

## The Unit Titles Act 2010

The Unit titles Act 2010 ("the Act") became Law on 31 March 2010. The new Act replaces the Unit Titles Act 1972.

The Act provides a legal framework for the development and management of multi unit properties that share common property such as apartments, townhouses office blocks etc.

### The main changes to the new Act are;

- Clarifying the definition of a principal unit.
- Streamlining the process under which a development is built in stages.
- Creating a fair system for calculating how much a unit owner should contribute to body corporate funds.
- Stating that the body corporate owns the common property.
- Clarifying the rights and responsibilities of unit owners and bodies corporate.
- Creating fair and transparent governance and management structures.
- Lower the voting threshold for body corporate decisions from a unanimous resolution to a 75 percent agreement.
- Provide a comprehensive disclosure regime for buyers and sellers, developers, and bodies corporate.
- Provide a fully integrated and cost effective dispute resolution service through the Tenancy Tribunal.

### Some specific areas that may be of interest to our clients;

Consider the following example - *The roof of a complex is common property. It has exceeded its economic life and is starting to fail. A full replacement in the short term is required at a significant cost and insufficient funds currently exist in the body corporate sinking fund. A comprehensive disclosure requirement is now in place which the Act does not permit parties to contract out of. The disclosure requirement will allow purchasers of unit titled properties, to access certain information prior to and during the acquisition process.* Buyers will have the benefit of being able to make a more informed decision relative to their purchase by understanding any known issues facing the property such as the scenario given above.

The new Act also states that the body corporate owns the common property. This will enable the body corporate to act on behalf of all unit owners and get common property repaired.

The Body Corporate will be required to have a long term (10 year) maintenance plan and sinking fund in place for the building.

**The new Act does not come into force until the Unit Title Regulations (to support the Act) is developed which is currently expected around mid 2011. Many Hampton Jones clients are being pro-active about procuring a combined ten year maintenance plan and sinking fund analysis.**