



■ STRATA SERIES

Singling out strata

> Examining strata-titled property

HOW many of us living on strata-titled property can say that we are well aware, informed and updated on strata-type property issues? In fact, there are many people who buy and have bought such property without knowing much about it. Many are of the notion that all high-rise residential property – flats, condominiums and apartments – are considered strata-titled property, which to an extent is quite correct, then again ...

Hence, the property team at *theSun* decided to get strata info straight via a series of articles highlighting views of industry professionals on this property type.

A FINGER ON STRATA

Brief definitions and explanations to help the layman (and woman) receive strata clarity:

The word “strata”, according to the dictionary, originates from the word “stratum”. It is defined as “one of the parts or layers into which something is separated”.

In property, a strata title is defined as:

- ▶ a form of ownership devised for multi-level apartment blocks and horizontal subdivisions with shared areas. The “strata” part of the term refers to apartments being on different levels, or “strata” – Wikipedia.
- ▶ one of the title structure of ownership, and it basically gives you the privilege to control over a property or a piece of land, as well as enable you to transfer the property to others; generally applies to high-rise buildings such as residents of flats, apartments, condominiums and commercial buildings jointly developed within a development that shares common facilities – WMA Property.
- ▶ one of the title structures of ownership and control over property. It is usually applied to subdivided buildings or complexes such as high-rise buildings, town houses, duplexes, flats, apartments, condominiums and commercial buildings – National House Buyers Association.

According to Strata Management Act 2013 (Act 757), the “development area” of a strata-titled property relates to:

WHAT IS STRATA MANAGEMENT?

Community living

Sharing of Common Property

Management

Service Charges and Sinking Fund

Maintaining and upgrading of Common Property

1. A building or land intended for subdivision into parcels, means any land on which the building or land intended for subdivision into parcels is developed or is in the course of development or intended to be developed.
2. A subdivided building or land, means any alienated land held as one lot under final title (whether Registry or Land Office title) on which the subdivided building or land is developed.

STRATA IN ESSENCE

When buying property in Malaysia, one should be aware of the various titles or deeds the intended property is attached to. These include Leasehold, Freehold, Bumiputra Reserve, Master Title and of course Strata Title (mixed-use, commercial-use and residential-use), the last which we will highlight, being the popular property type in urbanised areas across the globe, and in Malaysia, strata living is fast becoming a

way of life.

According to property expert Chris Tan, who knows strata through and through, property owners especially intended purchasers of strata-titled property should rethink the concept of “my home is my kingdom”, in its place consider the more practical “love your neighbour”. He says that “strata living is intended for collective living, thus will be best enjoyed collectively”. He is also of the view that property purchasers looking to buy strata-titled property should be open to community living, sharing of common property, paying for service charges and sinking funds, as well as maintenance and upgrading of common property.

He correlates strata owners with “shareholders of a public-listed company where the management body takes mandate, similar to the board of directors, and the market value of one’s property is impacted directly by how well it is managed by the management body”. Now how many of us are aware of this?

CURRENT AND CRUCIAL

No doubt, there is a lot to discover where strata-titled property is concerned, not to mention a Pandora’s Box of strata disputes awaiting resolution. However, we will only touch the tip of the iceberg this week and highlight several issues ExaStrata Solutions

Sdn Bhd CEO and chief real estate consultant Adzman Shah Mohd Ariffin feels the public should be aware of in purchasing properties under strata development of the following nature:

1. Developments held under liquidation.

The developers have wound up and liquidators are managing the development. In several cases, the statutory payments such as quit rent and assessment rates have not been paid. As a result, it is difficult for purchasers to secure loan as the receipts are not available to be submitted for loan application and thereafter submission of Memorandum of transfer (MOT). Some liquidators also charge up to 2-3% administrative fee for issuing consent for owners to sell.

2. Developments which are of mixed components e.g. retail/office/service apartments all on one title.

The maintenance charge rate payable must be the same for all components under Act 757. However, the different components may have different needs and also facilities and may even require more expenditure which results in more to be borne by the maintenance fund. This will cause a lot of disagreement between the owners in the different components.

3. Developments which have very little chance of issuance of strata title in the near future.

There are cases of developments which have already been occupied for more than five years but the developers have yet to submit the application for strata titles. In these cases, the developers may have already become dormant. Some may have also run out funds and are not willing to pursue the application for strata titles due to the high expenses involved. Hence, very little chance of obtaining the titles any time soon.

4. Developments which have less than 70% take up.

When less than 70% of the units are not purchased, it is likely that there will be poor collection of maintenance charges. Unless the developer is paying maintenance charges for the unsold units, it is unlikely that the development will be well maintained and managed.

5. Developments which were developed by developers not registered with the Ministry of Urban Wellbeing, Housing and Local Government.

It is best to check whether the developer is registered with the ministry in order to ensure that they are governed by the Housing Development Control and Licensing Act 1966.

“In the above cases, the marketability as well as value of the properties may be affected to a certain extent in the long term. It is therefore wise to avoid these types of developments,” Adzman states.



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