

## Condo Smarts

Headline: Purchasing documents

Topic: Buying & Selling

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**Dear Tony:** Is there any type of professional available to help a buyer understand the documents in a strata before they buy? I have been looking for a condo for the past 6 months but the documents are difficult to understand, and honestly I don't really know what I'm looking for. I am more concerned about what is omitted from the minutes than the simple details of day to day business and if I asked any questions to either the seller or the strata manager or council I did not get any satisfactory answers. My agent has been very helpful in obtaining the records but understanding the information is another issue.

*Rebecca C.*

**Dear Readers:** To get a sense of the scope of documents, I worked with Rebecca over the past 6 weeks in obtaining records of the strata and understanding what information each document provides. Rebecca is looking at a 2 bedroom condo in an 18 year old high rise in Vancouver.

The road map of documents for a strata corporation are listed under section 35 of the *Strata Property Act* and an Information Certificate will provide some detailed information about the operations of the strata. The certificate contains a declaration of specific details about the strata, the strata lot and duties between the strata lot owner and the strata. Financial obligations such as current strata fees, special levies that are owing, agreements that relate to alterations, the annual budget and contingency balances help the buyer understand the current financial obligations.

The depreciation report, a required attachment to the certificate, is a useful planning tool to help the buyer understand the future obligations. The report provides an inventory of the strata common property and assets, the current condition, and projected dates of

replacement or major maintenance. The current report shows the anticipated replacement of hot and cold water piping within the next 5 years with major upgrades for roofing, elevators and windows scheduled in 10-15 years. The estimated cost for the plumbing upgrade will be a likely special levy for the 2 bedroom unit of 15-20 thousand dollars as the strata is currently only maintaining the minimal amount in their contingency fund.

The certificate also identifies how the parking and storage lockers are designated. In this strata they are limited common property, and Rebecca would have 2 parking spaces and 1 storage locker designated by the owner developer. This is also important as it would only be possible for the spaces to change if the strata passed a unanimous vote, which includes Rebecca's approval if she was the owner at the time.

Official documents filed in the Land Title Registry are also important. The registered strata plan shows the boundaries of the strata lot, common and limited common property designations. The schedule of unit entitlement or any filed amendments is the formula used to calculate common expenses, and the schedule of voting entitlement identifies how many votes allocated to each strata lot and the registered bylaws are the official governance of the strata. Most important Rebecca wants to be able to rent her unit if she travels for 6 months next year, and the strata currently has no rental bylaw restrictions.

Rebecca also requested copies of engineering reports and the insurance documents. There are 2 engineering assessments regarding the maintenance of the building exterior which is part of the annual budget and ongoing service agreements and the water escape insurance deductible for the building is \$5,000 with no recent claims.

In total there were over 750 pages of documents to review. Along with the forms the total cost was \$250, and Rebecca spent 4 hours reading minutes of the past 5 years meetings. Putting this into perspective, the property was listed for \$695,000 and Rebecca only invested \$250 and a day's worth of document review to be able to work with her agent and consider whether this property meets her requirements.