

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

Bulletin: 300-119

Condo Smarts

Headline: A need for full, current disclosure

Topic: Strata Property Act forms

Publication date: March 20, 2005

Publication: The Province

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How does a strata corporation or a buyers know if strata funds and accounts are being reported properly?

This question became critical for a Richmond strata corporation when a sale was completed recently. The purchaser had asked to see a Form B information certificate before the sale, setting out the basic financial information about the strata and the financial obligations for the strata lot being purchased. The contingency amount shown on the form showed there was \$125,000 in the fund. But within weeks of moving in, the new owner received a levy notice for an insurance deductible, citing the lack of funds in the account.

It turned out that the actual amount in the fund was only \$3,700, not \$125,000, a drastic difference. How could this be? It turned out that the strata had been simply reissuing the form without ever updating its information. The new purchaser is obviously unhappy, and may need to seek legal advise to determine his options. However, as a result of the questions raised over this whole issue, the strata has hired an accountant to update the financial statements and records.

Strata Law: Whoever is providing the Form B information certificate must ensure that the information is accurate and current. This is a serious matter. If there is a dispute, the Supreme

Court will need to determine who is responsible and whether penalties need to be paid and by whom. Purchasers rely on information provided in the Form B. If the information is inaccurate can they be held responsible? A question such as this may need to be resolved by the courts.

Tips: To make the form process efficient, strata corporations and management companies should create home owner and home buyer packages that disclose the general information, bylaws and rules of a strata corporation. These are often issued with a Form B request to ensure the purchaser is fully aware of the strata governance. Don't forget strata information can become outdated within a day. It is important for stratas to keep their records current so that they provide accurate information when requested.

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