

Condo Smarts

Headline: Can we rely on depreciation reports?

Topic: Depreciation Reports

Publication date: Nov 10, 2013

Publication: The Province

Written by: Tony Gioventu

Dear Tony: My wife Marge and I have been looking at down-sizing and moving into a condo in Yale Town. We have looked at a number of units and have gone as far as making offers and obtaining information from the strata corporations and managers. One building in particular we have received a Form B Information Certificate and a copy of the depreciation report. The report is invaluable to a buyer, especially those of us who know little about joint costs in a condo. We now have a good sense of what the building condition is and when the next big projects are due. In essence it gave us the ability to sit down and make some financial plans for the future. However, we have noticed in two other projects that the reports we received were less than helpful. One report contained photographs and information of a totally different property than was identified on the cover, and the second report did not identify the current condition of the building systems and had headers and footers with disclaimers that the information was not complete and could not be relied upon. As a result of the report from the first building, we intend to purchase in the first building. But how are buyers supposed to rely on documents that have no standard, or are not complete? Why would strata councils release the information before it is reviewed?
Tom L. Vancouver

Dear Tom: The *Strata Property Act and Regulations* set out the procedures and the minimum information that must be included in the report. The report must include a summary of all common property and common assets that the strata corporation has to maintain and repair as part of the common expenses that usually occur less often than once a year or that do not usually occur. The report must also identify common property and limited common property that the strata lot owner, and not the strata corporation is responsible to maintain and repair. Your experience with incorrect information is often a symptom of the lack of an effective working relationship among the depreciation planner, the strata council and strata manager. While a

depreciation planner is an independent party providing the report, they should not be working without a high level of communication with the council and manager, as the development of the report will often rely on information and review of the documents by the council and manager to verify the information in the report is accurate. Adrienne Murray, a well known strata lawyer in BC, has assisted many strata corporations that have discovered defects or incomplete information in their reports. Her advice is common sense that we would apply to most business relationships. According to Adrienne, "the best approach for the strata corporation and the strata manager in developing their depreciation reports is to ensure that the depreciation planner has all of the necessary documents and information available. Meet with the consultant as the report progresses to ensure the project information is accurate, the interpretation of the bylaws, covenants and easements relating to responsibility for repair is correct, and if in doubt, get legal advice on the application of the bylaws. There are many complicated strata corporations out there that have exclusive use of parking areas, pools, guests rooms, and recreation facilities that may be allocated to just a few strata lots. The registered strata plan and the bylaws should indicate these relationships. Such owners may, by bylaw, be responsible for maintenance if the area is designated as limited common property, or, if alterations have been made, the owners may, as a result of alteration agreements or bylaws, be responsible for the costs of the repair and maintenance of these facilities."

As with any document issued by the strata corporation, double check the accuracy of information before your strata council instructs your strata manager or a council member to release a document. Mark your calendar, by December 13 every strata corporation of 5 units or more in BC has to either obtained their depreciation report or have passed a ¾ vote for exemption from the requirement for this year.

**For more information on CHOA resources and benefits visit www.choa.bc.ca
or contact the office at 1-877-353-2462 or email office@choa.bc.ca.**

No part of this publication may be reproduced without the prior written permission of CHOA

This publication contains general information only and is not intended as legal advice. Use of this publication is at your own risk. CHOA will not be liable to you or any other person for any loss or damage arising from, connected with or relating to the use of this publication or any information contained herein by you or any other person.