

Condo Smarts

Headline: Winding up a Strata

Topic: Winding up a Strata, Buying & Selling

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Dear Tony: Our strata is considering the option of selling. We have been approached by a developer who has offered us all 20% above our current assessed values. Because our strata is only 32 units it has been suggested that we each negotiate directly with the developer, but what happens if only 10 owners sell? How does an 80% vote apply if one owner controls more than 20% of the votes and tries to block the sale unless we agree to the conditions they set out in the sale? Our owners are trying to look at the best option to consider, and we still have 8 owners who are very much opposed to a sale, so the chances of winding up are unlikely. Several owners are suspicious because the developer is dealing directly with one council member and the remaining owners have not been a part of the discussions. Our real question relates to the best method of a sale. How do we get the best deal that is fair and treats everyone fairly?

JTR

Dear JTR: The concept you are looking for here is transparency. Your strata corporation are a collective of owners considering whether to wind up your strata corporation and sell it to a buyer. Other than the number of units and technical requirements of the legislation, think of this as a routine real estate sale. How do you get the best price? You list your home with an agent, go to market, review offers, counter offer and negotiate the terms and conditions of the deal. The best results come from the same process for a large scale wind up. The strata corporation retains a commercial broker, acting in their sole interest who markets the property on a world wide scale, and depending on your location and development potential in the next 3-10 years, will bring you a number of offers. Your strata council act as your representatives and may counter offer to the highest bidders and ultimately negotiate an offer they can bring to the owners to

consider. I would strongly recommend you retain a lawyer that has experience with the winding up process to review your brokerage agreement and terms and conditions of a sale before you sign. The technical and legal requirements of the *Strata Property Act*, and the requirements for resolutions and accurate governance at the meeting where you vote by 80% are daunting and mistakes are easily made. If you pass an 80% vote, but less than 100% of the owners is in favour, a court application is required to approve the sale of the strata and winding up of the strata corporation. If one person is trying to convince your owners to negotiate with only one developer, the only logical conclusion for resisting open competition for your property is they likely have a side deal that no one else is aware of. The change in the vote to 80% is less than a year old and a number of conflicts around undisclosed settlements with individual owners have already arisen. Avoid conflicts and undisclosed settlements, list your property and go public.