

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

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Here's a new twist on an old scam.

The treasurer of a Lower Mainland strata council was single-handedly collecting all the special levies, processing all of the bills and signing all the cheques for roofing renovations that were carried out. One council member became quite concerned when the final total came in \$40,000 over budget. At first, the council as a whole were reluctant to conduct an audit, so this lone council member submitted a petition by the owners demanding a special general meeting (SGM) calling for a resolution demanding an audit.

When the treasurer refused to release the invoices and cancelled cheques, the owners suddenly had no choice but to vote for the audit.

It turned out that the treasurer had created a false company with a mail box number, and had been paying the cheques into the company. Fraud? You bet. Charges are pending. Will the strata be more prudent? Guaranteed. Other than normal operating accounts like hydro, gas and garbage removal, every invoice now has to be approved by the council before payment.

Strata Law: If the owners of a strata wish to call for a specific resolution, such as an audit, the removal of a council member or new bylaws and

if the council refuses to call an SGM, a demand can be made with a petition signed by 25 percent of the owners. If the strata council refuses to hold the meeting within 4 weeks, the petitioners may hold the meeting themselves by complying with the provisions of the act.

Tips: The council and owners function on basic democratic principals. If 25 per cent want a meeting, the meeting has to be convened. A majority vote rules. Insufficient financial controls are common both in managed and self managed strata corporations.

Unwillingness to provide documentation of expenses, agreements, receipts and cancelled cheques is a sure sign there may be something wrong.

If audits are conducted, ensure they are conducted by qualified professionals at an arm's length with no interests in the strata corporation. Request a list of recommended financial controls to protect the strata. A routine audit can restore a remarkable level of confidence with the owners.

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