

# Condominium Home Owners' Association

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Bulletin: 300-330

## Condo Smarts

Headline: Before you buy a condo

Topic: Buying

Publication date: May 17, 2009

Publication: The Province

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**Dear Condo Smarts:** We have been viewing a number of condos in the past few weeks to purchase as our new home. In the process of reading minutes we have found a number of conditions in each of the condos where the strata corporation could not provide us with satisfactory answers, so we did not pursue the sale. However, we were faced with the refusal of the property manger and the strata corporation to disclose information on two issues. The first was insurance claims and what parts of the building were damaged and restored in a major insurance claim and the second was warranty claims. There is no disclosure on a Form B that sets out any report or history on warranty claims that may have been filed on a new building or a repaired leaky condo. Is this a normal practice and doesn't the strata have to disclose this information when someone requests it? Mani Chao, Vancouver

**Dear Mani:** A prudent buyer will investigate building history, financial operations, financial reserves, maintenance schedules, the minutes of the meetings, and warranty and insurance claims that may affect your purchase. You are correct in that the Form B Information Certificate does not contain a requirement to disclose items like warranty or insurance claims, but that does not prevent a buyer from asking the owner or their agent for that information. As part of the records and documents in the Act, the strata must retain correspondence sent and received by the strata corporation which could be warranty or insurance information, but that is only for a period of two years. They must also retain warranty documents and records, but if they do not include warranty or insurance claims and reports as part of the minutes of council meetings, there may not be a record of any such claims, other than the

correspondence. Unless you as the consumer specifically request copies of claims history for warranties and insurance claims, you would have no way of knowing that information. If there was a related claim on the strata lot you are interested in, the vendor would also have a duty to disclose that information, but the conditions and claims of common property would have to be disclosed by the strata corporation, if requested. Buyers should exercise caution when purchasing a unit if the strata or owner is unwilling to disclose warranty or insurance information. If there is a history of insurance claims, you may be able to identify this through the deductible amounts shown on the strata insurance policy, but they only relate to history, not the current or future risk of the property. For example, if the insurance deductible for water escape is \$2,500, it is a good indication that there have been few if any water damage claims by the strata or owners, but if the deductible is \$10,000, \$25,000, or higher, it is obvious that a series of claims have resulted in a greater risk for the insurer and costs for the strata corporation. As an owner you may also be responsible for that higher deductible if you are responsible for a claim. If a developer or warranty provider is involved in a warranty claim and subsequent repair, they must provide a written report to the strata corporation under the Homeowner Protection Act regarding the specifications of the repair and the extended warranty on the repair work. Those would also be documents available on request. Buying a condo today is also about protecting your future investment. Don't take anyone's word for anything. Review all the documentation available and confirm your requests in writing for additional information.

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