

Condo Smarts

Headline: Errors

Topic: Management

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Dear Tony: We had our AGM on Saturday, and our property manager ended up chairing our meeting. The manager also did registration, certified proxies and took the minutes. Needless to say the owners have lost confidence in the manager, and we tried to wrestle control of the meeting away from the chair once the proceedings turned ugly. When we got to our annual budget, an owner proposed an amendment to the snow removal item in the budget that would have had a slight decrease in our strata fees, but the property manager told us this would be considered a significant amendment, and not permitted under the Act. Several owners had copies of the Act and raised the matter as a point of order, and the manager ruled them out of order and called for the vote on the budget. The budget was defeated, because the owners did not want to approve \$15,000 for snow removal when we normally pay less than \$1,000, and now we have to incur the expense of another meeting because of the stupidity of the manager. Perhaps they might listen if you explain this to them.

Carol E. Richmond

Dear Carol: Strata corporations rely on their managers, consultants and contractors for their knowledge and advice.

Here are 5 significant errors I have corrected in the last week. If your agents or contractors are getting one of these topics wrong, it might be time for a change.

1: You can't amend the budget at the AGM. The *Strata Property Act* (103-4) specifically permits a strata corporation to amend an annual budget at the AGM before it is put to vote. That includes the contingency contributions and expense and revenue items. Just make sure your revenues and expenses balance. The budget in the notice package is simply proposed.

#2: The Act does not permit a strata to amend the annual budget to increase it. There are no limitations on the amendments under the Act to the annual budget, provided the owners by majority vote approve the amendment and the budget as amended is approved. Try to determine the consequences of the amendments before they are ratified. For example, a 50-100% increase in strata fees is permitted, but it may put the majority owners in financial jeopardy.

#3: Sections created by the owner developer cannot be changed or reversed by the strata corporation. Any bylaws created by the owner developer may be amended by the strata corporation, including the repeal or amendment to sections bylaws. It is important to remember that if you are amending bylaws with sections or residential and non-residential strata lots, that both the residential and non-residential strata lots, and of course the sections must each vote separately on the amendments to be valid. Make sure that the notice also includes the separate resolutions and voting provisions and these are accurately recorded in the minutes, and that you have reviewed any voting amendments in the bylaws for non-residential strata lots.

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#4: The schedules for voting and fees in the disclosure statement apply to the strata corporation. The schedule of unit entitlement and voting entitlement published in the owner developer's disclosure statement are simply estimates and projections and are officially created when the survey is complete, and the survey documents are filed in the Land Title Registry. The disclosure statement is basically a document between the developer and first time buyers about what they intend to provide to the buyers, and the basic initial operations of the strata. There are valuable documents such as the Rental Disclosure Statement, Parking and Storage lockers leases and licenses, and Air Space Parcel Agreements, that every strata corporation needs to retain and review.

contacted the owner of the company who as graciously agreed to pay all the costs for the notice and the second meeting.

#5 In the first two years of the strata, don't contact the warranty provider as the developer is responsible for the building. The Warranty period begins on the date of the first conveyance or first occupancy. It is valuable for a new strata to maintain a positive working relationship with the developer; however, in order to protect your strata interests, you must file warranty claims in writing to the warranty provider, otherwise you will pass the limitations periods in the warranty, such as 2 years (all components) 5 years (building envelope) and 10 years (structure). Your warranty has a claim value of \$100,000 per unit to a maximum of 2.5 million dollars. If you, or your agent if instructed, fails to file written claims in the time periods, you will lose the coverage. Read your policy to determine the expiry dates. Carol's strata is a good example of what not to do. The strata will pay a hefty cost for the error of the manager, as each notice and meeting cost their strata over \$2,500, not including the time of the owners and council to attend another meeting. Misinformation is a significant cause of conflict in strata corporations, for which we all pay a higher price economically and socially. Carol's strata

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