



FACT SHEET

ARREARS RECOVERY

When you purchase a lot in a Community Titles Scheme, you as a Lot Owner become a member of the Body Corporate for that scheme. The Body Corporate consists of all Lot Owners within the scheme.

All Lot Owners are required to pay Contributions (Levies) toward the Administration Fund and the Sinking Fund for the Body Corporate. These funds pay for annual and future costs related to the common property of the Body Corporate.

These contributions are determined by vote at the Annual General Meeting (AGM) for the Body Corporate each year. The amount, due date and number of contributions payable by Lot Owners for the upcoming financial year for the Body Corporate will be determined at each AGM.

If a Lot Owner neglects to pay their required Contributions (Levies) in full by the due date, the Body Corporate has a right to recover any outstanding Levies in arrears.

For more information regarding Contributions (Levies), please see the following excerpts from the Body Corporate and Community Management Standard Module Regulation 2008:

**Part 3 Contributions Levied By Body Corporate ;
141 Contributions To Be Levied On Owners**

(1) The Body Corporate must, by ordinary resolution:

- (a) Fix, on the basis of its budgets for a financial year, the contributions to be levied on the owner of each lot for the financial year; and
- (b) Decide the number of instalments in which the contributions are to be paid; and
- (c) Fix the date on or before which payment of each instalment is required.

(2) If a liability arises for which no provision, or inadequate provision, has been made in the budget, the Body Corporate must, by ordinary resolution:

- (a) Fix a special contribution to be levied on the owner of each lot towards the liability; and
- (b) Decide whether the contribution is to be paid in a single amount or in instalments and, if in instalments, the number of instalments; and
- (c) Fix the date on or before which payment of the single amount or each instalment is required.

(3) Also, the Committee may fix an interim contribution to be levied on the owner of each lot before the owner is levied contributions fixed on the basis of the Body Corporate's budgets for a financial year.

(4) The amount of a contribution mentioned in subsection (3):

- (a) Must subsequently be set off against the liability to pay contributions mentioned in subsection (1); and
- (b) Must be calculated on the basis of the level of contributions applying for the community titles scheme for the previous financial year; and
- (c) Must relate, as closely as practicable, to the period from the end of the previous financial year to 2 months after the proposed date of the Annual General Meeting.

(5) The contributions levied on the owner of each lot (other than contributions payable for insurance and any other matter for which, under the Act or this regulation, the liability attaching to each lot is calculated other than on the basis of the lot's contribution schedule lot entitlement) must be proportionate to the contribution schedule lot entitlement of the lot.

(Part 3 Contributions levied by Body Corporate, s141, Body Corporate and Community Management (Standard Module) Regulation 2008, p.128).

Part 4 Payment And Enforcement Of Body Corporate Debts

145 Payment And Recovery Of Body Corporate Debts

(1) If a contribution or contribution instalment is not paid by the date for payment, the Body Corporate may recover each of the following amounts as a debt:

- (a) The amount of the contribution or instalment;
- (b) Any penalty for not paying the contribution or instalment;
- (c) Any costs (**recovery costs**) reasonably incurred by the Body Corporate in recovering the amount.

(2) If the amount of a contribution or contribution instalment has been outstanding for 2 years, the Body Corporate must, within 2 months from the end of the 2 year period, start proceedings to recover the amount.

(3) A liability to pay a Body Corporate debt in relation to a lot is enforceable jointly and severally against each of the following persons:

- (a) A person who was the owner of the lot when the debt became payable;
- (b) A person (including a mortgagee in possession) who becomes an owner of the lot before the debt is paid.

(4) If there are 2 or more co-owners of a lot, the co-owners are jointly and severally liable to pay a Body Corporate debt in relation to the lot.

(5) If an owner is liable for a contribution or a contribution instalment, and a penalty, an amount paid by the owner must be paid:

- (a) First, towards the penalty; and
- (b) Second, in reduction of the outstanding contribution or instalment; and
- (c) Third, towards any recovery costs for the debt.

(6) If the Body Corporate is satisfied there are special reasons for allowing a discount of a contribution, or waiving a penalty or liability for recovery costs, the Body Corporate may allow the discount, or waive the penalty or costs in whole or part.

(Part 4 Payment and enforcement of Body Corporate debts, s145, Body Corporate and Community Management (Standard Module) Regulation 2008, p.132).

