

Strata Living

Headline: Amending the Annual Budget

Topic: Budgets

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Dear Tony: We had a terrible row with our strata manager at our Annual Meeting in May. The owners at the meeting motioned to have the annual budget amended to increase the amount we are collecting in the operating budget to essentially cover our costs. With our new quote on insurance and rising costs we will experience about an \$8,000 deficit in the first 6 months of the year. The manager insisted we could not amend the annual budget more than 5% at the meeting, and we are dubious that his intentions were in our interest as the management company also represents 28 rental units in the building, and holds proxies for those units. Even though we have to include a proposed budget with the notice, do the strata laws actually set a limit for the amendments?

Jocelyn W. Delta

Dear Jocelyn: The notice package of the Annual General Meeting is determined by the bylaws of your strata corporation, and the agenda includes the proposed budget. The proposed budget includes operating expenses and your contingency reserve contribution. Once the amount of the operating budget and contingency reserve contribution are

approved, that amount is the total amount of revenue that is determined and is covered by strata fees and any other revenues of the corporation. If the strata corporation has a deficit it must be eliminated in the next fiscal year anyhow. This basically eliminates the option to approve a deficit budget. There are no limitations on the amendments, although a group of owners or an investor should exercise care in amending the budget in such a way that may be an unfair act against other owners in the corporation. The Strata Property Act prescribes that the proposed annual budget may be amended by majority vote before it is voted on. Once the budget becomes the next agenda item for active discussion any eligible voter may propose an amendment, and the proposed amendment is passed by majority vote. The final budget with amendments is then passed by majority vote. The other matter that your strata corporation needs to address is the proxies. A strata manager or an employee of the corporation is not permitted to hold proxies.

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