Sun City Legal Services

Buyer's Guide

to Body Corporate Living in Queensland

"Clarity before Commitment TM"
What you need to know before you buy, and after you settle

Buying into a body corporate scheme is different from buying a freestanding house. As a lot owner, you share ownership of common property with every other owner in the scheme, and you become a member of the body corporate, a legal entity that makes collective decisions about how the property is managed, maintained, and funded.

This guide explains what that means for you in plain English. It is designed to be read alongside your Sun City Legal Body Corporate Report and to help you participate confidently in the scheme after settlement.

> ⚠ **Important**
> This guide is provided for general information only and is not a substitute for legal advice. If you have specific questions about your rights or obligations as a lot owner, speak with your solicitor.

⚠ Important: Before You Rely on Documents Attached to a Form 2

A bundle of body corporate documents is not the same as a professional inspection report.

When you purchase a lot within a body corporate scheme in Queensland, the seller is required to provide you with a Form 2 Seller Disclosure Statement. Some sellers also attach a bundle of body corporate records to the Form 2, which may include meeting minutes, financial statements, and other documents from the body corporate's files.

While receiving these documents may appear reassuring, buyers should exercise caution before relying on them as a basis for their decision to purchase.

A Document Bundle Is Not Due Diligence

Receiving hundreds of pages of raw body corporate records is not the same as having those records professionally reviewed and analysed. The critical issues that affect your purchase, the ones that could cost you thousands of dollars after settlement, are rarely obvious from a document bundle alone. They are buried in the detail, and identifying them takes expertise. Minutes do not tell the whole story.

A buyer who receives a 400-page bundle of minutes and financials and does not have those documents independently analysed by a specialist is no better protected than a buyer who receives nothing at all.

What You May Not See, Even With a Full Document Bundle

	Risk	What a buyer may miss without expert analysis
💰	**Underfunded Sinking Fund**	Raw financial statements show balances. They do not tell you whether those balances are adequate for the building's age, condition, and planned expenditure. An underfunded sinking fund could mean a significant special levy after settlement.
⚡	**Looming Special Levy**	A special levy may be under discussion. Without a review of recent minutes, a buyer may have no idea a large additional payment is imminent.
🏗	**Unresolved Building Defects**	Defect matters are often tracked across multiple years of minutes and committee meetings. A single year of minutes may not reveal that a defect has been identified, disputed, and left unresolved, potentially leaving the body corporate facing significant repair costs.
📉	**Artificially Low Levies**	A scheme that has kept levies consistently low for years may appear financially healthy but may in fact be underfunding the sinking fund. The pattern is only visible across multiple years of financials reviewed together.
🤝	**Caretaking Arrangement Issues**	Problems with a caretaking or letting agreement, such as performance disputes, unresolved extensions or unfavourable terms, are often buried in committee minutes and correspondence. Is the agreement subject to annual remuneration reviews? Any increase in remuneration could affect your Administration Fund levies. These matters can affect the way the scheme is managed and the costs owners bear.
📋	**Lot-Specific Matters**	The body corporate records may contain references to the specific lot you are buying: by-law breach notices, levy arrears, complaints, or unapproved works. These matters attach to the lot and can become your responsibility after settlement. A professional report specifically searches for lot-specific references.
⚖	**Litigation and Disputes**	Current or threatened legal proceedings, QCAT applications, or unresolved disputes may appear only briefly in meeting minutes or correspondence. Without expert review, they can be easily overlooked, yet they can have significant financial implications for the body corporate.
📄	**Incomplete or Disorganised Records**	Document bundles vary widely in completeness and organisation. Records may be missing, misfiled, or simply not included. A professional inspection identifies what is absent as well as what is present.

The Form 2 is the Sellers disclosure. Body Corporate records attached are not a legislative requirement. These documents have not been analysed!

A document bundle gives you volume. A professional inspection report gives you answers.

Satisfying yourself about the body corporate records is your responsibility as a buyer, and it is one of the most important steps you can take before signing a contract.
"Clarity before Commitment"

🔍 What a Sun City Legal Inspection Report Does

A Sun City Body Corporate Inspection Report is prepared by experienced specialists who review the full body corporate records provided for inspection, not just a selection. We identify the issues that matter to your purchase: financial trends across multiple years, lot-specific matters, unresolved defects, upcoming capital works, caretaking arrangements, insurance adequacy, and more.

Our reports are written in plain English. We do not send you a document dump. We tell you what we found and what it means. If you have a solicitor acting for you, they can commission the report on your behalf. Contact Sun City Legal on (07) 5458 6878 or at helpdesk@scls.com.au.

What is a Body Corporate?

A body corporate is created automatically when a property is subdivided into lots and common property under a community titles scheme. **Every lot owner is a member**. The body corporate is responsible for managing, maintaining, and insuring the common property, the areas shared by all owners, such as driveways, gardens, pools, lifts, and building exteriors (depending on the plan type).

The body corporate operates under Queensland's Body Corporate and Community Management Act 1997 (the BCCM Act) and is regulated by the Body Corporate and Community Management Commissioner.

What are the responsibilities of a Body Corporate Manager?

A Body Corporate Manager (BCM) is engaged by the committee to handle the paperwork, compliance and governance of a body corporate scheme under the BCCM Act, not the physical building itself. Their core duties are: Administration and records (keeping the roll, minutes, contracts, and issuing certificates like Form 33/34; Meetings (preparing notices and agendas, taking minutes, and running meetings to the legislation's requirements); Finance (issuing levy notices, collecting levies, paying bills and preparing financial statements, though the money itself belongs to the body corporate); Compliance and advice (helping the committee follow the Act and by-laws correctly); and Correspondence (being the contact point for owners, solicitors and contractors).
What they don't do: own the common property, make decisions themselves (they carry out what the committee and owners decide), or handle physical maintenance and repairs.
What to check: it's recommended an owner reviews the BCM's fee schedule and what is actually included. For example, whether they receive insurance commissions, and whether things like additional meetings beyond one AGM, one EGM and two committee meetings, or emails and phone calls with owners on committee business, are charged as extras.

What Are Levies, and What Do They Pay For?

As a lot owner, you are required to pay body corporate levies. These are not optional. They are a legal obligation that attaches to ownership of the lot.

Levies are split into two funds:

Administration Fund

Covers the day-to-day running costs of the scheme, including:

- Building and public liability insurance
- Body corporate management fees
- Gardening, cleaning, and general maintenance of common property
- Electricity for common areas
- Administrative costs such as meeting expenses and record keeping

Sinking Fund

Covers major capital expenditure, the big-ticket and maintenance items that need to be replaced or refurbished over time, such as:

- Roof replacement
- Repainting of building exteriors
- Lift refurbishment
- Pool resurfacing and equipment replacement
- Driveway and car park resurfacing
- Replacement of major mechanical or electrical systems

> **Note**
> Your levy amount is calculated based on your lot's contribution schedule entitlement, not the size or value of your lot. This is set in the Community Management Statement (CMS) and cannot be changed without a resolution of the body corporate.

Understanding the Sinking Fund Forecast

Bodies corporate are required by law to maintain a Sinking Fund Forecast for a minimum of nine years. It is recommended that the report should be updated on a regular basis as costs change over time. This is a professional report that estimates the cost of replacing major building components over time and recommends what the body corporate should be setting aside each year.

The Sinking Fund Forecast is a planning tool, not a guarantee. It is based on estimates and assumptions at the time it was prepared. When reviewing it, consider:

- How old is the forecast? It should ideally be updated every two years.
- Is the actual sinking fund balance close to the forecast projection?
- Are there significant capital works planned in the near future?
- Has the scheme been contributing at the recommended level?

> **Tip**
> Your Sun City Legal Disclosure Report includes a comparison of the actual sinking fund balance against the forecast projection, including the percentage variance. A variance of up to 30% is generally considered normal. A larger variance, particularly where the actual balance is significantly below forecast, may warrant further investigation.

The Danger of Artificially Low Levies

One of the most important things to understand before buying is whether the body corporate has been keeping levies artificially low.

We often see owners who want to minimise costs set levies at a level that does not keep the sinking fund balance in line with the forecast. This might make the scheme look affordable in the short term, but it creates a significant financial risk for incoming buyers.

When the sinking fund is underfunded and major works are required, such as a roof replacement, lift refurbishment or structural repair, the body corporate has three options:

- Raise levies substantially to build the fund back up, or
- Strike a special levy, an additional one-off payment that all owners must pay, sometimes amounting to thousands or tens of thousands of dollars per lot or
- Obtain a loan to cover the cost.

Important

If you are buying into a scheme with a low sinking fund balance relative to the age and condition of the building, or where levies have been consistently low for many years, speak with your solicitor before proceeding. A special levy could be raised after settlement and become your liability as the new owner.

Your Sun City Comprehensive Report includes a financial overview of the scheme, including the current Administration Fund and Sinking Fund balances and a review of financial trends over recent years. Read this section carefully.

What Are Your Voting Rights?

As a lot owner, you have the right to attend and vote at general meetings of the body corporate. Voting rights are based on your interest schedule lot entitlement as set out in the Community Management Statement.

There are two main types of meetings:

Annual General Meeting (AGM)

Held once a year within three months of the end of the financial year. At the AGM, owners vote on matters including:

- The budget for the coming year and the levy amounts
- Election of the committee
- Insurance arrangements
- Approval of major expenditure
- Any motions submitted by owners or the committee

Extraordinary General Meeting (EGM)

Called at any time when an urgent or significant matter arises that cannot wait until the next AGM. Common reasons include approval of urgent major works, a special levy, or a change to the Community Management Statement.

Tip

Once you settle, register as the new owner with the Body Corporate Manager by lodging a Form 8. Until this is done, levy notices will continue to go to the seller and you will not be entitled to vote.

The Committee: Who Runs the Body Corporate Day to Day?

Between general meetings, the body corporate is managed by a committee elected at the AGM. The committee handles day-to-day decisions within the spending limits set by the regulation module that applies to the scheme.

Committee spending limits vary depending on the regulation module:

- Standard Module: $200 per lot (maximum $200,000) for committee decisions; $1,100 per lot for major spending
- Accommodation Module: same as Standard Module
- Commercial Module: no statutory spending limit, so the committee may have broad financial authority
- Small Schemes Module (6 lots or fewer): most decisions are made directly by lot owners

Expenditure above the major spending limit requires approval at a general meeting of all lot owners. Reviewing recent committee meeting minutes will give you a good picture of how the scheme is being managed and whether any significant works are being planned.

Keeping Pets: What Are Your Rights?

Pet keeping in a body corporate scheme is one of the most commonly misunderstood areas for buyers. The rules depend on the by-laws registered in the Community Management Statement (CMS) and on Queensland legislation.

What the law says

Under Queensland law, a body corporate cannot unreasonably refuse a request to keep a pet. The BCCM Act includes provisions that protect an owner's right to keep a pet, subject to reasonable conditions set out in the by-laws.

What the by-laws may say

The scheme's by-laws may impose reasonable conditions on keeping pets, such as:

- Requiring approval from the body corporate or committee before bringing a pet onto the property
- Specifying the number or size of pets permitted
- Requiring pets to be on a leash in common areas
- Requiring owners to clean up after their pets

A body corporate cannot have a blanket ban on all pets. If a by-law attempts to do this, it may be unenforceable under Queensland law.

> **Tip**
> Check the by-laws in the Community Management Statement carefully before you buy if keeping a pet is important to you. Your Sun City Legal Disclosure Report identifies the current CMS date and any relevant by-law matters. If in doubt, ask your solicitor to review the specific pet by-law before settlement.

Who Pays for Repairs?

One of the most common disputes in body corporate schemes involves who is responsible for repairs, the body corporate or the individual lot owner. The answer depends on the plan type your scheme is registered under.

Building Format Plan (BFP): typically apartments and units

The body corporate is generally responsible for:

- Exterior walls, roof, and structural elements
- Balconies and exterior doors and windows on boundaries
- Common property areas and shared infrastructure

The lot owner is generally responsible for:

- Internal fixtures, fittings, and finishes
- Doors and windows opening onto a balcony that forms part of the lot
- Improvements within any exclusive use area

Standard Format Plan (SFP): typically townhouses

The body corporate is generally responsible for:

- Common property including shared roads, gardens, and infrastructure
- Utility infrastructure servicing more than one lot

The lot owner is generally responsible for:

- All structures within the lot boundary
- Exterior walls, roof, doors, and windows
- Downpipes and services relating solely to their lot
- Painting of buildings (unless offered as an optional shared service)
- Building Insurance can be the responsibility of the lot owner, and our report will confirm this.

> ⚠ **Important**
>
> Responsibility for repairs involving shared infrastructure can be complex. A pipe that runs through common property but serves only one lot is a common example. If there is a dispute, the BCCM Act and the scheme's by-laws will determine liability. Seek legal advice if you are unsure.

What to Look for in Your Body Corporate Inspection Report

Your Sun City Legal Body Corporate Inspection Report is prepared from the records held by the body corporate at the time of inspection. Here is a quick guide to some of the key sections:

- Financial Snapshot: review levy trends, fund balances, and any unusual expenditure flagged
- Sinking Fund Forecast: check the variance between actual and forecast balance
- Minutes: look for major works, special levies, disputes, or defect matters
- Correspondence: any unresolved issues flagged from the scheme's records
- Insurance: confirm the scheme is adequately insured and the certificate is current
- Litigation: any current legal proceedings affecting the scheme
- Lot-Specific Matters: any matters in the records that directly reference your lot

After Settlement: Getting Involved

Once you are registered as the new owner, you have the full rights of a lot owner under Queensland law. Here are some practical steps:

- Ensure your Form 8 is lodged with the Body Corporate Manager immediately after settlement to register as the new owner. Unpaid levies should be paid at settlement. If you are not recorded as the owner you could miss out on a discount or be responsible for any unpaid levies.
- Introduce yourself to the Body Corporate Manager and request to be added to the communications list
- Attend the next AGM, where you have the right to vote and to submit motions
- Read the scheme's by-laws so you understand your rights and obligations
- Check whether the scheme has a caretaker or resident manager and how to contact them

Useful Resources

Body Corporate Commissioner (Queensland): www.qld.gov.au/body-corporate

BCCM Act: Queensland Legislation

Strata Community Association (Qld): qld.stratacommunity.org.au