

# Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-203

## Condo Smarts

Headline: You must make a plan

Topic: Strata fees

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**Dear Condo Smarts:** Our strata council is struggling with a chronic problem we are having with real estate agents.

Every year we try to increase our fees because of constantly increasing expenses, and every year an owner drags in a real estate agent to lecture us on the value of keeping our strata fees low so units are easy to sell.

The result: no increases in fees and routine annual deficits. The other problem of course is we can't get owners to pass special levies for roofing and now we have are experiencing leaks. Our building is 15 years old, with little maintenance and is now starting to break down. How do we raise the funds and what do we do next?

-- Karen Davis

**Dear Karen:** Your complaint is one of the most common calls our office receives. Strata fees should be set according to what your maintenance and operation requirements are, not what an agent encourages because it makes their job easier.

From the perspective of the law, the Strata Property Act requires that you must maintain and repair your common property.

Failing to meet those obligations means an owner or owners will eventually seek court remedies ordering the work, or for the appointment of an administrator.

If a strata maintains its roof annually with cleaning, inspections and repairs, it will significantly lengthen the life of the roof, and will be able to plan for the replacement before it leaks.

You're not doing yourself any favour by deferring maintenance. If you are constantly running a deficit you must also be bleeding away your reserve funds, otherwise you would have to repay those deficits in the following year's budget. That would definitely cause an increase in strata fees and have a downside effect on your property values.

Your strata needs to create an operations plan. Identify everything you need to maintain and repair each year, what the costs of services will be over the coming year including insurance and utilities, and a realistic cost for management fees and reserve fund savings, then budget to meet those expectations.

The choice is simple: comply with the law and maintain your buildings or get your cheque book out for more and more expensive trouble ahead.

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