

# Changes to the Strata Building Bond Scheme

At the commencement of 2018 the new strata building bond and inspection scheme started.

The strata building bond and inspection scheme is designed to incentivise developers ensuring that there is a clear process for builders to minimise any [building defect](#) issues in new residential high-rise strata blocks.

## **Proposed regulations and Amendments**

Proposed amendments to the Strata Building Bond and Inspection Scheme have recently been announced.

Currently, under the scheme developers are required to lodge a bond of 2% for residential and mixed-use high-rise strata buildings of 4 or more storeys.

The proposed amendments to the strata building bond and inspection scheme seek to enhance the ability of [Fair Trading](#) to verify the building contract price (on which the 2% building bond is based) and to clarify the role of the building inspector in the scheme.

So, what are the specific proposed amendments?

- Developers must lodge a building bond before applying for the occupation certificate (rather than at any time before an occupation certificate is issued, as is currently required)
- The owners corporation and the developer must agree on the amount to be released from the bond to meet the costs of fixing identified [building defects](#). If they cannot agree, the Secretary will determine this amount
- New investigative powers for Fair Trading to enable

verification of the amount of the contract price or building bond, including new entry to premises and search warrant powers

- An increase in the maximum penalty for a developer failing to lodge the building bond from 200 penalty units (\$22,000) to 10,000 penalty units (\$1.1 million)
- An offence for developers to provide false or misleading information to the Secretary in relation to the contract price or the building bond
- A new 'good faith' liability protection for building inspectors, and the professional associations that appointed them, which excludes them from liability for anything done (or omitted to be done) in 'good faith' in conducting an inspection

### **Have your say!**

The deadline to have your say on the proposed Bill and/or Regulation amendments is 11 May 2018, visit [NSW Fair Trading](#) to have your say.

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