

Bulletin #1

The new *Strata Property Act* is overwhelming. Each month we attempt to inform and educate you on different provisions and we hope this process is helpful. If you need a copy of previous bulletins please feel free to ask your property manager. If you have joined your strata council in recent months you should obtain a copy of previous bulletins as they are most useful. The content of these bulletins does not purport to offer legal opinions or advice. You should retain and consult with legal professionals.

The New Strata Property Act

Contingency Reserve Fund

- ◆ The CRF must be a minimum of 10% of the annual budget if the balance at the end of the fiscal year is less than 25% of the annual budget. (*The previous allocation used to 5%*).

Reg 6.1(1)
- ◆ If the balance is over 100% of the annual budget and the strata council wishes to increase the amount, a $\frac{3}{4}$ vote of the owners is required. (*A " $\frac{3}{4}$ vote" replaces what used to be called a special resolution*).

Reg 6.1(2)
- ◆ If the balance of the CRF is between 25% and 100%, the amount of contribution is optional. (VCS recommends that strata corporations build up their reserves to a minimum of \$1000 per unit, or higher if the property has potential problems, or if the strata corporation consists of less than 50 units)

Reg 6.1(3)
- ◆ Money belonging to the Contingency Reserve Fund must be kept separate from other money of the strata corporation.

Act, Section 95(1)
- ◆ Interest that is earned on CRF money must be credited to the CRF: it may not be used for other purposes.

Act, Section 95(3)

More on Contingency Reserve Funds in future VCS bulletins
