

EYEON Third-Party Strata Report Review

12/34 Sample Street Sydney NSW 2000

SP 0000

Original report prepared by John Smith on 3 April 2024

General Comments

At this point, the report is getting a little bit dated and is approaching the time where a re-inspection of the records would be recommended (at EYEON, we generally classify a report as outdated 3 months after the initial inspection.)

Last AGM took place in March 2023. There is a very high chance an AGM has taken place since the inspector inspected the records in early April. We recommend contacting the selling agent and asking them to provide a copy of the AGM 2024 minutes as the current owner should have a copy.

The quality of this strata report is poor to fair, in our view. Largely, the information provided is extracted directly from the minutes without isolating or grouping related matters or connecting the dots. Current status (at the time of the inspection in April) of various matters has not been confirmed either, e.g. waterproofing works. Trivial matters such as approval of pets and by-law breaches are also included under Notable Matters, defeating the purpose of this section.

The report contains some outdated information (e.g. past insurances), duplicates, and some attachments are included in random order, making the report harder to read.

Comment under possible special levies is very generic and doesn't relate to any specific issues affecting the building. Please see Notable Matters section below for specific examples of where additional funding may actually be required in this building.

The valuation was last carried out in 2020 and is a bit dated. The building, however, appears to be insured considerably above the valuation figure.

Next meeting of the SP was scheduled for 29 Feb 2024. The inspector didn't appear to follow this up – but should have at the time of their inspection in April.

Notable Matters

- **Current Special Levy**

There is a current monthly special levy billed to the owners in the building for a period of 12 months starting from 1 October 2023 to pay for the required waterproofing works (see section below). The subject lot pays \$516.67 per month – on top of the regular Admin and Capital Works Fund levies.

- **Unpaid Levies – Subject Lot**

There are unpaid levies associated with the subject lot of \$4,967.11. Please make sure your lawyer/conveyancer is aware. Normally, any unpaid levies by the current owner would be deducted from the settlement amount. However, we note that special levies due 1 Aug and 1 Sep 2024 are technically not yet due, so they become the new owners responsibility.

- **Waterproofing Works**

In Aug 2023, the owners accepted a quote from CJ Duncan Builders to repair waterproofing in the complex at a cost of \$935,710.82, and a special levy was raised to fund these works. The attached minutes contain detailed updates on this project – with the latest one from December 2023. Based on the supplied Income & Expenditure statement, remedial works were progressing at the time of the inspection with \$481k spent.

Please note that with any remedial works, there is always a chance that unexpected variations may arise, and additional funding may be required. This is something no one can predict. SCM Dec 2023 already flags future variations under item 8.1.2.

- **BMC Dispute – Cladding Replacement**

There appears to have been an active dispute with the BMC – last mentioned at the SCM Dec 2023. The dispute appears to involve combustible cladding that needs to be replaced and determining responsibility. Legal action was also being considered.

Cladding report is attached with the strata report and notes that *“Based on the visual inspection and assessment, it is determined that the cladding elements all awnings and the fascia/soffit of the southern block of units are considered to be Aluminium Composite Panels... Furthermore, it would be recommended to consider replacement of the ACP. This is especially prudent as the ACP has been identified over a majority of the building entrance and egress points.”*

The inspector should have followed up current status of this matter at the time of their inspection + confirm whether there is any scope and/or quote available for cladding replacement – no evidence of such follow-up occurring other than trying to get minutes of the meeting set for 20 Dec 2023.

This could potentially be a significant cost to the Owners – regardless of whether the responsibility lies with the BMC or the strata plan solely. It is important to find out current status of both matters and confirm whether there is any cost estimate available for cladding replacement.

Conclusion

There are two main issues affecting this building – the ongoing waterproofing works and unresolved combustible cladding situation – subject to a dispute with the BMC. Both can attract additional funding, but especially so is the cladding. It is vital to confirm current status of the dispute and whether any cost estimates are available for cladding replacement.