

Headline: The importance of reading the strata documents

Topic: Management

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Almost daily, one of the CHOA advisors receives a call from a buyer claiming there is an upcoming major special levy for repairs or a condition in the bylaws that they knew nothing about. The new owner is shocked by the new information and frustrated that neither the agent nor the seller told them anything. Unfortunately, the buyers often realize the information was in their hands, they failed to review the documents, they refused to obtain documents, or they ignored the risks. As a condo buyer, obtaining as many of the strata documents as possible, and taking the time to read them is your best insurance against unexpected problems. Knowing what documents to obtain, where to get them and the critical information, is an essential part of the home buying process.

Most buyers begin with the Form B Information Certificate. The strata is required to provide the form within one week of a request and may charge up to 25 cents per page for the copies. For the unit the form discloses:

- current monthly strata fees
- money owing by the owner other than amounts paid into court
- any agreements an owner has signed where they have taken responsibility for the cost of any alterations
- amounts owed for a special levy that has already been approved
- projections of deficits
- balance of the contingency fund
- approved bylaw amendments not yet filed in land titles
- any  $\frac{3}{4}$  votes approved but not yet filed in land titles
- any court proceedings
- any judgements or orders against a strata
- work orders or notices on the strata lot

- number of current rentals
- parking stalls and storage lockers allocated to the strata lot
- rules and current budget of the strata
- an owner developer's rental disclosure establishing exemptions
- the most recent depreciation report.

These are the basic menu of information for every strata that has to be disclosed, but take a look at other documents available to buyers, that are rarely requested. An owner, tenant, or person authorized to request documents such as the real estate agent, are permitted to request historic documents that may provide a buyer with critical information. A copy of the insurance policy for example, is a good indication of the risks managed by the strata. If the water escape deductible is 25, 50 or 100,000\$, it is a good bet there have been frequent claims in the building. Your next question as a buyer is what's the cause? If it is a result of failed plumbing systems that need to be upgraded, special levies are on the horizon. However ask questions. It may be the upgrades are complete and it's a matter of a few years before the deductibles come down again. As an owner, you are exposed to those high deductibles as a common expense for the strata, and personally if the cause of a flood is from your strata lot. The Act also now requires strata corporations to maintain copies of any reports obtained by the strata corporation respecting repair and maintenance of major items, including: engineering reports, risk management reports, sanitation reports and environmental assessments. If there has been asbestos testing on the building, the strata must retain a copy of that report. If you request and read the strata minutes of council meetings and general meetings for at least the past 5 years, they should provide you with a sense of the strata business. Make a list of maintenance, emergencies, long term planning decisions, insurance

claims, and funding decisions. You can cross reference them in the documents you receive. Sterile minutes where nothing happens is a strata that is generally hiding something.

Buyer beware for condo buyers should read, “buyer be aware”. If the strata is not providing a document requested, or there is confusion about allocation of parking or storage, or there is missing information, you might want to rethink your decision. Read everything and if in doubt request more information. Is five hours of your time worth avoiding a \$55,000 special levy?