



## FEATURES THIS MONTH

1. Insurance Premiums for 2007
2. Gifts: Thanks But No Thanks
3. Those #@! Contractors
4. Fire Panel Trouble - Fire Alarm
5. Just About That Time Again... Part III

## NEED GOOD SITES FOR STRATA CORPORATION INFORMATION?

Here are some sites you can access:

### **Strata U. - Continuing Education Department web site links of interest:**

- Canadian Condominium Institute: <http://www.cci.ca>
- Condominium Home Owners Association: <http://www.choa.bc.ca/index.html>
- Clark, Wilson, Barristers & Solicitors: <http://www.cwilson.com/stratafaq>
- *Strata Property Act* information web site: [http://www.qp.gov.bc.ca/statreg/stat/S/98043\\_01.htm](http://www.qp.gov.bc.ca/statreg/stat/S/98043_01.htm)
- Vancouver Condominium Services: <http://www.vancondo.com>

## 1. Insurance Premiums for 2007

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Most of our clients have December 31<sup>st</sup> as the renewal date for their insurance policies. For those of you who do not, read on anyway as the content of this article will also apply to your strata corporation.

The first point here is that this article is about premiums - not the amount of insurance you require.

The second point, and it is good news, is that VCS has been able to negotiate with BFL Canada, premiums which will “hold the line”. Not all our clients are insured with BFL Canada (formerly Stewarts Insurance) but the vast number of the policies are with BFL. Note the following commitments from BFL Canada:

- *The Insurance Premium on Fire Resistive Strata Buildings will decrease between 0 and 5%. Most of the rating of these buildings is already on the low end factoring in the higher cost of Catastrophe coverage.*
- *The Insurance Premium on Frame Strata Buildings will decrease between 10 and 15% on average. There will be some exceptions where there is a poor loss history or the much older heritage style buildings due to the Earthquake exposure.*
- *The Deductibles will remain essentially the same for the majority of the Stratas.*

You must remember that the above statements are general in nature. There may be some exceptions depending on loss experience of a particular strata corporation or other unusual circumstances.

In previous years, we usually get the paperwork in mid to late December. BFL has offered to have the paperwork done by the end of November if we give them the green light. It is our intention, on your behalf, to renew the policy with BFL for 2007. This does not mean that you are bound by our decision. You are totally free to direct us otherwise.

If you wish for us to shop for quotes, all you have to do is ask. Please do so as soon as possible in order that we can meet deadlines and get this task put to bed before Christmas. One thing to keep in mind when shopping for quotes...DO NOT select a carrier or broker merely on the price quoted. Every insurance program is different so just because broker A is cheaper than broker B does not mean that you have made a good deal. If the policies are not “apples for apples” you will have to make some analysis first to ensure you are, in fact, getting a better deal.

In terms of your budget line item in 2007, we strongly recommend that you increase the allocation by at least 10% for wood frame construction and 20% for concrete highrises. This has nothing to do with the premiums. It has everything to do with the amount of insurance you will need. In the past six months, construction costs have risen dramatically and we are seeing huge increases in value for replacement. You must insure for replacement value: it is a requirement of the *Strata Property Act of BC*.

Any questions? Feel free to ask.

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## 2. Gifts: Thanks But No Thanks

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### Children's Wish Toy Fund

As we approach the Christmas season, it is time to remind ourselves, and inform our clients, that it is VCS policy to discourage the receipt of gifts from the many contractors that serve us and our portfolio. It is not to signify a "bah-humbug" approach to a wonderful time of year; however, we feel that it is inappropriate for any of our staff to receive gifts from contractors.



Be aware than we ask our contractors, if they are in the “giving mood”, to simply bring in a toy that we can donate to the Children’s Toy Fund. We also like to remind the contractors that the best gift they can give us is just to do a good and honest job for our strata corporations all year long.

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### 3. Those #@! Contractors

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In a recent financial cover page article, we told a story about a downtown highrise managed by VCS which has suffered considerably from rude and obnoxious workers hired to caulk the building. We, of course, do not excuse or condone such behaviour but we do recognize the new reality of the current construction boom. Not only have costs skyrocketed, but now also we must endure uncouth behaviour and incompetence from those we hire to serve us. It is truly a shame. There is more...

At one property we manage, a new roof was to be installed and, on the first day of the job, the roofing company was tasked with removing a very large pool of standing water on the roof. An untrained, unsupervised “helper” was given a siphon hose to do the job. He siphoned off the water okay, into a dryer vent instead of a downspout. Water filled the dryer (of that vent) and, of course, overflowed into the apartment and several more below. The cost to repair the water damage is thousands and thousands of dollars as you can well imagine. The inconvenience to the homeowners is substantial. Sure, accidents can and do happen but it seems these days, our clients (the strata corporations) are more often than not on the losing end of such sloppy workmanship.

In another strata corporation, a mechanical parkade sump pump project contracted at a fee of over \$10,000 was scheduled to begin on a certain day. The VCS property agent spent considerable time and effort getting residents to move their cars, etc. There was much to co-ordinate. On the day of the job, the contractor did not show up. No staff available. VCS was advised of this after 9:00 a.m.!

These are just two examples of the difficulties we are experiencing these days. Many times, the failures to deliver are beyond our control and we thank you for your patience and understanding while we try to get things done for you in an efficient manner.

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## **4. Fire Panel Trouble / Fire Alarms**

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Most buildings other than townhomes will have a fire panel system. These systems are very sophisticated and must be serviced by a professional technician on an annual basis; however, there are a few things that you should know about these systems that will help your strata corporation.

### **TROUBLE SIGNALS**

Sometimes you may hear “beeps” from the fire panel. This is known as a ‘trouble’ signal. A trouble signal does not mean that there is a FIRE ALARM. Trouble can be caused by very wet weather, power outage, false alarm, paint fumes, someone bumping a heat detector, someone disconnecting a heat detector, etc. It simply means that something in the system is not quite right and needs servicing.

If the fire panel is monitored (generally those buildings that are over five stories high), the monitoring station will likely call VCS to report trouble on the panel or a resident will hear a beeping noise or see a red light flashing and report it to VCS. A caretaker/manager or council member can check the panel and advise VCS what they see. Trouble calls in the middle of the night can be “masked” until morning by advising the monitoring station to mask the trouble signal until 9:00 a.m. The term “mask” means that the monitoring station technician ignores the call for action to a specific time. When you “mask” a fire panel the fire alarm will still sound.

### **ALARM RINGING**

An **ALARM** means fire bells are ringing, residents are (hopefully) vacating and the fire department is to be called. If the building is monitored, the monitoring station will call the fire department, then VCS and/or the caretaker to report the alarm. The monitoring station automatically dispatches the fire department. If the building is not monitored (usually older and small three storey buildings) someone in the building must call the fire department.

Following a fire alarm, sometimes the fire service company will have to be called to reset the fire panel if the fire department does not reset it. If the building has a fire panel that cannot be reset

a “FIRE WATCH” may be required or ordered by the fire department. A fire watch involves someone patrolling the building, floor by floor. A notice must be posted in the building alerting the residents that the fire system is not in working order. A security guard is often hired to conduct such fire watches to ensure the safety of the building.

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## 5. Just About That Time Again... Part III

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*This is the third and final article in a series on Annual General Meetings (AGMs) and how best to go about preparing for them, holding the AGM itself, and addressing what actually happens at the meeting. Again, while the timing of these articles is in preparation for December year-ends, this information is applicable to everyone. This article will touch on a number of important points that will often face a strata corporation either at the meeting itself or in the days that follow.*

Once you are at the actual meeting, the first hurdle is quorum. The strata council and the agent have likely put in a substantial amount of work in preparing the budget and resolutions for the owner’s consideration, and there is nothing quite as frustrating as not being able to proceed due to a lack of bodies in the room. Unfortunately, some people are indifferent to the management of their strata corporation until something affects them directly or there is a substantial levy or increase in strata fees being contemplated.

With respect to quorum requirements for an Annual (or Special) General Meeting, Section 48 of The *Strata Property Act* states:

Quorum for annual or special general meeting

**48** (1) Business must not be conducted at an annual or special general meeting unless a quorum is present.

(2) Subject to the bylaws, a quorum for an annual or special general meeting is

(a) eligible voters holding 1/3 of the strata corporation’s votes, present in person or by proxy, or

(b) if there are fewer than 4 strata lots or fewer than 4 owners, eligible voters holding 2/3 of the strata corporation's votes, present in person or by proxy.

(3) Unless otherwise provided in the bylaws, if within 1/2 hour from the time appointed for an annual or special general meeting a quorum is not present, the meeting stands adjourned to the same day in the next week at the same place and time but, if on the day to which the meeting is adjourned a quorum described in subsection (2) is not present within 1/2 hour from the time appointed for the meeting, the eligible voters present in person or by proxy constitute a quorum.

So what do we do about this? First, we encourage those who are unable to attend to return their proxy to the strata council care of the agent via fax or mail. Secondly, strata council members may “beat the bushes” to collect as many proxies as possible from friends and neighbors to get the numbers up so that quorum is met. Finally, many of our strata corporations have adopted a bylaw that alleviates the need to wait a whole week for the meeting to commence. If quorum is traditionally an issue at your general meetings, you may direct your agent to include a ¾ vote resolution to amend your bylaws on this matter to reflect something along the lines of the following:

Sample Quorum Bylaw

*If within 1/2 hour from the time appointed for an annual or special general meeting, a quorum is not present, the eligible voters, present in person or by proxy, constitute a quorum.*

Note: *This bylaw would not apply to a meeting demanded pursuant to section 43 of the Act.*

Once quorum is met and the meeting can commence, the next issue of importance is how decisions are actually made. This is addressed in Section 50 of *The Strata Property Act*:

Voting at annual or special general meetings

**50** (1) At an annual or special general meeting, matters are decided by majority vote unless a different voting threshold is required or permitted by the Act or the regulations.

(2) Despite section 45 (3), during an annual or special general meeting amendments may be made to the proposed wording of a resolution requiring a 3/4 vote if the amendments

(a) do not substantially change the resolution, and

(b) are approved by a 3/4 vote before the vote on the resolution.

In general terms, the budget is passed by a majority vote (50% plus one) and decisions regarding

the transfer or raising of funds, bylaw amendments, changes to the use or appearance of property, etc... are subject to a  $\frac{3}{4}$  (75% to approve) vote. The matter of a “substantial change” is somewhat subject to interpretation and is ultimately up to the strata council to decide; however, common sense should dictate whether an owner who is not in attendance would be surprised or not at the change from what was contemplated in the AGM Notice to what the resolution has been changed to. Some basic examples:

- Change from raising \$10,000 for roof repairs to the same amount for new lobby carpet = substantial change, should not proceed with amendment
- Change levy schedule from payable “over 3 months” to “over 4 months” = not substantial
- Change bylaw amendment from “allow only 2 pets per strata lot” to “no pets allowed” = substantial change, should not proceed with amendment

Finally, you should be conscious that when a  $\frac{3}{4}$  vote has been passed by more than 75% of the vote of those owners at the meeting, but there were less than 50% of the owners present at the meeting, the strata corporation must not proceed with any action for a period of one week. This allows time for those owners not present (along with owners that were present but who voted against the resolution) to take the action required for reconsideration of the resolution as detailed below in Section 51 of The *Strata Property Act* (be advised that the section has been abbreviated):

Reconsideration of resolution passed by  $\frac{3}{4}$  vote

**51** (1) This section applies only if a resolution required to be passed by a  $\frac{3}{4}$  vote is passed at an annual or special general meeting by persons holding less than 50% of the strata corporation's votes.

(2) The strata corporation must not take any action to implement a resolution referred to in subsection (1) for one week following the vote unless there are reasonable grounds to believe that immediate action is necessary to ensure safety or prevent significant loss or damage.

(3) Within the one week following the vote, persons holding at least 25% of the strata corporation's votes may, by written demand, require that the strata corporation hold a special general meeting to reconsider the resolution.



In conclusion, we hope that this and the proceeding articles have been helpful in pointing out some of the more important sections of the Strata Property Act to consider when planning for and carrying out your Annual General Meetings. Best of luck and, as always, feel free to ask your agent for clarification on the issues raised here or on any other related sections for which you may have questions.

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