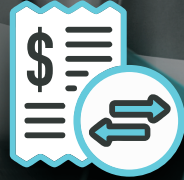




# FACT SHEETS

## FEES IN AN OWNERS CORPORATION



**IMPORTANT NOTE:**

A maintenance plan helps the owners corporation to budget for necessary works. A detailed plan can help you win approval for funds at the annual general meeting. If your owners corporation has a maintenance plan, it must also have a maintenance fund. The owners corporation can decide what, if any, portion of the annual fees should be contributed to the fund, how it is paid and when payment is due (usually quarterly).

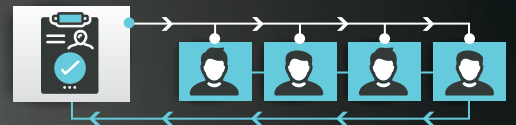


### ANNUAL FEES

Annual fees cover general administration, maintenance, insurance and other ongoing costs. Lot owners are charged their share of annual fees according to their lot liability.

To determine its fees for the financial year, your owners corporation will need to **prepare an annual budget**.

The owners corporation must send its proposed budget to members with the notice of the annual general meeting, where they will determine annual general fees.



### SPECIAL FEES



Special fees or charges cover extraordinary or unexpected expenditure; **for example**, to urgently repair the building or to cover other costs such as legal action against the owners corporation.

*[ A special resolution requires support from at least 75 per cent of all lot owners or lot entitlements. ]*

If the amount of the proposed special fees is more than double the amount of the owners corporation's annual fees, it must be approved by a special resolution.



### APPLYING THE BENEFIT PRINCIPLE

Lot owners are charged special fees according to their lot liability, unless works are being undertaken that will only benefit one, or some (but not all) lots.

The benefit principle simply means that those who benefit more, pay more. It does not always need to be applied in an exact way if it is not practical to do so. The assessment only needs to be considered reasonable.

- EXAMPLE:**
- 01 • When the greater benefit of works to a lot owner are offset by their having paid higher annual fees (because of their higher lot liabilities)
  - or
  - 02 • When works on one lot are offset by indirect benefits to the other lots; for example, by raising the value of the entire building or by reducing the possibility of legal actions against the owners corporation

<https://www.consumer.vic.gov.au/housing/owners-corporations>