

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. DO YOU REQUIRE BACK COPIES OF OUR FINANCIAL STATEMENT BULLETINS? IF SO, YOU MAY ACCESS THEM FROM THE NET. GO TO [www.vancondo.com](http://www.vancondo.com) AND FOLLOW THE LINKS TO ARTICLES. 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.

#### FEATURES THIS MONTH

- Tribute to David Reid
- Quiz Time

## **Tribute to David Reid**

---

It is with the deepest regret that we announce the recent passing of David Reid of the accounting firm of Reid, Hurst, Nagy.

For some of our clients, the name David Reid will have meaning: for other clients, the name may be unfamiliar and you may say, "How sad but what does this have to do with me?". In fact, David Reid has had a profound influence on all VCS customers and, indeed, thousands of condo owners around B.C.

David Reid, a Certified General Accountant, started his accounting practice in the early 1980s. Formerly, he had worked for the Department of Indian Affairs of the federal government. David was a highly skilled accountant, providing audits for Indian bands around the province and, when he started his private practice, he continued his work doing band audits but he also developed an intense knowledge of strata corporation accounting. In the early 1980s there were very few accountants who knew much, if anything, about the Strata Titles Act (1966 – 1980) and the Condominium Act (1980 – 2000).

In the beginning, much of David's strata knowledge and developing expertise came as a result of work offered by Vancouver Condominium Services but it soon became apparent to other strata property management companies that David was the guy to go to if you needed direction on how to do it right. In time, Reid Hurst Nagy became the largest accounting firm involved in strata corporation accounting, doing annual audits and opinions for hundreds of strata corporations.

Additionally, David offered a wide range of consulting services to strata corporation councils and property managers. Not content to be just an expert in strata accounting, David also involved himself in a wide range of community activities and served a term as the President of the Richmond Chamber of Commerce. He was also the recipient of an Entrepreneur of The Year Award. He enjoyed many other accolades from the business community.

David Reid was an intense worker but always, and we repeat, always, a perfect gentleman in every sense of the old-fashioned expression. In recent years David lived the "healthy lifestyle" but regrettably he had been a heavy smoker and one of those guys who always had a cup of coffee going on his desk. In the past eighteen months, in his early fifties, David was forced to take on a new challenge and a new battle which he fought with outstanding courage and determination to the very end. He will, of course, be sadly missed by his family, friends and business colleagues, but it must be noted that he has left a silent legacy for the hundreds of thousands of condo owners whose strata corporations' accounting practices are structured on the knowledge, expertise and perfection of his insight and leadership. Thank you David Reid.

## Quiz Time

---

The previous 33 bulletins have given you some guidance and education on the *Strata Property Act* and the administration of strata corporations. Admittedly some of it has been "opinionated" and/or subject to interpretation but that's good: we want our strata councils to debate these issues and come up with the "right" answers. We note that even the legal community has differing opinions on various complicated issues in strata administration so it is fair to say that there is not necessarily always a "right" answer to every issue. In the years to come, the law courts will provide much guidance as a result of disputes. For now, have some fun and test your own strata IQ with these questions, all of which do have right answers:

- (1) The first condo legislation in B.C. was introduced in:
  - (a) 1966
  - (b) 1980
  - (c) 2000
  
- (2) The original legislation was called:
  - (a) The Strata Titles Act of B.C.
  - (b) The Condominium Act of B.C.
  - (c) The Strata Property Act of B.C.
  
- (3) B.C. legislation was structured on law from:
  - (a) California
  - (b) Ontario
  - (c) New South Wales
  
- (4) The administration of our legislation comes under the jurisdiction of:
  - (a) The Ministry of Housing
  - (b) The Homeowner Protection Act
  - (c) The Attorney General
  - (d) Finance
  - (e) The Registrar of Strata Corporations
  - (f) The Real Estate Council of BC
  
- (5) The governing legislation for strata corporations contains:
  - (a) The basic statute
  - (b) The basis statute and standard bylaws
  - (c) The basic statute, standard bylaws, and rules
  
- (6) When the legislation makes reference to "Regulations" it means:
  - (a) Regulations made by the government
  - (b) Regulations made by the Real Estate Council
  - (c) Regulations made by a strata council

- (7) Bylaws of a strata corporation can be enacted by:
- (a) The strata council at any council meeting
  - (b) The strata council at a Special or Annual General Meeting
  - (c) Only the owners at an Annual or Special General Meeting
- (8) A quorum at an AGM or SGM is:
- (a) 1/3 of the eligible voters
  - (b) 1/2 of the eligible voters
  - (c) 3/4 of the eligible voters
- (9) To pass a (special) 3/4 vote resolution at an AGM or SGM you need:
- (a) 3/4 of the quorum
  - (b) 3/4 of the votes
  - (c) 3/4 of all owners
- (10) The Contingency Reserve Fund:
- (a) can be utilized by the strata council for urgent expenses not included in the annual budget
  - (b) can be utilized by the strata council if an emergency situation exists
  - (c) can be used by council if an emergency situation exists or if the owners authorize an expenditure by a 3/4 vote resolution at an AGM or SGM
- (11) Contingency Fund Reserve money:
- (a) must be kept in a separate account from other money or funds of the strata corporation
  - (b) can be kept in the same account as other money or funds of the strata corporation providing the financial statement identifies the amounts separately
- (12) Strata corporation money is insured in deposit accounts of financial institutions:
- (a) to a maximum of \$60,000 in banks and trust companies
  - (b) to a maximum of \$100,000 in credit union accounts
  - (c) to a maximum of \$60,000 in either banks, trust companies or credit unions
  - (d) to a maximum of \$100,000 in either banks, trust companies or credit unions
  - (e) (a) and (b)
- (13) Strata corporation records must be kept for:
- (a) two years
  - (b) six years
  - (c) ten years
- (14) The Annual General Meeting must be held:
- (a) within 13 months of the previous AGM
  - (b) within 12 months of the previous AGM
  - (c) before the end of the fiscal year of the strata corporation
  - (d) not later than two months after the strata corporation's fiscal year-end

- (15) Independent audits are:
- (a) required by the Strata Property Act
  - (b) required by the Income Tax Act
  - (c) not a requirement of either Act
- (16) When calling an Annual or Special General meeting, proper notice must be given as follows:
- (a) seven days
  - (b) seven days plus two days for notice delivery
  - (c) 14 days
  - (d) 14 days plus two days for notice delivery
  - (e) 14 days plus four days for notice delivery
  - (f) 14 days plus four clear days for notice delivery
- (17) At an AGM when a budget is presented, the owners can:
- (a) increase the amount of the budget
  - (b) decrease the amount of the budget
  - (c) either (a) or (b)
- (18) At an AGM or SGM, if a special levy is presented, the owners can:
- (a) increase the amount of the special levy
  - (b) decrease the amount of the special levy
  - (c) either (a) or (b)
- (19) At an AGM or SGM, if a special levy fails to pass and the owners then decide that they still want to proceed with the project that was proposed but want to charge it to the Contingency Reserve Fund, the owners:
- (a) can pass a resolution right "there and then" to take the money from the CRF
  - (b) must request the strata council to call another SGM in order to give proper notice
- (20) The strata corporation holds an AGM or SGM and passes a  $\frac{3}{4}$  vote resolution (for bylaws or a special levy or a charge against the CRF). Even though the meeting has a quorum, less than 50% of the voters attend the meeting. The resolution passes:
- (a) and the strata council can proceed with the business items that were approved
  - (b) but the strata council must wait one week before it proceeds
  - (c) but the strata council must wait one week before it proceeds, unless there are reasonable grounds to believe that immediate action is necessary to ensure safety or prevent significant loss or damage
- (21) The insurance policy has deductibles. Water escape is a common experience in buildings, usually between \$1,000 and \$2,500 depending on the history of the strata corporation. The strata council can charge back the deductible to an owner:
- (a) if the owner was negligent and caused the leak
  - (b) if the cause was inside the owner's strata lot even if the owner was not negligent because it is inside the strata lot
  - (c) either (a) or (b) as long as the strata corporation has a registered bylaw
  - (d) not possible to charge back to the owner at all

- (22) The allocation to the Contingency Reserve Fund each year must be:
- (a) 5% of the budget, no matter what the balance is in the fund
  - (b) 10% of the budget, no matter what the balance is in the fund
  - (c) 10% of the budget if the existing balance of the fund is less than 25% of the proposed budget.
- (23) If the balance of the Contingency Reserve Fund is equal to or greater than the proposed budget the strata corporation:
- (a) must continue to allocate funds as per the correct answer to question 22
  - (b) can still put money into the reserve but only if authorized by a 50% vote of the owners at the AGM
  - (c) can still put money into the reserve but only if authorized by a  $\frac{3}{4}$  vote of the owners at the AGM
  - (d) can still put money into the reserve but only if authorized by a unanimous vote of the owners at the AGM
- (24) If a strata council wishes to impose a fine upon an owner, this can be done:
- (a) at any council meeting following discussion of the violation by the owner
  - (b) as above but only after the owner has been notified of his/her right to a hearing with the strata council
- (25) When the owners pass a bylaw at an AGM or SGM the bylaw is valid:
- (a) immediately upon passing of the  $\frac{3}{4}$  vote resolution
  - (b) only from the date that the bylaw is registered in the Land Title Office
  - (c) only from the date that the bylaw is registered in the Land Title Office provided the bylaw was registered within 60 days of the AGM/SGM

**Quiz Answers**

- |     |     |      |     |      |     |      |     |      |     |
|-----|-----|------|-----|------|-----|------|-----|------|-----|
| (1) | (a) | (6)  | (a) | (11) | (a) | (16) | (f) | (21) | (d) |
| (2) | (a) | (7)  | (c) | (12) | (e) | (17) | (c) | (22) | (c) |
| (3) | (c) | (8)  | (a) | (13) | (b) | (18) | (b) | (23) | (c) |
| (4) | (d) | (9)  | (b) | (14) | (d) | (19) | (b) | (24) | (b) |
| (5) | (b) | (10) | (c) | (15) | (c) | (20) | (c) | (25) | (c) |