

# Strata Reform: Strata Managing Agents involved in Business Development – Beware!

Under the Strata Schemes Management Act 2015 (**SSMA 2015**) one of the new features relates to a restriction on the appointment of strata managers who are connected with the developer.

One of the many ways in which a strata manager could be restricted from appointment is if they are engaged by the developer. I have extracted below and underlined, for your information, some of the relevant parts of the reform.

Of interest and by way of only one example, a strata manager engaged by the developer, either in writing or by oral terms, whether for fee or no fee, in relation to that particular site or an unrelated site could be restricted from being appointed as the strata managing agent.

Bannermans has been providing advice to strata managing agents in relation to terms of appropriate agreements and re-structuring and is able to assist if required.

## SSMA 2015

### 7 Connected persons

(1) For the purposes of this Act, a person (the **principal person**) is **connected** with another person if the other person:

...

(b) is employed or engaged by the principal person or is a business partner of the principal person, or...

### 49 Appointment of strata managing agents

...

(3) The developer of a strata scheme, or a person connected with the developer, is not entitled to be appointed as the strata managing agent of the scheme until after the end of the period of 10 years commencing on the date of registration of the strata plan.

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