

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

Headline: Council that employs members and waives fees violates bylaws

Topic: Remuneration

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Strata councils make decisions regarding vast sums of money through operating accounts and special assessments. Once approved for funding, they decide on the contracts and service agreements, the operating and maintenance staff, the employment of professionals and emergency response.

What happens, though, if council members decide to employ each other for services or decide to waive each other's strata fees in lieu of services?

A Fraser Valley strata was surprised to discover that its council had not only approved the employment of council members for maintenance contracts but had also waived their strata fees for one year because of the major construction under way. No one in the strata was aware of this until the annual general meeting. The council's response on being asked why they thought it was acceptable to pay themselves was that no one in the strata had questioned it. As it turned out, the council was in violation of the act and the strata bylaws, and have not complied with B.C. Employment Standards, WCB or the Canadian Revenue Agency.

council. The remuneration of council requires that the amount is approved in the annual budget, or the remuneration is ratified by a 3/4 vote at a general meeting, or a bylaw that permits payment of council for their duties, which are set out by the act, regulations and bylaws. There is no provision in the act for the waiver of strata fees.

Tips: Remuneration of this kind can create employer-employee relationships, preventing persons involved from holding proxies, and creating liability for the strata as part of Employment Standards, WCB and taxation. Before a strata pays a council member for duties, they should ensure they have the necessary authority.

Strata law: The Act sets out matters dealing with conflicts, standard of care and remuneration of

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