**In this document the following terms are used:**

***Act***means the *Strata Titles Act 1985*

***Full proposal*** means a document submitted by the proponent that provides a detailed proposal to terminate the scheme and includes:

* all material provided in the Outline proposal
* a detailed description of planning and development approvals
* stages and timeframes for progress of the proposal
* a detailed description of the proposed terms of the contracts or relocation arrangements for lot owners
* a termination infrastructure report
* a termination valuation report

***Independent advocate*** means a person appointed by the strata company, who is independent of the strata company and proponent, to whom a Full proposal is referred for independent assessment under section 178A the Act

***Outline proposal*** means a document submitted by the proponent that provides an outline of the proposal to terminate the scheme and includes:

* an explanation of the reasons to terminate, and the process and consequences of doing so
* a general description of contracts to be offered to owners (e.g. amount of purchase price, replacement lot etc.) and what is proposed for the land after the termination
* an explanation of the anticipated planning and development approvals required
* stages and timelines for progress of the Outline proposal if it proceeds
* details of the proposed arrangements on how owners can access independent advice and representation, including details of the trust for funding the arrangements and the name and contact details of the trustee

***Owner of a leasehold scheme*** means the person registered under the *Transfer of Land Act 1893* as the holder of the freehold reversion in the land the subject of the scheme. The owner of the leasehold scheme becomes the owner of the land on termination of the leasehold scheme

***Parcel***means the land subdivided by a scheme

***Proponent*** means a lot owner in the scheme or buyer of a lot in the scheme or a body corporate formed by 2 or more such persons who wishes to terminate the scheme

***Registrar of Titles* (RoT)** means the statutory officer responsible for maintaining the Land Titles Register under the *Transfer of Land Act 1893*.

***Regulations*** means the *Strata Titles (General) Regulations 2019*

***SAT*** means the State Administrative Tribunal

***Scheme*** means a strata titles scheme

***Vulnerable owner*** means a lot owner who is a natural person identified under the Regulations to be a vulnerable person

This document sets out in general terms 4 stages (A-D) and 10 steps involved in terminating a scheme under Part 12 Division 3 of the Act.

**A – The Proposal**

| **Steps** | **Process** | **Consequences** | **Voting requirements** |
| --- | --- | --- | --- |
| 1 - Prepare the Outline proposal | The proponent prepares an Outline proposal. | The proponent can withdraw from the termination process at any time before registration occurs at Step 10.    When lot owners receive the Outline proposal, they may wish to seek their own advice about the proposal at their cost. |  |
| 1a Prepare the Outline proposal – ONLY FOR unanimous owner-initiated termination proposal | At step 1, the proponent may identify the process is a ‘unanimous owner-initiated termination proposal’, as defined in regulation 153. Step 1a applies only in this circumstance.    If the proponent intends to commence this type of proposal:   * the strata company must pass a unanimous resolution permitting the proponent to do so prior to commencing the termination process * it must be declared to be a unanimous owner-initiated termination proposal in the Outline proposal, along with the other requirements listed in regulation155(2) and (3). | If the ‘unanimous owner-initiated process’ is declared, then the process becomes more streamlined to facilitate the owners’ intent.     If an owner subsequently withdraws their support for the proposal (i.e. it is no longer unanimously supported) by notifying the strata company or independent advocate, then the proponent must withdraw the Outline proposal. If the proponent wishes to proceed the proponent can submit a new Outline proposal that is not a unanimous owner-initiated termination proposal. |  |
| 2 – Distribute the Outline proposal to owners and registered mortgagees of lots | The proponent submits an Outline proposal to the strata company. If a leasehold scheme, the proposal must also be submitted to the owner of the leasehold scheme.    The strata company serves the Outline proposal on the owners and registered mortgagees of lots within 14 days. | The strata company lodges a notice that the Outline proposal has been received with the RoT. This action allows the notice to be recorded against certificates of title for the lots and ensures those searching the title can see a termination proposal is active. |  |
| 3 – Vote on the Outline proposal | Owners, registered mortgagees and if relevant, the owner of the leasehold scheme, have 3 months to consider the Outline proposal.    The strata company can pass an ordinary resolution in support of considering a full termination proposal within 3 months of receiving the Outline proposal.    The owner of the leasehold scheme can give written notice to the strata company supporting consideration of a full termination proposal within 3 months of receiving the Outline proposal. | Safeguard provisions to prevent too many proposals being submitted to owners are triggered. (See section174 (2) of the Act for details)    The process can only proceed if the strata company passes the required vote and if a leasehold scheme, the owner of the leasehold scheme provides support in writing within the 3-month timeline.  If the required resolution and owner of leasehold scheme consent is not obtained the Outline proposal comes to an end. The strata company must notify RoT that the Outline proposal cannot proceed.  The Outline proposal also cannot proceed further if SAT has prohibited termination proposals being submitted on application by the strata company or owner of the leasehold scheme.    The proponent has 12 months from the relevant resolution and consent to submit a Full proposal to the strata company and owner of leasehold scheme. | Except for a unanimous owner-initiated Outline proposal, if an ordinary resolution of the strata company is passed supporting consideration of a Full proposal, and the owner of the leasehold scheme supports consideration of a Full proposal in writing, the proponent can proceed to the next step.  For a 2-lot scheme, an ordinary resolution is taken to be passed if the vote attached to 1 of the lots is cast in favour of the resolution (regardless of the unit entitlement of the lot).  If identified as a unanimous owner-initiated Outline proposal the resolution must be unanimous for the process to proceed. |
| 4 – Obtain planning approval | The proponent applies to the Western Australian Planning Commission (WAPC) to approve a plan of subdivision for the parcel to cease being subdivided by the scheme. | The process can only proceed if WAPC approves the plan of subdivision. |  |
| 5 – Develop Full proposal | The proponent develops a Full proposal.    A Full proposal is extensive (see s.179 of the Act)    The proponent must establish the trust for the funding arrangements for owners and vulnerable owners **before** submitting the Full proposal.    The proponent submits the Full proposal to the strata company and if a leasehold scheme, the owner of the leasehold scheme.    If the Full proposal is a unanimous owner-initiated Full proposal it must contain declarations and statements required in regulation 157. It will not include arrangements for funding but advise owners that they can opt out of the unanimous owner-initiated proposal at any time before the vote on the termination resolution. If this occurs the termination process ceases.    A Full proposal can only be submitted as a unanimous owner-initiated Full proposal if the Outline proposal was submitted as a unanimous owner-initiated Outline proposal. | If 12 months elapses from the resolution on the Outline proposal and if a leasehold scheme, consent of the owner of the leasehold scheme, and the proponent has not provided the Full proposal, then the termination process ceases.    If the trust is not established and SAT later reviews a termination resolution, SAT may not confirm the resolution. |  |

**B – The Vote**

| **Steps** | **Process** | **Consequences** | **Voting requirements** |
| --- | --- | --- | --- |
| 6 – Distribute Full proposal to all parties | The strata company has 14 days after receiving the Full proposal to provide it to:   * owners, occupiers, registered mortgagees and caveators of lots * a person whose interest in a lot as a lessee, tenant or mortgagee is recorded in the roll of the strata company and * occupiers of common property in the scheme.     The strata company must notify RoT that it has received the Full proposal.    The strata company must appoint the Independent Advocate and provide the Full proposal to the Independent Advocate.    The Independent Advocate reviews the Full proposal, provides an independent assessment of the proposal to the strata company and gives a presentation on the Full proposal to persons to whom the strata company gave the Full proposal.    Except for a unanimous owner-initiated proposal:   * The Independent Advocate identifies owners classified as vulnerable owners in accordance with the Regulations and advises the proponent. * All owners can access the funding for advisory services in connection with the Full proposal and vulnerable owners can access ancillary services as well.     The strata company can call as many meetings as necessary to consider the Full proposal and the strata council can negotiate with the proponent on the terms of the proposal. | Except for a unanimous owner-initiated proposal:   * The proponent makes the decision on who a vulnerable owner is, either accepting or rejecting the recommendation of the Independent Advocate.      * An owner can dispute the proponent’s decision by making an application to SAT. |  |
| 7 – Vote on the Full proposal | Owners of lots and others have a minimum of 2 months and a maximum of 6 months to consider the Full proposal.    The strata company arranges a vote by secret ballot on the Full proposal.    A maximum of three votes can be held to accept or reject the Full proposal.    The strata company appoints a person independent of the strata company, proponent and, if a leasehold scheme, the owner of the leasehold scheme, to count the votes on the termination resolution.  The vote is on the basis of 1 vote for each lot and the value of a vote is 1. | The termination process can only proceed with the required vote.    If the required vote is not obtained after the third vote, the termination process ceases.    If the timelines are not adhered to, the process cannot proceed. (See s. 187 of the Act for details.)    Strata company must notify RoT, the proponent and if a leasehold scheme, after a termination resolution is passed. The notice must include a statement of whether confirmation by SAT is required.  SAT cannot make an order that a termination resolution is taken to be passed. | 2-4 LOT SCHEME   * Unanimous vote – proponent can proceed to step 9 * Not a unanimous vote – the process ceases     >4 LOT SCHEME   * Unanimous vote – proponent can proceed to step 9 * Votes cast in favour by at least 80% of the lots - majority vote (not unanimous) – proponent can proceed to step 8 * Less than 80% of the lots vote in favour– the termination process ceases * If the Full proposal is identified as a unanimous owner-initiated proposal the resolution must be unanimous, for the proposal to proceed. |

**C – The Review**

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| --- | --- | --- | --- |
| **Steps** | **Process** | **Consequences** | **Voting requirements** |
| 8 – Apply to SAT for confirmation of termination resolution | Proponent must apply to SAT for confirmation of the majority termination resolution within 28 days of the resolution or such longer period SAT permits.    A procedural and fairness review is carried out by the SAT. See section 183 of the Act for details.    Owners who voted against the resolution are entitled to funding for representation in SAT and vulnerable owners who voted against the resolution are also entitled to funding for ancillary services. | If SAT confirms the termination resolution, the termination process can proceed.    If SAT decides not to confirm the termination resolution the termination process ceases.    Strata company must notify RoT of SAT’s decision and notify persons who were entitled to receive notice of the application to SAT. |  |

**D – The Close-out**

| **Steps** | **Process** | **Consequences** | **Voting requirements** |
| --- | --- | --- | --- |
| 9 - Apply to WAPC to endorse approval on the plan of survey | Once either :   * unanimous vote is achieved at Step 7 ***or*** * SAT confirms the termination resolution at Step 8    the proponent can apply to WAPC to endorse approval on the plan of survey. (See section 184 of the Act for details).    The strata company takes steps to wind up the strata company (e.g. discharge of liabilities, sale or disposal of property of the strata company) | The process cannot proceed without WAPC’s endorsed approval of the plan of survey for the parcel to cease being subdivided by the scheme. |  |
| 10 – Apply to the RoT to register the termination | Within 12 months of the:   * unanimous vote being achieved at Step 7 ***or*** * SAT confirming the termination resolution at Step 8   the proponent must lodge the application for termination of the scheme with the RoT.    The application for termination must satisfy the requirements in section 193 of the Act. | If the 12 months elapses and the proponent has not applied to the RoT, then the termination process ceases.  Termination takes effect upon registration, and owners of lots in the scheme immediately before termination become owners of the land as tenants in common in shares proportional to the unit entitlements that attached to their lots in the scheme.  If a leasehold scheme, upon termination the owner of the leasehold scheme becomes the owner of the parcel. Compensation may be payable to owners of lots in the scheme immediately before termination if the scheme had relevant leasehold by-laws.  If a strata company fails to discharge its liabilities, then owners may be pursued for its debts. |  |