

Contributions/Levy Management Process Policy For Recovery Of Contributions From Lot Owners In Arrears

The collection of overdue contributions is an important function which enables the Body Corporate to maintain the cashflow required to meet the expenditure requirements of the complex. Without the required cashflow budgeted each year, basic maintenance and repairs may suffer and the property fall into disrepair with work health and safety issues becoming a concern.

SSKB have developed an efficient process to manage non receipt of contribution payments by Owners. We understand how important it is to ensure accounts are monitored for prompt recovery and for the Body Corporate/Strata Scheme to be seen to have a uniform pro-active approach to recovery of unpaid fees. Our Team are on hand to discuss issues with Lot Owners and to liaise with Committees in relation to the recovery process.

Levies/Contributions:

Levies are issued in accordance with the budget adopted by the Body Corporate/Strata Scheme which is based on the expenditure required to maintain the common property and meet contractual expenses. The due dates for periodic contributions are also adopted and advised in the Annual General Meeting minutes.

Discount:

The Body Corporate/Strata Scheme may adopt at a General Meeting, an amount for discount on contributions paid by the due date, this is usually an amount of 10% or 20% and will be stated on the Notice. The contribution amount must **be received by** the Body Corporate/Strata Scheme by the due date stated on the Notice to receive the discount if applicable.

Interest on Late Payments:

The Body Corporate/Strata Scheme may adopt at a general meeting, an amount for penalty interest (simple interest) on unpaid contributions in accordance with the relevant Act and or Regulations, of an amount of 10% or up to 30% per annum or 2.5% per month for Queensland schemes.

Process And Policy:

The Body Corporate/Strata Scheme may resolve to adopt the following process for non-receipt of contributions.

1st Notice – Reminder Notice:

Fourteen days after the due date for contributions, if a payment has not been received, Lots are issued with a **Reminder Notice** with a request to pay within seven days. The discount, if applicable, will have been forfeited.

2nd Notice – Overdue Notice:

Seven 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 1st day of the following month after the due date and will appear on the Lot ledger and future notices issued. Interest is only applicable on contribution amounts and not on "other" amounts such as arrears fees, interest or other amount for services billed by the Body Corporate.

3rd Notice Letter Of Demand:

Fourteen days following the issue of the Overdue Notice a further report is generated to identify non-payment of accounts. Checks are carried out to determine any valid reasons for non-payment and if these checks do not produce any information as to a reason for non payment, then a Letter of Demand is issued to the Lot Owner.

Non Payment Of Letter Of Demand:

Following the issue of a Letter of Demand, if there is still no payment or contact by the Owner, time is spent in trying to contact or locate the Owner and recover the outstanding amount and costs. 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 Policy adopted to recover outstanding contributions. If the action taken has not resulted in payment of the account and contact with the Owner has been unsuccessful, then further instructions to proceed with legal action to lodge a Claim and Statement of Claim will be sought from the Body Corporate/Strata Scheme.

Recovery Costs And Legal Action:

Costs as they are incurred are on-charged to the Lot Owner's account. Aged Balance lists are produced at Committee Meetings so that the Committee are aware of what matters are in arrears and the amounts owed.

Discount Applications:

Owners may contact SSKB following receipt of the Reminder or Overdue Notice seeking the re-instatement of their discount. These requests are formalised, with the Lot Owner being requested to complete an application which is submitted to the Committee for their consideration. A requirement of the application being processed is, that payment be made in full of the outstanding amount to avoid further interest being applied whilst waiting for approval of the application. If the application is successful then any refunds are shown as a credit on the Lot Owner's account.

Payment Plans:

There may be occasions when a Lot Owner may contact the 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.

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

Fees and Charges for the above will be in accordance with the SSKB Administration Agreement