

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

Bulletin: 400-004

Oct 3, 2005

What You Need To Know When Buying A Strata Property: Condo, Townhouse or Bare Land Strata

Investigate:

Educate yourself by asking questions. You can never ask too many questions about the strata corporation.

The question is, Who do you ask and how? Ask the strata corporation and the current owner of the unit or the developer if this is a new complex. Put your request in writing and request that the same parties respond in writing, officially identifying who is responding.

How old is the property? Who was the builder? Have there ever been any problems or majors repairs on the building? When was the roofing last inspected? Is there a roofing report from the inspector? Have there ever been any reported water leaks? Have there ever been any reported repairs from water leaks?

Are there decks and balconies? When were they last maintained? What is the type of siding on the building? Stucco, wood shingle, vinyl or aluminum siding, concrete, composite? Has it ever been repaired or replaced? Why? In writing, request if there have ever been any building engineering, assessment or conditional reports performed. If yes, ask for a copy

What about the underground parking areas? Are there any leaks? Is drainage a problem? Has the area ever flooded? What about safety? Have there been any security problems?

Is there an elevator(s) in the building? When was it last serviced? Does it have a monitored device in case of emergency? How do you arrange to move in or out? Are there any costs associated with moving in or out or use of the elevator? Where does the money go?

What about the water and fire safety systems? Have there ever been any water leaks in the building caused by breaking pipes or failed sprinkler system? How old is the plumbing? Is it due for a replacement?

What Are Your Obligations As An Owner?

Before you sign the offer for sale / agreement for sale request the following information:

- Form B Information Certificate Section 59 Strata Property Act
- Copies of all bylaws as registered in the Land Title Office
- Copies of all ratified rules of the corporation

How much are your strata fees going to be? These fees cover your share of the cost of the maintenance, operations expenses and reserves for your strata corporation.

Are there any agreements under which the owner takes responsibility? Example: an added skylight, or a balcony enclosure, or a satellite dish.

Are there any special repairs that are under way right now that you may have to pay for in the future? Is the current owner putting an amount into trust to pay for these special repairs?

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Are there any registered bylaws that might affect you? No Pets? Age restriction of 55 and over? No rentals? Remember that even though a bylaw is not currently in place on a specific item, a bylaw affecting your use of the property in the future, may be amended or introduced by the corporation that restricts or changes your use of the unit. Are there any bylaws that have been passed that have not yet been filed in the land title office?

Get copies of the minutes of the strata council minutes for the previous 6 months - 2 years or longer if you have any specific questions or concerns. These minutes may indicate how the building is running and if there are any significant problems present. Get copies of the current budget and a statement of the contingency reserve fund. Is there enough money to meet the current operations of the building? Is there enough money in the contingency to meet an emergency?

Warning: just because there are no problems listed in the minutes does not mean they don't exist. Ask questions and get the answers in writing. Work closely with your agent. Consult your lawyer on what your obligations and expectations are going to be.

Is the Strata Corporation party to any court proceedings or judgements? Caution: a judgement against a corporation may mean a share of the cost of that judgement is yours.

What about the limited common/common property? Do you have a designated parking spot? Do you have a designated storage locker? Go down and see them. Don't take anyone's word for it. Get it in writing from the strata corporation. Which spots or locations are designated for the strata lot that you are looking thinking of purchasing. Is someone asking you to purchase a parking spot or locker? In many cases it is not possible to sell/purchase these items because they are common property/limited common property and are part of the assets of the corporation. Consult with your lawyer before you consider purchasing any parking spot or storage locker or special designations.

Have you reviewed the current insurance policy of the strata corporation? Who is the insurer? Is the strata currently insured for full replacement value? What is the deductible for claims? If the value is high, request further information from the council relating to this effect.

When in doubt ask again. If you are unsure of any of the information you received get it in writing from the strata corporation. You may wish to talk to your lawyer about a potential deal before you sign the papers.

For more information please review the following:

- The Strata Property Act and Regulations (available online: www.qp.gov.bc.ca/statreg/stat/S/98043_01.htm or hard copies available for purchase from CHOA)
- SPA Instruction Guides (available online: www.qp.gov.bc.ca/statreg/reg/S/StrataProperty/43_2000.htm)
- A Strata Property Act Practical Guide to Bylaws (available for purchase from CHOA)

Frequently asked Questions

1. When I buy a condo as an investment, how can I guarantee that I can rent it out ?

When you purchase a strata titled property, it may currently be subject to rental restriction bylaws or in the future rental restriction bylaws may be adopted by the corporation that limits or prohibits the rental of your unit. Under the current legislative exemptions, As the first purchaser from the owner developer, where in accordance with the requirements of the legislation a proper rental disclosure statement has been filed with the disclosure statement, the first purchaser may be exempt for the period disclosed in the form. Before you purchase a new or pre-owned home, review the rental disclosure statement filed for the property, and all bylaws related to rental restrictions. As an investor it may be for your best protection to consult your lawyer when reviewing the bylaws and rental disclosure statement.

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2. How are strata fees calculated?

Strata fees and special levies are generally calculated on a formula known as unit entitlement. Depending on the age of the strata property you are purchasing they may be either based on the size of your strata unit or based on a simple formula. A simple example is a strata where there are 1 and 2 bedroom units. The unit entitlement for 1 bedroom units is 1 and 2 for the 2 bedroom units. What this basically means is the 2 bedroom units pay twice as much for the common expenses of the corporation. Some complexes, and those measured since July 1, 2000, are generally based on the square footage or metres of the unit. So the size of your unit is divided by the total area of all the units and this creates your percentage or share of liability for common expenses. Example 895 sq feet / 15,000 square feet = 5.96% of common expenses. The common expense can include the operating budget, contingency reserve contribution, special levies for major repairs, insurance deductibles, judgements in law suits and arbitration awards.

3. When I sell my condo do I also sell my parking space and my storage locker?

Most parking and storage lockers are common property and are not part of the taxable value of your strata lot or part of the strata lot. Parking and storage lockers that are common property are assigned through the bylaws, rules and operations plan simply transfer to the new purchaser for their use in accordance with the bylaws and rules. Some parking and storage lockers can be part of the strata lots, separate strata lots or limited common property designated for the exclusive use of the strata lot. It is recommended that you review the strata plan and any amendments to the common property to determine how the parking and storage lockers are assigned. Review the use. No 2 strata corporations are the same, so it is important to review all of the documents and speak to your lawyer and agent before you proceed with your agreement for sale.

4. Do the new regulations of the Real Estate Services Act require that all strata properties must be managed by a licensed manager?

The Real Estate Services Act and Strata Management Licensing come into effect on January 1, 2006. There are no laws that require that the strata corporation is managed by a licensed property manager. Whether a strata corporation is professionally managed or self managed is a decision that is made by the owners at a general meeting; however, the strata corporation should take care and interest to ensure that their buildings are properly maintained, serviced and repaired, that their records and financial operations are managed in accordance with the Strata Property Act. The strata corporation are still required to elect a strata council who are responsible for the operations of the strata, maintenance and repairs of the common assets and common property and the enforcement of bylaws and the convening of the general meetings.

5. Can the strata corporation prevent me from having pets?

Yes, under the current legislation, the strata corporation can adopt bylaws that may either limit the number of pets, the type of pets or prohibit pets entirely. If a strata corporation adopts a new pet restriction bylaw, those pets that are living with an owner in residence are exempt from the bylaw for the duration of the residency or life of that pet in residency. The current standard bylaw of the Strata Property Act reads as follows:

3 (3) An owner, tenant, occupant or visitor must ensure that all animals are leashed or otherwise secured when on the common property or on land that is a common asset.

(4) An owner, tenant or occupant must not keep any pets on a strata lot other than one or more of the following:

- (a) a reasonable number of fish or other small aquarium animals;*
- (b) a reasonable number of small caged mammals;*
- (c) up to 2 caged birds;*
- (d) one dog or one cat.*

6. If a bylaw says that “this is an adult community”, does it mean we cannot have our children or tenants with children?

Age restriction bylaws are permitted by the legislation; however, a bylaw that stipulates the age as being Adult Only, is not defining a specific age and as a result is complicated for the strata corporation to enforce. Before

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you buy, read all of the bylaws closely. If there is an age restriction bylaw and you intend to have residents under the age restriction bylaw, seek legal advice first. Like any bylaw, Age restriction bylaws can be enforceable, however they must comply with the Act, any other enactment of law and the BC Human Rights Code. Age restrictions are permitted for residency only, and not for ownership. Many investors and senior purchasers may buy into a “55” and over community with their children who are underage as joint owners. The ownership cannot be restricted by the bylaw, only residency.

7. If a special assessment or levy is due for major repairs on a unit that I am buying, who is responsible to pay the amount? The seller or the buyer?

Special assessments are generally common expenses that all owners pay based on their unit entitlement (share of expenses). The Act requires that the amount is due and payable on the due date of the resolution; however, as a purchaser you may negotiate the payment obligation with the seller or negotiate the price to accommodate the levy. If the due date is after the date of completion and you have not negotiated the payment in advance, you as the new purchaser will be responsible for the special levy. The topic of levies and refunds requires detailed legal attention to ensure your rights are protected. CHOA recommends that a purchaser seek legal advice on the terms and conditions of the purchase or sale of a strata lot before the transaction is complete and subjects to an agreement for sale are removed.

8. What documents should I request from the seller /strata before I buy?

The agent of the seller may request a variety of documents on your behalf such as bylaws, rules, banking and financial information, operations information and plans, minutes of meetings, ³/₄ resolutions, judgments against the corporation, insurance documents. An information certificate, Form B, should be requested, but the purchaser may also request information that will assist them in determining if the building meets their expectations. Other documents such as building envelope reports, engineering reports, and warranty documents may also be helpful.

9. What can I do to protect my investment?

Every strata owner must take an active role in their corporation to ensure their common property, common assets and their strata lots are properly maintained and repaired. As owners and council members it is important to work closely with your management team, property manager and strata owners in developing operation and maintenance programs and ensuring that those needs are properly funded each year to effectively manage your property. Become a good neighbour. Live within the bylaws of the corporation. Maintain your strata lot. Take an active role on council or committees and support your council and managers. Supporting continuing education for the strata council, manager and owners is also necessary to maintain high standards and active knowledge of changing legislation and technology.

10. Can I have a satellite dish, hot tub or my RV at the strata?

What you bring to your strata and how you use your strata lot is governed in the bylaws. Your bylaws may not permit alterations to the building allowing the installation of satellite dishes, or the use of hot tubs or the storage of RV's, boats and trailers. Don't assume these are your rights. If you have special requests before you move in, submit a request to council or the property manager if you are in doubt. The council may be able to answer your questions and help you avoid a complicated problem.

CHOA is a non profit association in BC that assists over 100,000 members each year with the operation of their strata corporations. An advisor would be pleased to assist you if you have any additional questions. Advisors are located in the Lower Mainland, the Interior of BC , and on Vancouver Island.

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