

Strata Living

Headline: Big Screen Buy
Topic: Strata Council; Authority
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Dear Tony: Our strata council vice president spent \$5,000 on a large screen TV and surround sound system for the common room. The owners were not aware of the purchase, and they did not approve this expense at a general meeting. Now that the materials have been purchased is there anything that the strata owners and remainder of council can do? This was all set up on an unauthorized credit account for the strata corporation.

Bobbie K. Mission

Dear Bobbie: The strata property act sets out a limit and conditions for unauthorized expenditures and borrowing. If your bylaws are silent, the Act applies, and limits an unauthorized expense to a maximum of \$2,000 or 5% of your annual budget, whichever is less. In addition to the expense limitation, the act also sets out a limit to purchases of personal property of the strata corporation to \$1,000, if the bylaws are silent, before a three quarters vote is required. The strata corporation must also approve a loan/credit by a three quarters vote. Your bylaws are silent in both cases, and the loan was not approved. The purchase was unauthorized. Seems like three strikes and he's out.

The decision to expend the funds of the strata corporation is solely within the authority of council, who make their decisions by majority vote at council

meetings, delegation of authority and through their service agreements. The vice president will hopefully come to the realization that he has just personally purchased the equipment and settle the outstanding account. Strata council need to meet immediately and advise the vice president that he was not authorized for the purchase either by the strata corporation or the council, and contact the supplier and credit provider who need to be advised of the unauthorized purchase. If you cannot resolve this matter quickly contact your lawyer.

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