

Condo Smarts

Headline: When disaster strikes, who keeps paying the bills?

Topic: Disaster Planning, Strata Fees

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Dear Tony: Our building was recently damaged in a fire that has required everyone to move out while the fire, water and smoke damage is repaired. We have been informed that it could be up to a year before we are allowed to return. In the duration, all of the owners are having to find other accommodations which is doubling our costs. Several owners have approached council and requested that strata fees be suspended until we are permitted to move back into our building. Can we do this? It would be a substantial savings for the owners if this were possible.

Helen J.

Dear Helen: The strata corporation continues to operate and is exposed to all of its financial obligations and liabilities even though a fire has essentially shut down occupancy of your building. The strata council does not have the authority to suspend strata fees and must continue to enforce the bylaws. Your strata will still continue to have service agreements and utilities such as elevators, waste management, electrical and gas, water and sewer and HVAC contracts which will continue, and your general operations costs such as insurance, legal services, management and administration will not only continue to function but may actually have some increases due to the scope of construction. Unless the strata corporation convenes a special general meeting and approves other financial options, likely by 3/4 vote, the approved budget and schedule of strata fees will still be due and payable monthly as set out in your bylaws. I would recommend legal advice to ensure your resolutions comply with the *Act*. Once you reach your current fiscal year end any surplus that remains, if there are reductions in operating costs, can be carried over to your next year as revenue and offset strata fees for the next fiscal period. That may provide some financial relief to your owners. It is also critical for your strata council to continue to

meet monthly or more frequently if necessary during the construction and restoration to maintain direct contact with your insurance broker and insurance provider on behalf of the owners. This will enable your council to provide updated information to owners on scheduling, matters that affect owners, and when they can return to their homes. A meeting between the council and your insurance broker is extremely valuable and will give your council the ability to find out if there are any exemptions or exclusions in the policy that may require additional funding or decision making. The strata corporation is not responsible for the living out costs of owners. While some strata corporation policies may cover living out expenses for owners for a limited period of time, each owner is responsible to insure for their personal liability, living out allowances, personal property and betterments to their strata lots. It is beneficial during claims and construction that every communication be in writing or by email. Don't rely on verbal conversations as they often result in misunderstandings.