

Headline: Practice Tips for Addressing Major Repairs

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The process for addressing major repairs and approving the related expenditures is summarized as follows (this list is not exhaustive):

1. investigate the background of the professionals and contractors;
2. hire a qualified engineer, building envelope or other professional to assist with the process, as required;
3. ensure that appropriate professional insurance coverage is available;
4. retain an experienced strata lawyer;
5. obtain an estimate of probable costs for the repairs from a qualified certifying professional or obtain a reasonable number of quotes from qualified contractors for smaller projects;
6. determine whether the proposed repair is recommended in the most current depreciation report,
 - a. if yes, those repairs may be approved out of the CRF by majority vote subject to the availability of funds;
 - b. if no, a $\frac{3}{4}$ vote resolution is required to approve:
 - i. a special levy;
 - ii. expenditures out of the CRF for repairs which are not recommended in the depreciation report; or,
 - iii. strata corporation financing (borrowing);
7. consider preparing two resolutions for owner approval if there is a concern that the $\frac{3}{4}$ vote may not be approved to permit a partial repair;
8. address the options for funding the project:
 - a. strata corporation financing (borrowing);
 - b. special levy;
 - c. contingency reserve fund; or,
 - d. combination;
9. keep the owners informed regarding the project throughout including:
 - a. information meetings with the professionals, including the strata lawyer, as required;
 - b. newsletters;
 - c. web-site; and/or,
 - d. other means;
10. address any political, legal or construction obstacles or concerns in a reasonable and in a timely fashion;
11. instruct an experienced strata/contract lawyer to prepare the resolution(s) addressing the following:
 - a. ensure that the repair authorization is tailor made to address all required work including, but not limited to, the scope of work set out in the professional's report and any additional work recommended by qualified professionals during the course of the work;
 - b. ensure that the expenditure authorization is broad enough to capture all expenses such as, the remedial work, warranty, landscaping, permit costs, professional costs, legal costs, collection costs, change work orders, etc.;
 - c. include a reasonable contingency to minimize the possibility of an additional $\frac{3}{4}$ vote of owners to approve additional funding;
 - d. authorize the council to approve change work orders;
 - e. delegate decision making authority, including the power to make expenditures, to the council;
 - f. approve significant changes to the use or appearance of common property by $\frac{3}{4}$ vote;
 - g. insert a provision requiring the strata corporation to report to the owners upon completion of the work (eg. 6 months after completion of the work);
 - h. if the funding amount is paid by a combination of special levy and the CRF, indicate where the expenditures will be applied from first and how any excess funds will be addressed; and,
 - i. address any other clauses that may be required given the nature of the project; and,
 - j. if a special levy is proposed, then the following must be addressed (s. 108, Act):
 - i. state the purpose of the levy;
 - ii. state the total amount of the repair special levy;
 - iii. state the method used to determine each strata lot's share of the special levy (e.g. unit entitlement);
 - iv. attach a schedule indicating the amount payable by each strata lot on account of the special levy;
 - v. state the date by which the special levy is to be paid, or, if payable in installments, the dates by which the installments are to be paid; and,
 - vi. draft an interest provision in the event of any default in payment of the special levy, including the commencement date (7 days after approval at a minimum).

The implementation of the major repair project is beyond the scope of this article. Strata corporations are advised to seek legal advice from a qualified strata lawyer when addressing repair projects to provide input and advice throughout the process. This includes drafting the resolution.