

Body Corporate for The Ridge CTS 39799

18 December 2023

Dear Owners

RE: Is it possible, practical and cost effective to dissolve the Ridges Peregian Springs Community Title Scheme?

The Principal Body Corporate (PBC) of the Ridges Peregian Springs Community Title Scheme has sent you this important letter because you own a lot within the Scheme.

This letter explains why, based on detailed legal advice, the PBC has decided that it will be neither practical nor cost effective to do what many owners want to do - that is to dissolve the Ridges Peregian Springs Community Title Scheme.

The following points outline the background to this issue and explain why.

Background

The Ridges Peregian Springs is a large complex layered community title scheme with over 1,350 lots contained within 7 Subsidiary Body Corporates (SBCs) that have 54 Duplexes/Further Subsidiary Body Corporates (FSBCs) established within them. Ridges was developed under the Coolum Ridges Masterplan that resulted from a Queensland Planning and Environmental Appeal Court ruling in 2005. This ruling has specific conditions that vary the standard Sunshine Coast Council planning rules.

The developer of Ridges Peregian Springs (FKP/Aveo) owned the Recreation Club until September 2022 and added a fee to owners' Body Corporate levies for residents to access the facility. In late 2022, the developer moved to sell the Recreation Club on the open market after one of the seven SBCs under the PBC failed to achieve the required vote without dissent to purchase the facility. From that time on, owners no longer paid a Recreation Club access fee to the PBC and lost the right to use the facility.

After residents lost "included" access to the Rec Club many owners asked - why should the Ridges remain under a "body corporate" scheme. Why not dissolve the body corporate, save money, and have Sunshine Coast Council take responsibility for the common property - roads, lighting, gardens, bushland areas and verges - because we already pay SCC rates?

This discontent resulted in several SBCs supporting a motion, which lead the PBC to engaging Grace Lawyers to provide advice on the process, feasibility and likely cost involved in dissolving the Ridges Peregian Springs Scheme. An overview of their advice follows.

What must the PBC do to dissolve The Ridges Peregian Springs CTS?

1. Establish a legal way of varying the Development Conditions of the Coolum Ridges Masterplan set by the Queensland Planning and Environmental Appeal Court Ruling in 2005. This ruling required any development in Ridges to be part of a Community Titles Scheme and have specific bylaws for dogs and cats related to the protection of koalas and other native fauna.

2. Pay for services and advice from Surveyors and Town Planners and Lawyers to accurately survey all common areas within The Ridges and to change the title on each and every lot as a result of the termination of the Scheme which impacts legally and directly on all 1,350 lots contained within 7 SBCs and 54 FSBCs.
3. Have the Sunshine Coast Council (SCC) agree to take ownership of all surveyed common property - roads, lighting, gardens, bushland areas and verges from the dissolved Scheme. However, in initial discussions with SCC representatives, Council indicated that it would be reluctant to do this because it does not have a complete understanding of the asset quality, the possible short-term costs to the Council to bring assets handed to it up to acceptable standard (if required); and the longer-term impact on the Council with respect to costs to maintain and/or upgrade those assets, in particular roadways. Furthermore, if it did, Council may increase owners' rates to pay for the ongoing costs associated with these assets.
4. Have a "Yes" vote from all owners in the 54 FSBCs, 7 SBCs and the PBC for the proposed termination of each Scheme and unanimous agreement of all owners and tenants about a range of expensive and complex termination issues.

Or go down the track of getting essentially a two thirds majority of all owners within each and every FSBC, SBC and the PBC to vote "Yes" to starting legal proceedings in the District Court. A District Court ruling would be subject to the test that dissolution is "just and equitable".

Grace Lawyers and the PBC, based on experience, are not confident that sufficient "Yes" votes for either option would be achieved nor that the condition of dissolution being "just and equitable" would be satisfied.

5. In addition to successfully achieving a "Yes" from point 4 above, an agreement about the complex termination issues must be facilitated and entered into with the registered owner, registered mortgagee and tenant of each and every lot.

Note that ALL five of the above main points would need to be satisfied, together with many more detailed issues highlighted in the full legal advice and not one point singularly.

What would it cost to dissolve the Ridges Peregrin Springs CTS?

Due to the complexity outlined above and long list of "unknown unknowns" involved in the task of dissolving our layered CTS it is almost impossible to estimate the cost of this proposal.

Also after the PBC on behalf of owners investing significant funds the goal of dissolving the CTS may not be achieved due to a lack of support from owners, SCC and/or the District Court.

The PBC asked Grace Lawyers to provide a cost estimate. Given the points noted above their best estimate was \$120,000 - \$140,000 for survey costs ONLY if suitable survey plans of common property are available plus hundreds of thousands of dollars for legal costs over several years.

Further, since all land and mortgage titles would have to be changed, each individual owner would likely be liable for all costs relating to re-titling their lot and amending or needing to renew any mortgage they may have on the lot.

Summary

Grace Lawyers' recommendation to your Principal Body Corporate is:

"in the light of the Scheme's structure, nature, and size, we do not recommend proceeding with the proposed termination of the FSBCs, SBCs and PBC. In our view, attempts to do so will likely be futile, and are unlikely to achieve the desired outcome of owners being a reduction in the cost of "running" the PBC".

The PBC and your SBC have accepted this recommendation from Grace Lawyers.

This advice and the process of exploring the proposal to dissolve the Scheme has clearly demonstrated that people who own or rent lots within the Ridges CTS are best served if they now support the existing Scheme, take an active interest in their SBC and work together to maintain and enhance the communal assets of our beautiful estate.

The PBC and your SBC recognise that it's important that owners and tenants are well informed about how their levy funds are spent and the projects the PBC has underway to maintain and enhance The Ridges. The PBC is developing a website designed to provide this information. We hope to have the website available in early 2024.

For those receiving this letter by e-mail, a full copy of the legal advice has been provided with the e-mail.

For those receiving this letter by post, a full copy of the legal advice can be found on the **SSKB APP** or on the **SSKB Portal** <https://www.stratamax.com.au/Portal/SSKBSC> .

Yours faithfully,



Per:

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