**How to save $1000’s when buying a unit.**

**Q. What is the single most important feature to investigate when buying a unit?**

Clue 1: It is not in or outside the unit itself

Clue 2: Some buyers do not even know it exists yet they will pay the price for every year they own the property

**A. Body Corporate Levies**

Every duplex, villa, apartment and unit will have some type of Body Corporate Levy.

Depending on the size of the complex they range from $3000-$13 000+ per annum.

The levies are allocated to an Administration Fund and a Sinking Fund.

The administration fund is used by management services for the day to day running of the complex; items such as co-ordinating committee meetings, insurance policies and regular garden / pool upkeep etc of the common areas.

The sinking fund is used for large works such as painting the building or replacement of fences due to age etc.

Many people are against the idea of Body Corporate Fees, but they are a good way of enforced savings for ‘a rainy day’. In any instance if you own a house you would have to pay for insurance and the ongoing upkeep - painting, mowing, landscaping, cleaning of gutters etc.

If you join the committee for your complex you are able to have a say in planning strategies on how monies will be spent to benefit every owner’s investment. A rule of thumb when purchasing in that any unit is only ever as ‘good’ as the entire complex – a best home in the worst street scenario.

The $ range for body corporate fees and levies relate directly to the features of the complex.

**Example:**

A new complex with 50 units featuring a pool, bbq area, gymnasium, on site manager and two elevators. Levies $8,000 per annum

A 15 year old complex with 12 units featuring a pool. The building is close to the beach and the rendered block construction is starting to show signs of deterioration. Levies $3,500 per annum

A 20 year old triplex of townhouses. The townhouses have been owner occupied with owners running the Body Corporate themselves. Levies $1,000 per annum.

**How can you find out more?**

Ask the selling agent or owner for a current Body Corporate Disclosure Statement. This gives an indication of the levy amounts, discount % for early payments and what amount is in the sinking fund.

Should you proceed with the purchase, instruct your solicitors to carry out a Body Corporate records search (approx. $300). These reveal the minutes from past committee meetings, the expenditure accounts, future budgets, special levies, problems with the building eg. water leaks, harmony within the building, the by-laws and the designated common areas (the sales advertising may say there are 2 car parks with the unit, but one is common area guest parking therefore not for your exclusive use).

**Caution:**

On paper $3,000 per year may not seem a large amount but in plain terms it is an extra $60 per week. You will need to budget for this amount on top of mortgage repayments, council rates etc. Many Body Corporates offer a discount for on-time payment of fees however there are also penalties for late payment.

Beware the complex that has very low levies, this is false economy, when the time comes for major repairs there will need to be a special levy paid by the owners to cover the costs.

**Free Information:**

Other unit owners in the complex can be a gold mine of information - take the time to talk to one or two.

Every state has a Unit Owners Association and a government Commissioner of Body Corporate and Community Management or similar.

*Ann Lindner is the Director of Buyers Agency - Property Business Sunshine Coast. Ann’s goal is to empower people just like you with quality property information so they can make the best decision for their circumstances.*

*Find out more about Buyers Advocacy services at www.propertybusiness.com.au*

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