

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

Headline: Unique strata lease agreements need special vote

Topic: Strata Corporations entering into contracts

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Wouldn't you like to own a strata lot where the annual budget is \$300,000 but the strata corporation has enough revenue from other sources so no one pays strata fees, there's a full time caretaker, plus service contracts to care for all the maintenance requirements for the building?

One Vancouver strata has created this situation by leasing a series of spaces on the rooftop for the transmission of communications services. In addition to the main lease, they negotiated a share of revenue to any sub leases. The result has been a lucrative benefit for the owners. Many strata corporations have entered into such leases but neglect to seek legal advice. The terms and conditions of the leases and agreements, such as maintenance and repair, insurance, liability and possible sublease conditions should all be scrutinized closely.

Strata Law: Before strata corporations sell, lease, mortgage, grant an easement over, grant a restrictive covenant affecting or otherwise dispose of land that is a common asset, the strata corporation must pass a resolution by a three-quarter vote at an annual or special general meeting. They must perform any document filing as required by the Land Title Act, and include a Certificate of Strata Corporation in the prescribed form. The council does not have the authority to enter into these agreements on its own.

Tips: A legal review of the agreement would be a small cost to pay, otherwise today's neglected agreements may become tomorrow's costly disputes.

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