

## 2 LOT STRATA SCHEMES

Two lot strata schemes are fairly common, but they can present special challenges to owners. Where the dwellings are detached the common property is limited having implications for issues such as insurance, maintenance, levies and funds.

Being only two votes on every decision, voting deadlocks are more likely, with implications for voting procedures and dispute resolution.

The usual management structure and resulting administration costs may be seen as unnecessary and self management may seem more viable than engaging a strata manager.

Two lot strata schemes should consider two key issues;

- To what extent do we wish to take advantage of the special rules applicable to two lot schemes, e.g. not have a capital works fund.
- To what extent do we wish to adjust our compliance and administration structure to reflect our special circumstances, e.g. whether to appoint a strata managing agent or self manage.

The key rules specific to 2 lot schemes are as follows:

<b>Funds</b>	<p>The strata scheme may, if both lots agree, decide not to have a capital works fund if the buildings comprising each lot are physically detached from each other and if there are no buildings or parts of buildings outside those lots.</p> <p><i>Strata Schemes Management Act 2015 Section 74(5)</i></p>
<b>Insurance</b>	<p>Where all buildings are lot property, the strata scheme may, if both lots agree, decide that the insurance obligations which the owners corporation would otherwise have had will not apply. In that case, lot owners can and should separately insure their own building.</p> <p>Other insurance requirements under Section 164 will continue to apply, e.g. public liability insurance.</p> <p><i>Strata Schemes Management Act 2015 Section 160(4)</i></p>
<b>Meetings</b>	<p>The quorum for meetings is two, i.e. both owners must be present. The purpose of this is to prevent one owner taking advantage of the other owner's non-attendance at a meeting.</p>
<b>Strata committee</b>	<p>A representative from each lot is automatically appointed as a member of the strata committee.</p>
<b>Administration</b>	<p>Other than as set out above, the same management and administration requirements apply to two lot schemes.</p> <p>Although owners in many two lot schemes would prefer a less formal management structure, the extent and complexity of some of these requirements may make engaging a strata manager a practical necessity.</p> <p>A possible compromise could be to engage a strata manager with limited authority e.g. delegating compliance and record keeping functions, but self managing property maintenance functions.</p>

We know there's a lot of information (trust us, it's all relevant though!) so if you have any questions please get in touch on 02 4297 2555 or [info@coastalstrata.com.au](mailto:info@coastalstrata.com.au)