

New Strata Property Regulations Introduced

The Office of Housing and Construction Standards has advised that the new *Strata Property Act* regulations for depreciation reports and Form B (the Information Certificate) have been made and that certain previously passed amendments to the Act have been brought into force.

The new regulation is available at www.housing.gov.bc.ca/strata/regs/OIC-SPA.pdf. Additional information is available at the Strata Property website www.housing.gov.bc.ca/strata/regs/index.htm; updated strata property guides are expected in February 2012.

These amendments were made with extensive consultation with the strata community, including strata associations, strata lot owners, professionals, legal experts and the public.

Depreciation Reports Highlights

- Like other provinces, depreciation reports are now mandatory unless a strata corporation exempts themselves by an annual $\frac{3}{4}$ vote. Strata corporations will have by December 13, 2013 to obtain a depreciation report or hold a $\frac{3}{4}$ vote to exempt. Strata corporations with less than five units are not required to prepare depreciation reports or hold a $\frac{3}{4}$ vote to exempt themselves.
- Given the wide range of strata properties, strata corporations will have the flexibility to select the person or team best suited to analyze their particular property. The regulations require that the depreciation report provide the person's name, qualifications, whether they have errors and omissions insurance and their relationship to the strata corporation.
- Depreciation reports will include an onsite visual inspection and are to be updated every three years. Corporations will have 18 months from the time a $\frac{3}{4}$ vote expires to get a depreciation report.
- Strata corporations are not required to fund contingency reserve funds (CRF) above the minimum previously required (25% of the operating budget).



However, strata owners may now make any additional contributions to the CRF by simple majority vote. (Previously, an annual $\frac{3}{4}$ vote was required to make contributions to the CRF above 100% of the operating budget.)

- The legislation and regulations are only one component of depreciation reports. Education and best practices will also provide information on: selecting a qualified person or team; formatting and presenting a report; securing materials electronically to facilitate regular updating; and best practices in maintaining, repairing and funding common property and limited common property.

Form B Overview

The Form B has been revised to improve disclosure:

- By January 1, 2014, strata corporations will be required to provide additional information to prospective purchasers

on parking and storage allocated to the strata lot.

- As well, by March 1, 2012, strata corporations must attach: copies of the strata corporation's rules; the current budget; the owner developer's Rental Disclosure Statement, if any; and the most recent depreciation report, if any. With the exception of the depreciation report, none of these requirements are new.

If they choose to do so, strata corporations may use the revised Information Certificate sooner than the required dates.

Regulations for audited financial statements are expected next year. The consultation process identified some timing issues that need to be addressed.

Please feel free to share this information with others you think may be interested. Any updates will be posted to the Strata Property webpage. ■