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## Strata Living

Headline: Depreciation Reports

Topics: Depreciation Reports

Publication / Date: 24 Hours, Nov 24, 2016

Written by: Tony Gioventu

**Dear Tony:** Is it true we can exempt our strata from having a 3 year update of our depreciation report? We were under the impression that once we had a report done we were stuck in the process forever and had no options. We are a small strata and the last report cost us \$5,500. We are hoping to delay the report for a few years while we build up our contingency.

*Carson A. Kitsilano*

**Dear Carson:** All strata corporations with 5 units or more are required in BC to have a depreciation report complete unless they annually pass a 3/4 vote to exempt from the requirement. The report is valid for a period of 3 years, at which time a new/updated report is required. At the time the new/updated report is conducted, the strata corporation would be passing a 3/4 vote each year, to exempt from the new/updated report for each year they wish to exempt. This would be an annual requirement.

The Act also requires that the strata corporation must attach and disclose the most recent depreciation report that has been conducted by the strata corporation on the request of an owner or if a Form B Information Certificate is requested. The Form B Information certificate is a common document requested by potential buyers. The exact wording of a 3/4 vote must be included in the notice of an annual or special general meeting and the resolution and results are recorded in the meeting minutes which are also frequently requested by buyers.

While a short term deferment may be helpful for financial management, the strata should consider whether the information in the current report is reliable if there have been any significant changes or alterations to the building assets or conditions that may influence a

buyer or a mortgage insurance provider. Remember the report is solely an estimate of the projected renewals and maintenance of the strata corporation and each project requires detailed investigation as its routine life expectancy comes due.