

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

Headline: Strata's small victory doesn't meet the rules

Topic: Increasing strata fees and voting

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A nasty dispute has blown up in a Vancouver Island strata regarding the collection of contingency reserve funds. The strata has an annual operating budget of \$125,000. Their contingency fund is currently at \$180,000. Because a new roof is going to be needed in two years at a projected cost of \$300,000, the strata approved in the budget, by a slim majority at the AGM, an additional \$50,000 for the contingency funds. This raised strata fees by 34 per cent.

The problem is that the owners who did not vote for the increase are refusing to pay the additional amounts, claiming the strata does not have the authority to collect the funds. The strata council has filed liens against those units not paying the increase, making matters worse. The owners are now communicating only through their lawyers.

Strata Law: Regulation 6.1 of the Act sets the conditions for the reserve fund contributions. Once the strata reaches 100 per cent or more of the operating fund for the fiscal year that has just ended, any contributions to the fund must be approved by a three-quarter vote of the owners at a general meeting. The owners protesting the increase have a valid claim: the strata had not approved the increase by a three-quarter vote. The only other option is a special assessment, which must also be passed by a three-quarter vote.

Tips: The strata had the right idea about long-term planning by preparing for the roof replacement. Most components will be much less costly to replace before they fail or cause other damage. However, the strata does have to comply with the Act and obtain three-quarter votes before they impose greater contributions to the reserve fund or special assessments. To file a lien, the strata council has to already have the authority of the owners to collect the money.

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