

The New Rules for Appointing Lawyers

There are new rules an owners corporation must follow before appointing a lawyer or taking legal action (legal services).

If legal services:

- will not cost more than \$3,000, or
- are urgent and will not cost more than \$15,000, or
- relate to obtaining legal advice before taking legal action, or
- concern the collection of overdue levies,

the strata committee is able to approve those legal services: see section 103 *Strata Schemes Management Act 2015* and cl 26 *Strata Schemes Management Regulation 2016*.

If the above applies, there is no need for an owners corporation or strata manager to send a lawyer's costs agreement or costs disclosure to owners and committee members under section 105 *Strata Schemes Management Act 2015*.

The above assumes the power of the strata committee to obtain legal services or spend money has not been restricted at a general meeting and owners who hold 1/3 of the unit entitlements do not block a proposed decision of a strata committee to obtain legal services.

In all other cases, the owners corporation must approve of the legal services by passing a resolution at a general meeting in accordance with s 103(1) *Strata Schemes Management Act 2015*.

The new rules will reduce the scope for a strata committee to approve legal services as a result of the threshold amount to avoid general meeting approval reducing from \$12,500 to \$3,000 in most cases.

For NSW strata legal or levy collection advice please contact us [here](#) or call 02 9562 1266, we're happy to assist.