

# Levy Management Arrears Recovery Process

## Information Sheet

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The collection of overdue contributions is an important function which enables the body corporate to meet its budget and maintain the cashflow required to meet the expenditure requirements of the complex. Without the amount budgeted each year, basic maintenance and repairs may suffer and the property fall into disrepair with work health and safety issues becoming a concern. Property values will also be affected creating disharmony between owners through non-payment of levies.

SSKB have developed an efficient process to manage non-receipt of contributions by owners and have an experienced dedicated team who focus on reviewing lot owner's accounts regularly. We understand how important it is to ensure accounts are monitored and actioned for recovery promptly and for the body corporate to be seen to have a uniform pro-active approach to recovery of unpaid fees. This process assists the body corporate and lot owners by not allowing debt to become unmanageable and result in costly legal expenses. Our team are on hand to discuss issues with lot owners and to liaise with committees in relation to recovery processes and procedures.

### **Process and Policy:**

The body corporate may resolve to adopt the following process following non-receipt of payment after the due date stated for payment of a levy contribution:

#### **1st Notice – Reminder Notice:**

No earlier than by the fourteenth day following the due date of contributions falling due, if a payment has not been received lots are issued with a **Reminder Notice** with a request to pay within seven days. At this point the discount, if applicable, will have been forfeited.

#### **2nd Notice – Overdue Notice:**

Approximately fourteen days following the first reminder notice, a report is generated to identify whether payments have been received and an **Overdue Notice** will be issued to those lots that show continuing non-payment of accounts.

#### **Penalty Interest:**

If non-payment continues and penalty interest is applicable, this will be applied to the lot owner's account on the 1<sup>st</sup> day of the following month after the due date and will appear on the lot ledger and future notices issued.

#### **3rd Notice Letter of Demand:**

After fourteen days following the issue of the Overdue Notice, a further report is generated to identify non-payment of accounts and a Letter of Demand is issued to the lot owner.

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Following the issue of a Letter of Demand, after a further fourteen days, if there is still no payment or contact by the owner, an email and / or phone contact is initiated to achieve payment of the account. Time is spent in trying to contact or locate the owner and recover the outstanding amount and costs and this action forms part of the fee charged for the Letter of demand.

### **Legal Action:**

The first two notices and letter of demand will be issued by SSKB on behalf of the body corporate in accordance with the Recovery Process adopted in relation to outstanding contributions. If there has been no result following the notices issued and any contact made with the owner in relation to the non-payment of levies has proved unsuccessful, then SSKB will seek instructions from the Committee to pursue through legal action any unrecovered contributions including costs.

### **Discount Applications:**

Owners may contact SSKB following receipt of the Reminder or Overdue Notice seeking the re-instatement of their discount. Lot owners will be requested to complete a formal application which is submitted to the committee for their consideration. A requirement of this application being processed is that payment be made in full of the outstanding amount to avoid ongoing penalty interest accruing and any further recovery action. If the application is successful this is then refunded back to the owner as a credit off their next contribution.

### **Payment Plans:**

There may be occasions when a lot owner may contact SSKB Levy Management team with a payment plan proposal. This will be forwarded to the committee to seek instructions. Owners are requested to formalise their offer in writing to set out amounts and timing of payments proposed.

### **Note:**

The Body Corporate may also resolve to adopt a formal policy in relation to Discount Applications and Payment Plans.

### **Fees and Charges in Accordance with the SSKB Administration Agreement excl GST**

Preparation and issue of the 1 <sup>st</sup> Reminder Notice	\$ 30.00
Preparation and issue of the 2 <sup>nd</sup> Overdue Notice	\$ 60.00
Preparation and issue of the 3 <sup>rd</sup> Notice Letter of Demand (incl follow up and contact with owner)	\$180.00
Liaison with Solicitors and any other matter related to levy recovery	Admin hourly rate @ \$125/hour
Plus out of pocket expenses –	
Additional Statements	\$ 10.00
Standard Title Search fee	\$ 35.00

The notices generated in the arrears recovery action prompt a large volume of calls to our Client Solutions team which are answered promptly and efficiently. These notices are a valuable tool to ensure that lot owner's contact details are correct, change of ownership paperwork has been received by the Body Corporate and that mail is being received by owners. Where an email address has been supplied by owners, their levies will also be sent via email to ensure delivery.