

This is the approved form referred to in clause 34(1)(a) of the Strata Schemes Development Regulation 2016 which must accompany a Strata Renewal Plan given to owners.

IMPORTANT NOTICE

A Strata Renewal Plan has been prepared for either the collective sale or redevelopment of your strata scheme. The owners corporation of your strata scheme is giving you this Strata Renewal Plan to consider and decide whether you support the proposed collective sale or redevelopment.

It is important that you read and understand the Strata Renewal Plan. It may have significant personal, legal, financial and taxation consequences for you as an owner of a lot, as well as other people who have rights and interests in relation to your lot (such as tenants, mortgagees and, if you are a trustee, beneficiaries). You should therefore ensure you obtain your own advice on the Strata Renewal Plan to understand its impact on you and others. This might include legal, financial and taxation advice.

If you need help, NSW Fair Trading has established a range of support services including a free government strata renewal advice service for all owners as well as a free advocacy program to assist vulnerable owners. Further information on these services is available at the NSW Fair Trading website (www.fairtrading.nsw.gov.au) or by calling NSW Fair Trading on 1800 214 023.

Please read this Information Sheet before you sign any documents you have been given with the Strata Renewal Plan (including the Support Notice).

The purpose of this Information Sheet is to help you understand the strata renewal process and to assist in completing the documents which you have been given. This document is a guide only and must not be relied on as legal advice. It does not replace professional, legal or business advice or try to explain every aspect of the law. You should ensure you seek independent advice relevant to your own specific circumstances.

Information will available in several languages (Arabic, Chinese, Korean and Vietnamese). Language assistance is available by calling NSW Fair Trading on 13 14 50 (ask for an interpreter in your language) or by visiting www.fairtrading.nsw.gov.au/ftw/About_us/Contact_us.page.

Further information may also be obtained by calling the Office of the Registrar General on 02 8236 7073 or by visiting www.lpi.nsw.gov.au/registrar_general.

Information you should have received

The Strata Renewal Plan is a comprehensive document which contains information prescribed by the law.

You must be given at least 60 days to consider the Strata Renewal Plan.

To comply with legislation, the secretary of the owners corporation must provide the Strata Renewal Plan to you along with the following documents and information:

- this Strata Renewal Information Sheet
- an approved form of Support Notice which you will sign if you are in favour of the proposal contained in the Strata Renewal Plan
- the Support Notice will include contact information for the Returning Officer, who you will give the completed Support Notice to if you are in favour of the proposal contained in the Strata Renewal Plan.

You should ensure you have all these documents and information.

Collective sale and renewal reforms

Your strata scheme has developed a Strata Renewal Plan for the collective sale or redevelopment of your scheme, which is being given to you (along with this Information Sheet) for your consideration. You are being asked to decide whether you support the proposal contained in the Strata Renewal Plan.

On 30 November 2016, a new process was introduced which enables strata owners to collectively end a strata scheme so that the site can be sold or redeveloped. The strata renewal process was created by Part 10 of the *Strata Schemes Development Act 2015* and Part 6 of the *Strata Schemes Development Regulation 2016*, and these laws are available in full at www.legislation.nsw.gov.au.

Through the new process, owners can collectively decide to sell all of the lots in their strata scheme (a 'collective sale') or to redevelop their strata scheme. Not all owners need to agree, but at least 75% of owners must support the decision in order that a collective sale or redevelopment may proceed. **This means that your strata scheme may be affected, even if you do not support the proposal to sell or redevelop.**

The strata renewal process involves a number of stages which a scheme must follow to ensure fairness and transparency. The Strata Renewal Plan you have been given is an important stage in the process. It has been developed by a Strata Renewal Committee established by your owners corporation for this purpose. It outlines the proposal for a collective sale or redevelopment which was submitted to your owners corporation and which the owners corporation has considered worthy of further exploration. It gives you information about what you can expect to receive should there be a collective sale or redevelopment of your strata scheme.

Further information on the collective sale and renewal reforms is available from NSW Fair Trading (www.fairtrading.nsw.gov.au) and the Office of the Registrar General (www.lpi.nsw.gov.au/registrar_general)

Collective Sale or Redevelopment?

The Strata Renewal Plan may be for the collective sale or redevelopment of your strata scheme.

A 'collective sale' occurs where all of the lots are transferred to a purchaser to enable the strata scheme to be ended and wound up.

A 'redevelopment' occurs where the strata scheme must be ended and wound up so that it can be replaced by a new strata scheme.

Required level of support

A Strata Renewal Plan can proceed without the support of all owners. However, the legislation requires a significant majority to be in favour of it. **The 'required level of support' is reached if the owners of at least 75% of the lots (other than utility lots such as carspaces and storage lots) give Support Notices to the Returning Officer within the prescribed time period.**

For example, if there are 20 lots in the scheme (not counting utility lots), and the owners of at least 15 of those lots support the Strata Renewal Plan, it may proceed to the next stage.

The legislation sets out strict timeframes in which the *required level of support must* be reached. If the *required level of support* is not obtained within 3 months after the day the owners corporation decided to give the Strata Renewal Plan to owners for their consideration, the Strata Renewal Plan lapses and cannot progress further.

IMPORTANT NOTE: As the legislation does not require all owners to agree, the Strata Renewal Plan may still proceed even if you do not support it. It is therefore important that you seek advice on the impact the Strata Renewal Plan will have on your circumstances, even if you do not intend signing a Support Notice.

What happens if enough people support the Strata Renewal Plan?

The final stage in the strata renewal process is for the Land and Environment Court to consider the Strata Renewal Plan and decide whether to make an order giving effect to the Strata Renewal Plan. The owners corporation can only seek the approval of the Court if the *required level of support* has been obtained.

In making its decision, the Court will consider whether the strata renewal process has been properly followed by the strata scheme and would initially seek to resolve any disputes through conciliation or mediation. The Court can reject a plan if it was not developed in 'good faith' or if the key stages in the process were not properly followed.

The Court will also examine the terms of the Strata Renewal Plan, including the amounts to be paid to each owner under the Plan. For a collective sale or for dissenting owners in a redevelopment, owners must be adequately compensated. Compensation is discussed further below.

If the Court is satisfied that the terms of settlement provided by the Strata Renewal Plan are just and equitable in all of the circumstances and that owners are receiving adequate compensation, then it will make an order giving effect to the Strata Renewal Plan.

The collective sale or redevelopment cannot proceed without this Court approval.

Unless the Court orders otherwise, the reasonable costs of court proceedings incurred by an owner who does not support the Strata Renewal Plan are payable by the owners corporation.

How will I be compensated?

The Strata Renewal Plan you have been given must outline what you can expect to receive should the collective sale or redevelopment proceed.

Where there is a collective sale, the Plan must give details of the sale price or minimum reserve price (or how this will be set) for the whole building. The amount paid for the whole building will be divided between the lot owners based on unit entitlement to ensure the distribution is fair and equitable. [Unit entitlement is the relative proportion of each lot owner's share in the strata scheme as a whole, and is the basis for the determination of levy contributions. The higher the value of the lot, the larger the unit entitlement, and the greater the contribution to levies will be.]

The effect of unit entitlement distribution in a collective sale is that the owner of a large penthouse apartment will receive a greater portion of the sale price than the owner of a small ground floor studio, because the penthouse will have a greater unit entitlement than the studio.

In the case of a redevelopment, the Plan must give details of amounts an owner will be paid whether or not they are in support or dissent. The Plan must provide details of other terms of settlement and whether a supporting owner has the right to buy back in to a future strata scheme.

The amount paid to an owner in a collective sale, or to a dissenting owner in a redevelopment, for the purchase of a lot must not be less than the '*compensation value*' of that owner's lot.

Compensation value is assessed in accordance with the principles of 'just terms compensation' established by the *Land Acquisition (Just Terms Compensation) Act 1991*. Just terms compensation takes into account the market value of the lot as well as the reasonable expenses attributable to disturbance and relocation (such as legal costs and stamp duty). **An owner will therefore receive more than the market value of their lot.**

To assist in understanding what you will be paid if the collective sale or redevelopment is to proceed, the Strata Renewal Plan must include the report of an independent valuer which outlines the market value of the whole strata complex and the *compensation value* of each lot.

The Court cannot make an order giving effect to the Strata Renewal Plan if it is not satisfied that owners will receive fair compensation. The Court must have regard to the *compensation value* of each lot in this process and must be given an updated valuation report to assist in reaching a decision. The Court must also be satisfied that the terms of settlement being offered to each owner are just and equitable in all of the circumstances.

Things you should know before signing a support notice

The Strata Renewal Plan may have significant personal, legal, financial and taxation consequences for you as the owner of a lot, as well as other people who have an interest in your lot (such as tenants and mortgagees, or beneficiaries if the lot is held on behalf of a trust or deceased estate).

The Strata Renewal Plan may still affect you, even if you do not support it.

You must ensure you understand how the Strata Renewal Plan will impact upon you and others. To do this, you should obtain professional advice, such as from a lawyer, accountant or financial advisor. NSW Fair Trading has established a range of support services to assist you in making your decision, including a free government strata renewal advice service for all owners and a free advocacy program to assist vulnerable owners.

IMPORTANT NOTE: If you give the Support Notice, you are agreeing to participate in the collective sale or redevelopment which is the subject of the Strata Renewal Plan. You must therefore ensure you have obtained your own advice on the Strata Renewal Plan and its impact, and that you are satisfied that you will be able to meet any obligations you might have under the Strata Renewal Plan (including to vacate your unit by a certain date or to ensure that a tenant vacates the unit by a certain date).

Completing the Support Notice

The Support Notice is the document you will complete and sign if you are in favour of the Strata Renewal Plan to sell or redevelop your strata scheme. You do not sign this if you are not in favour of the collective sale or redevelopment.

Who needs to sign the Support Notice?

- If there is more than one owner of your lot, each owner must sign the Support Notice.
- If your lot is subject to a mortgage or a covenant charge, then the Support Notice must also be signed by each registered mortgagee or covenant chargee to confirm that they consent to you giving the Support Notice.
- The signatures of each owner, mortgagee or covenant chargee must be witnessed by a person over 18 years of age, who is not a party to the proposed collective sale or redevelopment.

Once signed, you must give the Support Notice to the Returning Officer at the address provided in the Support Notice. You should keep a copy of this Support Notice.

If you want to withdraw support for the Strata Renewal Plan, you can do so by giving a Withdrawal of Support Notice in the approved form to the Returning Officer. This form is available at www.lpi.nsw.gov.au/registrar_general. However, there are strict time frames in which a Withdrawal of Support Notice may be given. **You cannot provide a Withdrawal of Support Notice after the secretary of the owners corporation has given notice to each owner and the Registrar General that the required level of support for the Strata Renewal Plan has been obtained.** More information is available at www.lpi.nsw.gov.au/registrar_general.

If you do not support the proposal contained in the Strata Renewal Plan, then you must not complete the Support Notice.

Who is the Returning Officer?

The Returning Officer is an independent person elected by the owners corporation who oversees the voting process. Support Notices and any Withdrawal of Support Notice forms should be given to the Returning Officer in the time period discussed above.

Where can I get further assistance?

It is important that you understand the content of the Strata Renewal Plan and how it will affect you personally as well as any other person(s) who may be impacted by it (including your tenants). You should ensure you seek and obtain professional advice relevant to your own circumstances. This might be advice from a lawyer, accountant, or financial advisor.

NSW Fair Trading has also established a range of support services including a free government strata renewal advice service for all owners and a free advocacy program to assist vulnerable owners. Further information on these services is available by visiting the NSW Fair Trading website (www.fairtrading.nsw.gov.au) or by calling NSW Fair Trading on 1800 214 023.

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