THE INITIAL LOT OWNERS AGREEMENT for	 BODY CORPORATE

ITEM 1 - FINANCIAL YEAR

After the end of each financial year (DAY of MONTH), the Record Keeper shall send out (within 30 days) a budget (based on the Agreed Expense Items) showing the anticipated expenditure for the new financial year; the contribution instalments and due dates for the new financial year; and a statement of account for the financial year just completed.

ITEM 2 - RECORD KEEPER

shall be the record keeper in accordance with the Act.

ITEM 3 - AGREED EXPENSE ITEMS

Mowing Service

A lawn mowing service comprising no more than 13 summer services and 6 winter services is an agreed expense item. A new contractor is selected by choosing the lower of two quotes where each lot owner shall provide one of the quotes. A new contractor is secured only if the existing contractor terminates their service or if the lot owners mutually agree (by lot owner agreement) to terminate the existing contractor. If a lot owner fails to provide a quote within two weeks, the other lot owner may source a second quote and proceed to appoint the contractor with the lowest quote.

Garden cleanup Service

A once a year garden cleanup service equivalent to 8 hours of effort is an agreed expense item. The cleanup shall be undertaken in October by a contractor with the lowest hourly rate where each lot owner shall provide one of the quotes by the end of September. If a lot owner fails to provide a quote, the other lot owner may source a second quote and proceed to appoint the contractor with the lowest quote.

Tracsafe Self Managed Body Corporate Software Service

A yearly subscription to the Tracsafe Self Managed Body Corporate Software Service is an agreed expense item.

Bank Fees

Bank fees and charges are an agreed expense item.

Stationary, Printing, Postage and Courier charges

Stationary, Printing, Postage for the generation of documentation to Lot Owners is an agreed expense item. Courier charges (for the transport of Body Corporate records) are an agreed expense item.

Building Valuation

Building Valuation is an agreed expense item. An independent building valuation shall be undertaken every five years (as required by the Act) for full replacement value. The valuation shall be done by a contractor with the lowest quote where each lot owner shall provide one of the quotes by the end of September every five years commencing with in 2011. The cheapest quotation shall be selected. If a lot owner fails to provide a quote by the due date, the other lot owner may source a second quote and proceed with the lowest quote.

<u>Insurance</u>

Insurance is an agreed expense item (as required by the Act) covering full replacement value of the common property and any body corporate assets as well as public risk insurance of the common property. Each lot owner shall supply an insurance quote every five years based on the new building valuation and using the same public risk insurance and excess premiums. The cheapest insurer shall be selected. If a lot owner fails to provide a quote within one month of the existing premium falling due, the other lot owner may source a second quote and proceed to appoint the insurer with the lowest quote.

Tax Return Preparation

The need to prepare a taxation return will be avoided by not receiving any income other than contribution instalments. In the event that a tax return must be prepared, it is an agreed expense item.

<u>Taxation</u>

Taxation payable to the Australian Tax Office is an agreed expense item.

ITEM 4 - BANK ACCOUNT

A bank account shall be held in the name of the Body Corporate at a Financial Institution. All receipts and expenses shall be paid into and withdrawn from the bank account. A minimum bank balance equal to the current annual insurance premium shall be maintained at all times. The bank account shall be moved to a new bank only if the lot owners mutually agree (by lot owner agreement). Agreed Expense Items shall be paid by the Record Keeper on receipt of a valid invoice. Receipts shall be banked by the Record Keeper.

ITEM 5 - CONTRIBUTION INSTALLMENTS

Four equal contribution instalments shall be issued at least three weeks in advance of their due date. The due date for payment shall be the last day of the 2nd, 5th, 8th, 11th month in each financial year. The amount of each contribution instalment will be determined by the following formula –

Sum the estimate of all the anticipated agreed expense items for 12 months in the new financial year Add the minimum bank balance to be maintained

Subtract the Bank balance recorded at the end of the financial year just past

(Adjusted for overpaid or underpaid contribution instalments as well as any payments pending)

If the result is negative or less than \$100, no contribution statements shall be issued. Otherwise, each lot owner shall be sent a contribution instalment for an amount equal to the result divided by 8 (assumes all entitlements are equal). The Record Keeper shall issue the contribution instalment statements. Each contribution statement issued shall identify any previous contributions that are in arrears and requiring immediate payment.

Lot Number 1	Name of Lot owner	Signature	Dated:
Lot Number 2	Name of Lot owner	Signature	Dated: