



# Risk Assessment Report

for

Ms Wang

of

5/27 Sample Street, Sydney

on

28 February 2024

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**Pink Inspection Services**

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## Important disclosure

### We are not practising lawyers

Whilst some of our employees or contractors might be practising lawyers in businesses not associated with Pink Inspection Services, no employee or contractor involved in the preparation of this report has done so in their capacity as a practising lawyer. This means we are not permitted to provide legal advice.

Buyers requiring legal advice should speak to their lawyers.

## Questions about this report

Should you have any questions concerning this report, please telephone the inspection manager, Michael, on 0401 000 000.

# Risk assessment report

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# Background

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## **Our report**

We have been instructed to provide a risk assessment report on the records of the strata scheme for this lot at this address.

Our report includes an assessment of issues of material significance we have identified during our inspection of the records. In determining materiality, we have taken into account those issues which are likely to be of concern generally to the majority of potential buyers. We have not undertaken a risk assessment of other issues relevant to a buyer personally, unless this report identifies such an assessment has been requested.

The executive summary in Part 1 contains our conclusions concerning the information described in Part 2.

Where appropriate, we include in Part 3 relevant articles of interest we have prepared relating to issues/features which arise in this complex which may affect a decision to buy. For instance, where the complex is a factory conversion, we include in Part 3 an article on the issues buyers need to understand when buying into factory converted strata complexes.

This report is prepared and submitted subject to the qualifications in Part 4.

# Definitions and interpretation

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## Definitions

'Act' means the *Strata Schemes Management Act 2015*.

'*aggregate unit entitlement*' of lots the subject of the scheme, means the sum of the unit entitlements of those lots.

'AGM' means annual general meeting.

'*building management committee*' or '*BMC*' (if one exists for the scheme) means the building management committee established under the strata management statement for the scheme.

'*Contract for Sale*' means, unless otherwise stated, the edition current as at the date of this report of the Law Society of NSW and Real Estate Institute of NSW standard form of contract for the sale of land in NSW.

'*council*' means the council of the area under the *Local Government Act 1993* in which the scheme is situated.

'*ECM*' means executive committee meeting.

'*initial period*' means the period commencing on the day on which the owners corporation is constituted and ending on the day on which there are owners of lots the subject of the scheme (other than the original owner) the sum of whose unit entitlements is at least one-third of the aggregate unit entitlement.

'*Part*' or '*part*' as the case may be, means a part of this report bearing the number following the word.

'*subject lot*' means the lot or lots, the subject of this report.

'*scheme*' means the strata plan, the subject of this report.

'*SCM*' means strata committee meeting.

'*Tribunal*' or '*CTTT*' or '*NCAT*' means the NSW Civil and Administrative Tribunal or where appropriate, any of its predecessors.

## Interpretation

In general terms, although this report may have been prepared for a lawyer or conveyancer, unless otherwise stated, the wording of the report assumes it has been prepared for the buyer alone.

In this report, unless otherwise stated:

- words in the report that appear in the singular, also apply to the plural

- a reference to a gender, applies to all genders
- words referring to a 'person' or 'persons', include references to legal persons, such as a company, unincorporated association, rather than just natural persons
- references to statutes and other laws are taken to refer to amendments of those statutes or laws from time to time
- headings are for ease of reference only and do not affect its interpretation
- where there is an inconsistency between information provided in this report and information in an attachment to the report, the information in the attachment will prevail, unless otherwise stated.

### **Changes to terminology effective 30 November 2016**

References in this report to '*capital works fund*' or '*capital works fund report*' is the new description used to replace '*sinking fund*'. It came into operation as a result of the introduction of the new Act on 30 November 2016. Another change is the change of name of an '*executive committee*' to now be called a '*strata committee*.'

# Report

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Our inspection of the records of this strata plan reveals the complex consists of 73 lots. The strata plan was registered in 1999.

The percentage of unit entitlements attributed to this lot when compared with all unit entitlements in the complex is 1.61%. This should be kept in mind, particularly in relation to voting rights and should a special levy be struck.

Current quarterly levies to 29 February 2024 for the subject lot are:

- (a) Administrative fund: \$1,045.24
- (b) Capital works fund: \$803.88

## 1. Executive summary

### 1.1 Report conclusions

Based on the records inspected by us, we make the following conclusions:

#### Major concerns\*

Subject to the lift remaining operational until the refurbishment works are undertaken in 2028/29, and no major expense being imposed on you and other owners in relation to the air conditioning system both as referred to below, we did not sight any matters of major concern.

#### Concerns\*

Our concerns which we identify in this report are as follows:

**Lift upgrade** - In Part 1.3 we note that this expense is planned for 2028/29 and that the owners corporation is buying up parts to endeavour to keep the lift going until then.

The projected cost in 2028/29 is between \$600-\$700,000. The owners corporation is gradually building up its capital works fund to have those funds available in 2028/29. If the lift breaks down before then and cannot be repaired, it will mean that the expense is brought forward, and a special levy may be needed to pay for it.

Based on your percentage of unit entitlements (1.61%), you will pay \$8,050 per \$500,000 of special levy struck or part thereof.



It is also relevant that the attached report refers to the lift being undersized. The owners corporation cannot rectify that without increasing the size of the lift shaft which would obviously be very expensive and is not being contemplated.

**Maintain, repair and replace the air conditioning unit in your lot** – Special by-law 3 in the Contract for Sale impose these obligations on you.

Because of this, we recommend you arrange for its state of repair to be checked by an appropriate specialist. We understand that it is not working at the moment.

We note that the part of the air conditioning unit within your lot is your responsibility to maintain, repair and replace. Those parts outside the unit are the owners corporation's responsibility for which you will pay 1.61%. That would include the cooling tower.

You have informed us that the agent has said the owners corporation is considering doing away with the air conditioning system altogether because of the expense of rectifying it. That would mean you and other owners would need to install your own air conditioners.

To implement that arrangement, will require motions to be passed by the owners corporation. That proposal could be contested and if major expense is required to repair the existing system, you will be responsible for 1.61% of any special levy/loan taken out. You should keep in mind that the owners corporation has a statutory duty to keep common property in repair which would include the air conditioning system and any cooling tower.

### **Assessment of financial circumstances**

In Part 1.2 we comment that it is likely the administrative fund is tracking around budget. We also state that the capital works fund is well above recommended levels.

### **Assessment of capacity to meet future materially significant\* expenditure**

In Part 1.3 we comment that it is likely the owners corporation can afford these expenses for the reasons stated and refer to our comments in Part 1.1.

### **Assessment of risks arising from missing documents.**

In Part 1.4 we state we did not sight an annual fire safety statement, a work health and safety report or a lift registration certificate. We comment on the significance of this in this part.

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\* For important comments on these terms see Part 4.5. [\[Materiality\]](#)

## **Assessment of issues relating to breaches of by-laws**

In Part 1.5 we identify harmony related issues that may be relevant to life in the subject lot.

### **Building inspection recommended**

In Part 1.6, we recommend a building inspection be conducted by a qualified inspector experienced with strata complexes for the reasons explained.

## **1.2 Assessment of financial circumstances**

The records reveal that the administrative fund holds \$28,728.05 and the capital works fund holds \$522,273.65, both as of 27 February 2024.

### *Administrative Fund*

The administrative fund is used to pay for the day to day expenses of the owner's corporation. Examples include common area lighting and cleaning costs, gardening costs, insurance premiums and the fees of the strata manager.

The records disclose that the annual insurance premium does not fall due again until December 2024. The premium is one of the major expenses in the financial year of the owners corporation and for the current financial year is nearly \$40,000. Given the current balance in this fund and the fact that further levy payments will be made before the premium falls due again, it is likely this fund is currently tracking close to budget.

### *Capital Works Fund*

The attached capital works fund forecast recommends that as of 31 March 2024 there should be \$355,301 in the capital works fund account. There is in fact currently \$522,273.65 in the account.

A capital works fund report identifies items of programmed repair and maintenance work that must be conducted on buildings at the complex over the coming years. Examples of such work include re-painting interior and exterior surfaces and re-carpeting of common areas.

The report also includes a calculation of how much money must be paid progressively into the capital works fund and held each year to enable the owner's corporation to build up a fund to pay for such works as and when they are needed, without the need to strike special levies or take out loans. The attached extracts from the report refer to past and upcoming recommended expenses.

The attached summary indicates that the fund is well above recommended levels and can afford to undertake these works.

### 1.3 Assessment of capacity to meet future proposed/possible materially significant\* expenditure

Consideration needs to be given as to whether there are sufficient funds held by the owners corporation to meet these expenses after capital works fund related expenses are taken into account. If there are insufficient funds, options open to the owner's corporation include one or a combination of the following:

- Some or all of the items of expense may be deferred or cancelled
- A special levy could be struck, administrative fund and capital works fund levies could be increased, or a loan taken out to pay/help pay for the expenditure
- The annual capital works fund levies could be increased.

Apart from cancellation, if any of these other events occur, the percentage of unit entitlements relating to the subject lot as referred to in Part 1.1 above should be considered.

In Part 2.12 below we disclose proposed and possible materially significant\* expenditure sighted over the period of the minutes we inspected as:

***'Façade upgrade and external painting*** – *At an SCM in May 2022 it was noted that the owners corporation would budget \$500,000 for this project.*

*We sighted expenditure to date of circa \$235,000.*

*The attached minutes of the August 2023 SCM notes that the works have been completed. The cost is well below the amount budgeted for in the attached capital works fund report.*

***Lift refurbishment project*** – *Attached is a lift upgrade report dated November 2020. The recommendations are on pages 9-10.*

*Page 2 of the attached capital works fund report notes that the owners corporation has elected to undertake refurbishment works from 2022/23 to 2028/29. It also notes that critical replacement parts be purchased in 2022/23 'to hold as insurance in the event of a lift breakdown...'*

*We did not sight evidence of any such purchases although it is possible they occurred.*

*The capital works fund report notes that the date and need to refurbish the lifts will be reviewed annually.*

***Air conditioning system including cooling tower update*** – *Motion 16 in the minutes of the April 2023 AGM refers to this update. The works are also referred to on page 2 of the attached capital works fund report.*

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\* For important comment on the meaning of 'materially significant' see Part 4.5. [\[Materiality\]](#)

*Special by-law 3 with the Contract for Sale provides for owners to be responsible for the repair, maintenance and replacement of that part of the air conditioning unit within the subject lot.*

*The owners corporation is responsible for external repairs, maintenance and replacement. The motion notes that the owners corporation is working on updating the system.'*

These expenses are included in the attached capital works fund report. We conclude in Part 1.2 that the funds in this account are well above recommended levels. So long as the funds remain at or above those levels, the owners corporation can afford these expenses.

We refer to our comments in Part 1.1 concerning the lift.

#### **1.4 Assessment of risks arising from missing documents**

In Part 2.9 we state we did not sight the document(s) listed below. We assess the importance of this to a buyer as follows:

##### *Annual fire safety statement (AFSS)*

Councils require an AFSS to be provided where the law requires fire safety measures to be established and maintained in a particular strata complex.

We did not sight any AFSS, nor did we sight any evidence that an exemption has been given by Council from providing it for the buildings in this complex. We sighted a previous but not current AFSS. That indicates a current AFSS is required.

Because we did not sight an AFSS, we were unable to determine if the buildings in the complex are fire compliant. If they are not, apart from the obvious safety problems, expensive upgrade orders could be made by Council.

##### *Work health and safety report*

Under WH&S legislation, owners of buildings are required to obtain and keep current WH&S reports relating to their buildings. This requirement is particularly designed to protect workers such as cleaners who may be working at the complex. Examples of the type of risks identified in such reports include trip hazards and poorly lit stairs.

WH&S legislation provides for exemptions from the obligation of owners corporations to obtain WH&S reports if they are solely residential. That exemption does not apply if a strata complex is mixed residential/commercial and/or the owners corporation employs workers.

Often this is difficult to determine. A good example is if an owner conducts a business by renting their apartment through Airbnb.

We were unable to determine if the exemption applies to this complex.

Because of the undesirability of a complex being unsafe, and because of the difficulty owners corporations have in making a correct determination of whether the exemption

applies, most owners corporations take a conservative view and assume that WH&S reports must be obtained.

Because we did not sight a current WH&S report, we were unable to determine if the buildings are compliant from a work health and safety perspective.

If an injury results to an employee because of a problem that could be identified in such a report, legal proceedings could be taken against the owners corporation. In addition, an insurer could reject liability if the risk was not disclosed to the employee or remedied by the owners corporation because a WH&S report had not been obtained.

You should discuss these issues with your conveyancer. If you become an owner, we recommend you or your conveyancer write to the strata manager asking for this report to be obtained for the reasons described.

#### *Lift registration certificate*

These certificates are required to be issued by qualified certifiers under work health and safety legislation.

Because we did not sight a current certificate, we were unable to determine if the lifts in the building are compliant. This may have safety and operational consequences and orders could be made that lifts be shut down until a certificate is provided. In addition, an insurer could reject liability if an injury is suffered as result of a defect that was not repaired.

### **1.5 Assessment of issues relating to breaches of by-laws**

In Part 2.16 we refer to the following harmony related issues:

*'Unauthorised renovations lot 13.'*

The owners corporation can deal with this breach by enforcing its by-laws.

### **1.6 Building inspection recommended**

Because of the age of the complex and our comment below, we recommend a building inspection be conducted.

The inspector should be licensed and have experience with strata complexes. A copy of this report and the attachments should be provided to the inspector as a guide.

#### **Comment**

Sometimes owners corporations do not disclose in the records made available for our inspection information of concern to buyers. They do this to prevent buyers from finding out issues that may mean they decide not to proceed with a purchase.

Although this practice is likely to be considered illegal and may leave owners corporations and their management open to proceedings including for misleading and

deceptive conduct, the practice persists. This is particularly so with poorly advised owners corporations, including those which are self-managed.

A building inspection by a qualified inspector familiar with strata complexes may reveal hidden issues, particularly those relating to structural problems.

## 2. Particulars of the scheme

### 2.1 Address of the subject lot(s)

5/27 Sample Street, Sydney

### 2.2 Lot number(s) and strata plan number

Lot 1 in strata plan 50000

### 2.3 Date of inspection

28 February 2024

### 2.4 Date range of minutes inspected

8 August 2023 (Strata Committee Meeting) to 30 April 2020 (Extraordinary General Meeting)

### 2.5 Management

<b>Managing agent:</b>	Dynamic Property Services
<i>Address:</i>	Level 27, 66 Goulburn Street, Sydney NSW
<i>Phone number:</i>	9267 6334
<i>Date of appointment:</i>	6 May 2021
<i>Appointed by Tribunal:</i>	No
<i>Assigned manager:</i>	Thomas John
<b>Caretaker/building manager:</b>	Sydney Property Care
<b>Strata committee:</b>	See attached extract from strata roll.
<b>Auditor:</b>	Appointed

## 2.6 Strata roll

Owner Louise Sample  
Address 14 Sample Street, Sydney NSW 2021

## 2.7 Levies

### (a) Scheme

Annual administrative fund levy	\$233,810 plus GST
Annual capital works fund levy	\$179,819 plus GST
Payable quarterly from	1 June 2023
Total current levy arrears	\$1.22

### (b) Lot 19

Administrative fund levy	\$1,045.24 per quarter
Capital works fund levy	\$803.88 per quarter
Special levy	NA
Other	NA
Paid to	29 February 2024
Arrears	Nil

### (c) Details of special levies struck during the period we inspected records

None sighted.

### (d) Proposals for future special levels

None sighted.

## 2.8 Bank account balances as of 27 February 2024 (brackets indicate deficit)

Administrative fund	\$28,728.05
Capital works fund	\$522,273.65

## 2.9 Important documents

Unless otherwise stated, only current documents will be regarded as sighted.



(a) *Insurance*

(i) Certificate of currency of insurance

A certificate of currency of insurance is attached. Headline insurance details are referred to in Part 2.18 below.

(ii) Building valuation not more than five years old.

Sighted, dated 11 November 2021 recommending a replacement value of \$25,930,000.

(b) *Capital works fund report*

Sighted and attached.

(c) *Annual fire safety statement*

Not sighted

(d) *Work health and safety report/asbestos report*

Asbestos Report dated 18 July 2019 sighted and attached.

WH&S Report not sighted.

(e) *Lift registration certificate*

Not sighted.

## 2.10 **Materially significant\* notices, orders or proceedings**

(a) *In the Tribunal*

None sighted.

(c) *In courts*

None sighted.

(d) *Local council*

None sighted.

(e) *Building defect claim*

None sighted.

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\* For important comment on the meaning of 'materially significant' see Part 4.5. [\[Materiality\]](#)

## 2.11 Materially significant\* expenditure

### Repairs (building complex)

Year	Work	Cost
2023/24	25 year review of fire equipment and associated services	\$28,929
2023/24	Façade repair and external painting project	\$198,993
2023/24	Works to lot 54	\$19,331
2022/23	Fire equipment	\$21,740
2022/23	Façade repair and external painting project	\$38,750
2021/22	Air conditioning expense	\$36,355
2020/21	Fire equipment expense	\$59,237

### Repairs (subject lot)

Year	Work	Cost
	None sighted	

### Recurring Repairs (building complex)

Year	Work	Cost
2020/24	Age-related repairs, maintenance and upgrades	Varies – see above

## 2.12 Materially significant\* information

(a) *Proposed/possible materially significant\* expenditure*

**Façade upgrade and external painting** – At an SCM in May 2022 it was noted that the owners corporation would budget \$500,000 for this project.

We sighted expenditure to date of circa \$235,000.

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\* For important comment on the meaning of 'materially significant' see Part 4.5. [\[Materiality\]](#)

The attached minutes of the August 2023 SCM notes that the works have been completed. The cost is well below the amount budgeted for in the attached capital works fund report.

**Lift refurbishment project** – Attached is a lift upgrade report dated November 2020. The recommendations are on pages 9-10.

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We did not sight evidence of any such purchases although it is possible they occurred.

The capital works fund report notes that the date and need to refurbish the lifts will be reviewed annually.

**Air conditioning system including cooling tower update** – Motion 16 in the minutes of the April 2023 AGM refers to this update. The works are also referred to on page 2 of the attached capital works fund report.

Special by-law 3 with the Contract for Sale provides for owners to be responsible for the repair, maintenance and replacement of that part of the air conditioning unit within the subject lot.

The owners corporation is responsible for external repairs, maintenance and replacement. The motion notes that the owners corporation is working on updating the system.

(b) *Other*

None sighted.

## 2.13 Strata plan

(a) *Date of registration*

11 March 1999

(b) *Original owner*

Unable to determine.

(c) *Is the scheme in the initial period?*

No

## 2.14 Certificate of title

(a) *Sighted*

Yes, search copy dated 8 January 2024 of edition 11 dated 11 June 2021.

(b) *Number of lots*

73

(c) *Aggregate unit entitlement*

10,000

(d) *Unit entitlement of subject lot*

161

(e) *Percentage of unit entitlements compared to aggregate unit entitlement*

1.61%

(f) *Subdivision of scheme or lots*

None sighted.

## 2.15 By-laws passed/registered since the scheme was registered

(a) *Subject matter*

Consolidation of Registered By-Laws – AQ300884

(b) *Registration numbers of by-laws*

See above.

(c) *Unregistered bylaws*

None sighted.

## 2.16 Materially significant\* breaches of by-laws

We sighted breaches of by-laws and complaints, as follows:

Unauthorised renovations lot 13.

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\* For important comment on the meaning of 'materially significant' see Part 4.5. [\[Materiality\]](#)

## 2.17 Keeping of animals

See by-law 16 in the consolidated by-laws AQ300884 with the Contract for Sale.

## 2.18 Insurances

Attached is a copy of a certificate of currency containing details of the insurance policy held by the owner's corporation relating to building and general insurance.

Headline information:

Insurer:	Chubb Insurance Australia Ltd
Broker and contact details:	Astute Insurance Pty Ltd phone 07 338 2106
Policy expiry date:	9 December 2024
Policy current premium:	\$37,671.05
Excess on building related claims:	\$2,000

### Comment

Your lender will require a copy of a certificate of currency of insurance before making funds available to you to settle. Strata managers are not required under their management agreements or by law to obtain a certificate of currency. Sometimes, as a courtesy they often obtain these certificates, and we then make a copy available to buyers.

If the certificate is not attached to this report, or if the current policy expires before settlement, an updated certificate of currency can be obtained by contacting the broker through the contact details identified above. Most brokers will refer buyers to their website where the certificate can be downloaded for a fee.

If the insurer and/or broker have changed, contact details for the broker can be obtained by contacting the strata manager whose details are provided in Part 2.5 of this report.

### 3. Relevant articles

None applicable

## 4. Qualifications

### 4.1 Records inspected

The information provided in this report and the conclusions reached, are based on the records made available to us by the strata management business at the time of our inspection.

Other than in obvious cases, we have no means of independently verifying that all records have been made available to us.

If relevant records have not been made available, the information in this report may be misleading or incorrect.

### 4.2 Copies

For the purposes of this report, we have assumed that copies of documents we have sighted, whether hard copies or electronic, are true copies of the original documents.

### 4.3 No warranty

This report is a record of relevant information in documents provided to us by the strata manager during our inspection. It does not amount to a warranty that any of those documents are valid, enforceable or correct.

### 4.4 Time constraints

Strata managers generally limit our inspection times to between 60 and 90 minutes. Apart from time of day considerations, this is because of a variety of reasons including:

- there are a large number of strata inspectors wishing to inspect records and often the offices of the strata manager can only accommodate one or two inspectors at a time;
- most strata managers have their records stored on computer and there are often insufficient terminals for a number of strata inspections to be conducted at one time; and
- with popular properties, there may be other inspectors lined up wanting to inspect the same records.

The problem is compounded because we as inspectors rarely know the volume of records we will be required to inspect until we actually arrive for the inspection. That often means we will be unable to conduct lengthy searches even if we are permitted to do so by the strata manager, because we have other search appointments on that day we must keep.

Where we state in our report that we were unable to inspect certain records because of time constraints, we are able to make another appointment with the strata manager to inspect the balance of the records. In that event, further fees and charges will usually apply.

#### 4.5 Materiality

- (a) In determining whether an issue is of 'major concern' or of 'concern', we have applied objective considerations. That means:
- in the case of an issue of major concern, we have taken the view that most potential buyers would regard the issue as of such significance that it could determine whether they would proceed with a purchase of the subject lot; and
  - in the case of an issue of concern, we have taken the view that most potential buyers would regard the issue simply as of concern, and as something they should take into account or seek further information about when considering whether to proceed with a purchase of the subject lot.

Buyers who are reading this report should keep in mind issues of personal importance to them. That may mean an issue expressed in this report as simply of concern may be of major concern to them.

For example, a possible expense of \$1,000 which may be imposed on them as buyers, is not in our view an issue of major concern to most buyers and will not be disclosed as such in our report. However, for a first home buyer with limited savings, it could be of major concern to them.

Buyers should also keep in mind that an issue described as being of concern may become of major concern when all information about the issue is known. For example, a by-law which requires the owner of the subject lot to install and maintain an air conditioning unit in a particular way may become a major concern if investigations disclose the air conditioner was not installed or maintained in accordance with the by-law.

- (b) The terms 'material' and 'materially significant' mean:
- we have taken into account those issues which are likely to be of concern to most potential buyers of this lot in the complex. We have not undertaken a risk assessment of other issues relevant to a buyer personally, unless this report identifies such an assessment has been requested; and
  - thresholds/levels of importance have been applied in selecting the information disclosed. They are based on the financial capacity and size of the scheme, and the significance of the information to most potential buyers of this lot in the complex. That means if information does not reach the level of importance we apply based on these factors, it will not be included in the report.



In ordering this report, buyers have been invited to specify issues of personal significance to them. For example, if a buyer is a smoker, a by-law banning smoking in the complex may be of material significance and should be disclosed to us when ordering the report. We take the view that such a by-law would not be of concern to most buyers and therefore would not be described as such in our report.

If you as a buyer have failed to provide such information that is personally important to you when ordering this report, you should contact us immediately.

#### **4.6 Compliance**

Except to the extent materially relevant to a purchaser of a lot in this scheme, this report does not include any comment on whether the strata manager, the owners corporation or any other organisation, committee or individual involved with the scheme is complying with practice or accounting obligations imposed on them by law.

#### **4.7 Benefit of this report**

This report has been prepared for the benefit of the client and that person's advisors. The report may not be relied on, used or reproduced by any other person without the written permission of Pink Inspection Services.

Pink Inspection Services reserves the right to on sell this report and attachments to other persons including prospective buyers of this unit or other units in the complex.

#### **4.8 Communication with strata managers**

On most occasions, no contact is made by us with strata managers to discuss matters relevant to our report. This is because:

- generally, strata managers will not talk with us because they say:
  - (i) their professional indemnity insurance does not cover any information they disclose to us; and
  - (ii) their clients are the lot owners making up the owners corporation, and there is a conflict of interest in providing information to us as a third party that may materially impact on a sale; and
- if the strata manager at a later stage denies or disputes what was said in a conversation with us, it is often difficult to prove what was said.

This means, it is preferable that if questions need to be asked of the strata manager, they be asked by the client or their representative, in writing through the vendor or the vendor's representative such as the agent having the conduct of the sale. If we disclose the contents of a conversation we have had with a strata manager in this report, this should be kept in mind.

#### **4.9 Status of relevant articles in Part 3**

Where relevant articles prepared by us have been included in Part 3, they are included to provide general information only. It is possible that none of the issues/features referred to in the article as being of concern or interest to a buyer may be present in the complex, the subject of this report.

## 5. Missing documents

It is our experience that strata managers almost always have separate files to the files made available to us for our inspection. In some instances, it becomes obvious to us that documents or information are missing from the records made available to us. A common example is where the records of the strata manager refer to a building defect report which was not in the records made available to us.

Where that occurs and the strata manager is unavailable to assist us, we will point this out in our report and recommend that you follow up the strata manager to seek the missing documents or information.

It is our experience that many strata managers respond to such a request by claiming that the missing documents or information were always with the records made available to us, even if that is not the case. In other words, they will claim our inspector missed seeing the relevant documents or information.

We have sought explanations from strata managers on a number of occasions about why they so often make such incorrect claims. They have informed us informally, that their insurers have instructed them to respond in this way. They claim that to admit that documents or information were not initially made available for our inspection, is an admission of liability which may lead to a successful claim of damages against the strata manager.

# Attachments

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49 pages