

What is strata finance?

Strata finance is taken out by an owners corporation or body corporate to fund work in a owners corporation to enhance or protect the value of the strata property. Sometimes repairs, maintenance or enhancements cannot wait until funds are raised through sinking funds so strata finance is the perfect solution.

Why do people borrow money in an owners corporation or body corporate?

Owners corporations or bodies corporate borrow money for renovation and rectification works, emergency repairs, green initiatives, to pay insurance premiums, to cover litigation costs and other capital requirements.

How long is the loan term?

A strata loan is from 1-12 years with up to two years on a fixed rate and up to two years interest only.

If an individual property is sold what happens to the loan?

As the loan is not personal the debt is repaid by the owners corporation or body corporate and remains with the owners corporation or body corporate. Your owners corporation collects money from you via your levies and these funds are used to pay for anything your owners corporation or body corporate must pay. The loan is repaid from these levy funds so the new owner, once the property is sold, will continue to pay these levies, part of which will be used by the owners corporation to repay the loan.

What happens if the loan goes into default?

In the event of a default we will contact the owners corporation or body corporate, normally through the strata manager, and discuss the reason and work with the owners corporation to agree the best course of action. Should hardship exist and the corporation is residential then the NCCP Act will apply (hardship is dealt with on a case by case basis). In cases where an owners corporation or body corporate fails to communicate and no resolution is achieved legal action would be taken.

How does the loan affect my levy payments?

Levy payments will be increased to cover the loan repayments once the owners corporation or body corporate has agreed to the amount and the term of the loan.

What are our options if we choose not to go with a strata loan?

One option is to not do anything at all but this may risk the value of the property decreasing or even injury from deteriorating structures. The other option is to raise a special levy which is often not a favourable choice for owners.

Can we pay out the loan?

Yes, the entire loan can be paid out early with no penalties (except if the loan is in a fixed interest rate period) if agreed upon by the owners corporation/body corporate.

How much can we borrow?

This will depend on the circumstances so it is best to discuss this with a member of the StrataLoans team.

What security do we use?

This is an unsecured loan. There are no mortgages, liens or charges over the property.

What fees and charges are there?

The only initial cost for a loan is an application fee of \$600 which is payable once approval has been given. Beyond this there are no setup fees, line fees or unused limit fees. You pay interest for the funds that you actually draw after you draw them.

Is this a personal loan against my name?

No, the loan is taken out by the owners corporation or body corporate. It is an unsecured loan and no personal guarantees are required.

What happens if not everyone agrees?

To proceed with a loan it must be agreed upon at a general meeting. If the resolution is passed then all owners will make contributions towards loan repayment through their levy payments.

As this is unsecured, who is responsible for the loan?

The owners corporation or body corporate is responsible for the debt and ensuring loan repayments are made.

Do you have further information to explain who StrataLoans are and the process for borrowing?

Yes we are able to supply printed materials plus there is a comprehensive website www.strata-loans.com which covers all aspects of StrataLoans. Feel free to call us for any further questions or clarifications.

Will someone from StrataLoans attend an AGM/EGM?

Yes, we will be happy to attend an AGM/EGM but we request that we are given plenty of notice to make any arrangements that may be necessary.

Why would we use StrataLoans?

StrataLoans is a product of StrataCash Management which is a well-respected financial services provider specialising in the strata industry. With in-depth knowledge of the industry and over twenty five years' experience working to provide solutions for strata, you can feel confident you are working with the best.

Why would we suggest funding over special levies?

We believe that in many cases funding is quicker and easier and can ultimately be cheaper than waiting to collect special levies (while prices increase and buildings deteriorate). With a strata loan, once the loan is agreed, the work can start, making it easier for everyone.

How do I know I can trust StrataLoans?

StrataLoans is a product of StrataCash Management which is a financial services provider specifically for strata and has been operating for over eight years. Specialising exclusively in the strata industry the team at StrataCash are experts in strata, understand the unique legislation in each state and can be trusted to deliver the right solutions for your owners corporation or body corporate.

What do StrataLoans know about running an owners corporation or body corporate?

The team behind StrataLoans have been involved in the strata industry for over twenty five years and know the many challenges faced from living in strata. As experts in this field they are ready to help your owners corporation or body corporate.

What are StrataLoans credentials?

StrataLoans is a product of StrataCash Management Pty Ltd ABN 44 124 400 924 Australian Credit Licence number 323823.