

BODY CORPORATE – YOUR QUESTIONS ANSWERED

Increasingly, Queenslanders are embracing apartment living and with 17 per cent of us now living in an apartment – the second highest apartment-dwelling state, behind New South Wales’ 22 per cent – more of us are learning about body corporate rules and what it means for us if we buy an apartment.

There are more than 43,000 community titles schemes with more than 400,000 individual lots managed by a body corporate.

What is a body corporate and what does it do?

In very basic terms it’s the organisation that is in charge of running the apartment building and handling all of the common area issues.

A body corporate maintains and manages:

- Common areas, such as any gardens around the building, entry foyer, lifts and stairwells
- Decides on fees that individual owners pay to the body corporate so it can operate
- Makes rules for the building owners to follow (these are called by-laws)
- Takes out insurance, such as public risk insurance for all common areas
- Manages and controls body corporate assets
- Keeps records for the body corporate, including minutes of meetings, roll of owners details, financial accounts, register of assets

There must be a minimum of two lots on the titles scheme, so that could apply to a duplex, a residential unit block, a townhouse complex, a high-rise accommodation building, a shopping complex, or a business park.

Doing your research before you buy

If you are considering purchasing an apartment our unit run by a body corporate then you should carefully review the records of the body corporate. This will give you important insight into financial matters, past minutes of body corporate meetings and correspondence relating to the body corporate. This enables you to properly understand what you are ‘buying into’ and current issues impacting the body corporate. You should also consider the financial responsibilities which are associated with buying a unit or apartment. Make sure you review the balance of the sinking and administrative funds and the ongoing contributions you will be required to make if you become the owner of the property.

An administrative fund is for the **everyday expenses** of the body corporate such as garden and grounds maintenance. Meanwhile, the sinking fund contains monies for the **capital expenses** of the body corporate. For example, internal and external painting of the building. It is important these funds contain adequate monies to cover the necessary expenses when they fall due. Where the funds are not sufficient, the body corporate (made up of the owners) will be generally required to make the contributions for any shortfall.

Can I opt out of being part of the body corporate?

No. When you buy a lot in a community titles scheme (an apartment or unit run by a body corporate) you are automatically a member of the body corporate. This gives you voting rights when issues come up that require a vote. Usually, but not always, you will be required to attend meetings whenever the body corporate meets. This can be as infrequently as once a year but it does vary depending on issues to be dealt with.

It is always prudent to seek your own legal advice when considering a purchase where a body corporate is involved.

The Commissioner for Body Corporate and Community Management has an excellent website with a wealth of information. Visit www.qld.gov.au/law/housing-and-neighbours/body-corporate/

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