



COLDWELL BANKER HORIZON REALTY

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Questions to ask when Buying Strata Property in British Columbia

If you are thinking of buying a Condo or Town Home, the chances are that it will fall under the rules of the Strata Property Act.

Before entering into a contract we like to ensure that our clients are aware of as much information as possible concerning the property.

Here are some additional points to consider, that are suggested by the Real Estate Council of British Columbia-:

1. What are the monthly charges for common area maintenance i.e. the **Strata Fees**?
2. What **services or utilities** are included?
3. Does the **building have a good reputation** for honesty and successful operations? Are units not controlled by the developer being successfully resold?
4. **Who controls the recreational facilities?** Will you be required to pay extra fees for using any of the facilities or amenities? If it is a new development, is there a certain date when your unit will be ready for occupancy? Will the swimming pool and recreation facilities be completed by that date? Also, has the Developer paid for equipment for use in the recreational facility – we have known this to be a significant additional expense in some new Strata Properties.
5. **How is the property being managed?** Is the property being managed by a company licensed by the Real Estate Council to provide strata management services or is it being “self managed” whereby the management is the responsibility of the owners collectively? Sometimes this can cause ‘challenges’ when obtaining financing.

6. **How old is the Depreciation Report for the Complex & what does it say?**

The Depreciation Report is a legislated planning requirement for strata corporations in British Columbia. Depreciation reports are used to establish long term (typically up to 30 years) planning for common property and common assets. This is a very useful document for a Buyer as it will give an indication of whether the Strata has enough funds for repairs and renewals in the future and what increase in strata Fees or levies may be necessary in the future.

7. **How much money is in the contingency reserve fund** and what portion of the strata fee is being contributed monthly to this fund? What capital expenditures (common expenses that usually occur less than once per year or do not usually occur) is this fund being maintained for (e.g. roof replacement, water piping replacement, interior decorating upgrades, etc.)?

8. **Has there been any repair work to the Strata?** If so are there any Engineering reports you should read? Will the repairs involve any future special levies.

9. **Is the Strata involved any legal claims?** If so find out what they are and enquire whether any further legal costs are likely, as this might involve future special levies.

10. **Are owners permitted to rent their units** to tenants? How many rental units will be allowed in the project?

11. **Review the Strata Insurance Policy.** In BC we have seen a spike insurance premium costs. It is important to review what the insurance deductibles are for the building, to make sure you are covered under your own policy. Also, have any upgrades been made to the unit since it was built, as the strata would only cover the replacement cost of the original finishes.

12. **Are pets allowed in the building?** Are there any other restrictions on use?

13. **Have any special assessments been agreed** upon or have any structural problems been noted which may lead to a special assessment in the future?

14. **Has the building envelope been renovated in the past?** Since October 1, 2000, all contractors who engage in, arrange for, or manage building envelope renovations in British Columbia must be licensed as a building envelope renovator with the Homeowner Protection Office and must provide applicable third-party home warranty insurance on applicable building envelope renovations.

15. What about parking stalls and storage lockers? There are two main designations of property in strata developments which can be found on a strata plan—those being property designated as either a strata lot or common property (CP). Common property can then be further designated as limited common property (LCP) for the exclusive use of one or more strata lots. The strata plan usually contains one or more of the following arrangements for parking stalls and storage lockers.

- *the parking stall or storage locker is a separate strata lot.* Although rare, parking stalls and storage lockers can exist as a separate strata lot with their own strata lot number. This designation can be identified by looking at the strata plan.
- *the parking stall or storage locker is part of a strata lot unit.* Parking stalls and storage lockers that are part of the strata lot will share the same strata lot number as the unit (the main strata lot) which uses the stall or locker. This designation allows the buyer to have automatic use of the stall or locker.
- *the parking stall or storage locker is part of the common property.* If the parking stall or storage locker is part of the common property, the strata corporation has ultimate control over the use of those areas, except in cases where there is a developer's lease. Common property is owned by all owners as tenants in common. The strata council has the authority under the *Strata Property Act* to permit an owner to exclusively use common property.
- If the parking stalls or storage lockers are designated **common property**, owners are entitled to use a particular area as a result of the strata council's grant of exclusive use to that owner. This designation is handled by way of a short-term exclusive use agreement whereby the strata council allows the owner to exclusively use a particular parking stall or storage locker for a limited time period of one year. Although the strata council can renew the arrangement, it can also choose not to renew.
- In some strata developments, the developer has entered into a lease of the common property parking stalls and storage lockers to itself or to a company related to the developer. After leasing the common property, the developer then enters into agreements with buyers in which the developer subleases one or more parking stalls or storage lockers to each buyer. Often, the developer will assign one parking

stall or storage locker to a buyer. These leases are seldom registered on title, which can make discovering them a challenge.

- *The parking stall or storage locker is limited common property.* **Limited common property** (LCP) is common property for the exclusive use of the owner of a particular strata lot. If the property is designated LCP, although it continues to be owned by all owners within the strata corporation as tenants in common, it may be used exclusively by the owner whose strata lot is identified on the strata plan as being entitled to use the LCP.

What information should you obtain about the building?

Ask to see the registered bylaws, current rules, annual operating fund budget, Information Certificate (Form B prescribed under the *Strata Property Act*) and at least the last two-years' minutes of all meetings (including strata council meetings, annual or special general meetings and meetings of the executive (or of the members) of any section in the strata corporation to which the strata lot belongs).

You should also ask to see any applicable warranty information, envelope inspection reports or remediation reports, the registered strata plan and any amendments or resolutions dealing with the common property and any correspondence to owners from the strata council over the last twelve months. These documents will govern the manner in which your unit and the common areas may be used. They will also advise you of what has been going on in the building.

Read these documents very carefully as they may reveal potential problems in the building.

Kind Regards

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