the copy of the minutes outlining the resolution and the notice must be signed by at least one half of the owners. Therefore no action should be taken on committee resolution until the seven day period has lapsed.



Approvals – lot improvements

Insurance

If the body corporate does not formally approve of the installation then this will likely void any insurance cover that may be applicable on the installation via the building insurance.

- Air conditioning units are specifically excluded on the building insurance, as per the body corporate legislation
- Owners need to check their contents or landlord insurance regarding air conditioning units
- Owner may also be responsible for the insurance premium costs to cover the installation, as per Section 183 (Standard Module)
- However, most insurance policies do have an allowance built in to the policy to cover general improvements by lot owners



Approvals - lot improvements

- Review body corporate by-laws when considering a request
- Ensure the application does not conflict with the by-laws
- Some by-laws may provide authorisation for owner to carry out improvement within their allocated exclusive area

If that is the case, conditions will generally be noted within the by-law

If not, then the same rules apply as discussed above under Section 164





Approvals – solar panels

- Committee/body corporate need to make reasonable decisions
- If an application is not approved, an owner could lodge a dispute

Office of the Commissioner for Body Corporate & Community Management

Information service phone 1800 060 119

Email bccm@justice.qld.gov.au

Fax (07) 3227 8023

GPO Box 1049, Brisbane Qld 4000

• Committee would then need to state their case



Approvals – pets



Capitol BODY CORPORATE ADMINISTRATION

Approvals - pets

- Review body corporate by-laws when considering a request
- Generally, a pet application will need to be considered by the committee
- Provide as much information as possible in your application
- Owner or occupant should cover the cost of the formal application process
- Committee to make reasonable decisions
- If denying a pet request, committee may like to put forward the reason for the decision or request a suitability statement from the owner



Approvals – pets

Wise to have conditions:

- The owner shall at all times comply with the conditions of this approval as well as the provisions of the body corporate by-laws.
- 2. The dog shall not be permitted to roam free at any time on the common property.
- 3. That at all times the dog shall be restrained from barking and disturbing the peaceful enjoyment of other residents of the complex.
- 4. If at any time the dog enters upon common property it shall be properly restrained on a lead by a responsible person capable of handling the dog.
- Should any fouling occur on the common property by the dog it shall be immediately cleaned by the owner or the dog's minder at the time, and any fouling within the lot or the courtyard to the lot shall be promptly cleaned, and disposed of in the correct manner.
- The body corporate has the right to reverse its approval should the dog prove to be a nuisance to other residents.
- 7. This approval may be withdrawn at any time should these conditions not be met.
- 8. This approval relates specifically to this dog.
- This approval is transferable to the intending buyer of this lot who submitted this application conditional upon the completion of the sale of the lot to the buyer.





