

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-273

Condo Smarts

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Dear Condo Smarts: We recently bought an apartment in a 55-year-old building that was converted from a rental building to a strata titled building. Within 3 months of moving in all the new owners are facing a new roof, new boiler and likely major plumbing upgrades. We have to admit we didn't insist on any probing inspections of the building systems, however, we were under the impression that the owner of the building had to provide us with disclosure of any conditions in the building that may be of a major expense or risk to our investment. Our real estate agent advised that there were no problems disclosed with the building so we went ahead with the sale. Now that we're facing all of these accumulated costs, is there any way we can go back to the original building owner to recover some of our losses? Tara Mills, Fraser Valley

Dear Tara: A conversion of property from one titled to divided strata titled property is basically the same as creating a new strata. For the purpose of marketing the owner of the building creates a disclosure statement defining the property that is being created and sold, what is being included with the property and the strata lots, a projected budget for the first year of operating as a strata and in most cases they include a conditional disclosure of the age of the building and the building systems. If you read the disclosure you're likely going to discover the owner has disclosed the building is 55-years-old and that many of the building components are also in the same age

category. If the disclosure was misleading your strata may have a reasonable claim. A list of updates and improvements may also be included, but before anyone buys a conversion they need to insist on building inspections, maintenance records and renewal schedules of roofing, exterior cladding and windows, plumbing and heating systems, electrical and gas services, elevator servicing and any other buildings that are critical. There is also another type of strata about to hit the market that buyers need to be aware of as well. When the Homeowner Protection Act came into effect in 1999, there was a prescription that required new strata titled property constructed had mandatory warranty coverage for 2, 5 and 10 years. There is an exemption that buyers need to be aware of. A development that was intended and used solely for rental purposes by the owner developer could be exempt from warranty provided suites were not sold or marketed for a period of 10 years. The first of these such exempted buildings will be coming up on the market in the next year and may have the same type of building condition risks relating to maintenance and operational problems. Like any other piece of multi-family real estate, their value is only as good as their original construction and maintenance and renewal programs. Before you buy, engage a qualified building technician or engineer to review the complete building system of a conversion. Remember as a strata owner you not only purchased your unit, you also purchased the share of risks of all the common property.

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