

**Condo Smarts**

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**Dear Condo Smarts:** Our strata corporation is made up of the strata of 188 units, a commercial retail section of 37 units, a commercial office section of 42 units and a residential section of 109 units. Over the past 6 years, we have run all of our annual meetings and our council meetings at the same time, which has conveniently worked out for our owners. Usually, no one from the retail section shows up and the office section has one or two owners representing all of the votes. At our AGM in August, our manager advised that we had to separate into 3 meetings and our finances and management agreements had to be into 3 separate accounts. While this has added additional administration cost, the biggest problem is the additional meetings, which essentially resulted in no one showing up to any of the meetings. We also had an owner at the commercial office section dispute the proxies, because the standard form we send out from the regulations did not authorize a proxy for the sections meeting. Could you help us to understand the necessity for the separation?

*Jason D.*

**Dear Jason:** The creation of sections for strata corporations is a complicated twist in strata living. When a section is created, *"the section is a corporation and has the same powers and duties as the strata corporation 194 (2) SPA"*. In a nutshell that means that not only is a new additional corporation created, but the owners of that section, and the executive council of that section have all of the same legal duties and obligations that are imposed by the Strata Property Act and Regulations. Think of a section as really a strata corporation within a strata corporation. Yes the manager is correct. Both under the

Strata Property Act & Regulations, and the Real Estate Services Act, Regulations and Rules of the Real Estate Council, the strata corporation and related matters exclusive to those sections have separate meetings, records and documents, separate financials including a separate operating, contingency and special levy accounts, and separate service contracts and agreements. The underlying condition of sections, is that an expense is solely apportioned to that section, if it is exclusive to only that section(s), otherwise it is a common expense of the corporation. The only limitation on a section is that it cannot enter into a contract or sue or arbitrate in the name of the corporation. Sections are identified in the bylaws. The bylaw includes the number of the section and name of the corporation. For example, "Section 1, Commercial Retail, (Strata lots 1-37), The owners, strata plan ABC1234" Proxies will also have to identify section meetings. The optional proxy form in the SPA Regulations, only contemplates use for a strata corporation meeting. If your strata corporation is operating separate meetings, registrations and voting procedures for each section meeting, and you are issuing a proxy form with notice, it is very helpful that the proxy form includes the assignment for all of the meetings that the owner assigns the proxy to attend. If the proxy is attending both the Annual Meeting of the Corporation, and the Annual meeting of the Section, both of the meetings, or assignments need to be appointed on the proxy. If the proxy form does not identify the section meeting, how could the registrant proxy be issued a voting card for that meeting?

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