Dear Tony:

Thank you for last week’s article on rentals and has helped us to solve a serious dispute on our council. Could you explain the exemptions that apply from a developer? We have people in our building who say they bought investment units and are exempt from the bylaws as long as they continue to rent and until they decide to sell, but we have no evidence or information about the exemptions. Our property manager has told us that anyone who bought from the developer is exempt. Is that true?

Colin Ferguson

Dear Colin:

Rental exemptions granted by the owner developer are created when the disclosure statement has been filed with the Superintendent of Real Estate. The rental disclosure has 2 time periods that are important to review. Those statements that were filed before January 1, 2010 and those filed on or after that date. The rental disclosure statement filed before January 1, 2010 sets out an exemption for the developer and buyers that is generally indefinite. While the term indefinite may appear to apply to the strata lot, it does not. It only applies to the first purchaser who bought directly from the owner developer. When the strata lot is sold or ownership is transferred, the subsequent purchaser is no longer exempt and the bylaws of the strata corporation will apply. However; don’t assume indefinite is the only time period, before 2010 there were rental disclosures that had limited time periods such as 25 or 50 years. When those dates expire, so does the exemption. If the rental disclosure statement was filed on or after January 1, 2010, the exemption is applied to the strata lot. The exemption must set out the strata lots that are intended to rent and establish a date for the end period of the exemption. For example, you will commonly see the form show: “strata lots 1-138 are intended for the purpose of rentals for a period ending January 1, 2115”. While the periods are often 99 or 100 years, review the form closely before you buy, either as a first purchaser or subsequent buyer. There are many rental disclosures that limit the time period to only 5, 10 or 25 years. Owners with 10 year limits are now discovering their exemption will expire in late 2015 and the new bylaws the strata adopted will restrict their ability to rent their units.

Strata corporations are required to have a copy of the rental disclosure form because along with any Rules, a Depreciation Report and the current budget, the rental disclosure must also be attached to a Form B information certificate if requested. It is also unlikely that your strata will be able to effectively enforce bylaws if you are unaware of any of the exemptions.

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

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