SECTIONAL TITLE BODY CORPORATE: What is it and What must it do?

ESTABLISHMENT AND MEMBERSHIP Section 2

(1) **Establishment and membership:** The body corporate comes into being when any person other than the developer owns a unit. The members are the developer and all registered owners.

(2) **Developer's loss of membership: T**he developer ceases to be a member when it no longer owns any sections - it may still hold future development rights.

(3) **Other loss of membership:** Others cease to be members of the body corporate when they cease to be owners of units.

NAME Section 2

(4) **Designation:** The body corporate must be called a "Body Corporate", followed by the scheme name and number.

(5) **Responsibility:** The body corporate must enforce the rules and control, administer and manage the common property, for the benefit of all owners.

(6) **Companies Act:** The Companies Act of 2008 does not apply to the body corporate.

NATURE Section 2

(6) **Companies Act:** The Companies Act of 2008 does not apply to the body corporate.

(7) **Nature and capacity to take legal action:** The body corporate continues to exist despite changes in membership. It can sue and be sued in regard to its contracts; damage to common property; its and owners' joint liabilities in regard to the land or buildings; its powers and duties; and by special resolution it can decide to sue the developer in respect of the scheme.

PHYSICAL FUNCTIONS Section 3(1)

(l) **Maintenance of common property:** It must maintain all the common property in serviceable repair.

(m) **Work ordered an authority:** It must do any work to the land and buildings ordered by a competent authority.

(q) **Maintaining equipment:** It must maintain plant, machinery, fixtures and fittings used in connection with common property and sections.

(r) **Maintaining utility infrastructure:** It must maintain utility pipes, wires, cables and ducts.

RULE ENFORCEMENT Section 2

(5) **Responsibility:** It must enforce the rules and control, administer and manage the common property, for the benefit of all owners.

GENERAL FUNCTIONS Section 3(1)

(t) **General power and purpose:** It must control, manage and administer common property for the benefit of all owners.

ADMINISTRATIVE FUNCTIONS Section 3(1)

(n) **Providing trustee and owner contact details:** It must comply with any reasonable request for trustees' and owners' names and addresses.

(o) **Advising CSOS of service address:** It must lodge notification with chief ombud of any change in its service address.

(p) **Ensuring compliance with laws re common property:** It must ensure compliance with laws relating to the common property or any improvement on it.

(s) **Providing evidence of insurance:** It must show any owner or registered bondholder its insurance policy and premium receipts.

FINANCIAL FUNCTIONS Section 3(1)

(a) **Administrative fund** - Must be established and maintained for estimated annual operating costs of common property maintenance and repair; rates, taxes and local authority service supplies; insurance premiums and other obligations.

(b) **Reserve fund** - Must be established and maintained for costs of future common property maintenance and repair, but not less than prescribed minimum amount.

(c) **Owner contributions and costs incurred for EUAs:** It must require owners to contribute to administrative and reserve funds, and recover its costs in respect of exclusive use areas.

(d) **Recovering costs incurred for FDAs**: It must recover costs incurred for future development areas.

(e) **Setting amounts to be levied:** It must determine contribution and additional amounts to be levied as above.

(f) **Levying contributions:** It must raise amounts by levying contributions on owners in accordance with quotas.

(g) **Bank accounts:** It must open and operate bank or other account(s).

(h) **Building insurance:** It must keep buildings insured against fire and other risks prescribed.

(i) **Other insurance:** It must insure against other risks owners decide/approve by special resolution.

(j) **Application of building insurance proceeds:** It must apply insurance payouts for building damage to rebuilding, as far as possible.

(k) **Premium payments:** It must pay its insurance premiums.