

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

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Condo Smarts

Headline: Levy hits uninformed owners
Topic: Special levies and insurance deductibles
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The owners in a 25-unit Vancouver strata recently received a nasty surprise: Without their consent or ability to vote on a special levy, they were notified of special levies at \$2,000 per unit to pay for an insurance deductible.

The strata corporation had neglected replacing its aging piping system, and experienced a third water break in less than a year. The deductible was now \$50,000. With little money left in the reserve, the council found it had to levy each owner. The owners are frustrated because the council made no indication of the changes to the insurance, no reporting on the lack of funds in the reserve, and imposed the levy without a vote.

Strata Law: Section 158 of the Act allows a strata corporation to levy strata lot owners for an expenditure to cover an insurance deductible it is required to pay. The strata council does not require a 3/4 resolution of the owners at a general meeting to impose the levy. Understandably the strata corporation must insure the common property and common assets, so logically it follows they have no choice but to pay.

Tips: There is a growing concern that our aging housing stocks are not being maintained at a reasonable enough capacity to avoid such risks. This strata corporation had a quote to re-pipe three years ago when the first signs of trouble showed up. The cost would have been \$75,000, a substantial outlay but, in retrospect, a much wiser investment.

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