
Strata Living

Headline: Transferring management agreements

Topics: Management

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Dear Tony: Our strata council have just received a notice from a management company telling us that they are now our new management company. We were totally unaware that our current company was closing down. We contacted our previous company who advised they have sold their strata business to another company and a part of our standard industry contract. Our strata council have met with the new company and like the manager assigned to us, but we just feel uneasy about our trust funds, records and documents having been transferred without our knowledge. Shouldn't the strata council have the right to approve the change?

Martin D. Surrey

Dear Martin: The most common question that councils ask when they are looking for a new manager is who's a good company? Invariably my answer is always the same. The best company is established by a sound understanding of the roles of the manager and the strata council, and most important, a detailed strata management agreement that meets the needs of your strata. There is no standard industry contract. Your agreement is based on the principles of contract law, which compel the parties to negotiate the services, terms and conditions of compensation, whether you permit your strata management company to receive financial compensation from 3rd parties in relationship to your strata contract and how that information will be disclosed to your strata, duties and liabilities of the parties, the management and reporting conditions of financial operations, management of records and documents, dispute resolution options, termination conditions or transfer of agreement to another qualified party. Your strata signed a contract that permits transfer of the agreement to a 3rd party without the strata corporation's consent. Most strata corporations of 50 units or more hire a strata management company to act as their agents. That is going to be a 15-30

million dollar asset that you are entrusting your financial assets and liabilities. Sadly most strata corporations feel rushed to sign a contract. Take your time, consult your lawyer on the terms of the contract and propose amendments to meet your needs and create a fair balanced contract. There are many companies who provide good service and encourage strata corporations to seek legal advice before they sign.