



Condominium owners - especially young buyers with older homes - will see a major change under the B.C. Strata Act in a move aimed at protecting consumers.

# RULES FOR CONDO OWNERS CHANGE NEXT MONTH

**O**wners of British Columbia condominium and townhome owners - known as stratas- will see an important change next month as revisions to the B.C. Strata Act.

The Act revisions are considered the most significant rule changes since the Strata Property Act superseded the B.C. Condominium Act 14 years ago.

The changes means that every strata corporation will have to file a "depreciation report" every three years, outlining the current conditions of the strata building, and also file and continually update a 30-year budget for repair, maintenance and upgrades. The first depreciation reports must be filed by the end of 2013. The changes also make it mandatory to attach a depreciation report to the existing disclosure form when a strata unit is being sold.

The revisions were made because some B.C. residential strata corporations, the first of which are now 40 years old, have failed to keep contingency funds at levels required under the Strata Property Act.

"The government is trying to clean up the on-going

upgrade, repair, maintenance process in B.C. stratas," said Vancouver realtor Nell Hamilton "it is for consumer protection."

The changes could raise some strata fees, as strata corporations pay to prepare and update the reports, which could run as high as \$50,000 for a large condominium building.

A strata corporation will be allowed to exempt itself from the regulations by a 75 per cent vote of members, with each exemption good for 18 months. Also, buildings with five or less units - which can be typical in a commercial strata building - are also exempt.

But strata owners who opt for an exemption may wish they hadn't, advises Ed Wilson, partner with the Vancouver law firm of Lawson Lundell LLP, who has advised the provincial government on real estate legislation. Wilson said the depreciation reports will likely be requested by potential strata buyers and mortgage lenders.

"If you don't have a report, a buyer may not want to buy and a lender may not want to lend," Wilson said. Even strata owners in buildings with five or less units, which are automatically exempt, may want to file the reports for financing and insurance purposes, he added.

"Many strata corporations try to postpone maintenance, repairs and upgrades in order to keep their owners happy and strata fees low. This is short-term thinking," Hamilton said,

Wilson said the changes could effect first-time buyers of older residential condos, some of which were built in the 1970s. "Buyers may have bought them cheap with high-ratio financing, and with the depreciation reports find they have to pay \$50,000 to repair their unit," he explained.

Stratas now account for more than half of the housing sales in Metro Vancouver, according to the B.C. Real Estate Association.