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## Condo Smarts

Headline: Contracting Services

Topic: Strata council decision making

Publication / Date: Province, February 9, 2023

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**Dear Tony:** We are a medium size contractor in BC that provides exclusive services to strata corporations. This includes products, installation, maintenance and emergency calls. We recently encountered an incident where a strata council president ordered work to replace vital building components. There were several emails confirming the work, the materials cost and order. The product order was placed and our company guaranteed the product at a cost of \$27,000 and the installation urgency to be complete within 7 days. Shortly after the order was placed, we received a notice from the property manager that the strata council president did not have authority to place the order, and that they had proceeded with a contract with a separate company. While our company can reallocate this product to another client, we will hold it in inventory for 6 months and carry the cost. If this is the nature of doing business with strata corporations, contractors and suppliers are going to become incredibly wary of dealing with strata corporations and require financial deposits before they proceed. Is there any recourse when this occurs?

JBH

**Dear JBH:** The Strata Property Act sets out a specific clause that suppliers, consultants and contractors may rely upon. *“The validity of a contract made or a certificate issued by the strata corporation is not affected by (a) a defect in the appointment or election of the council member or officer who makes the contract or signs the certificate on behalf of the strata corporation, or (b) a limitation on the authority of the council member or officer to act on behalf of the strata corporation.”*

Contractors are not the regulators of strata councils and corporations, and once they have received a confirmation of an order from a strata council or the property manager, they can rely upon those instructions;

however, there are steps you can take to secure a contract.

Email is a quick and convenient method of confirming agreements and purchases but it does not replace a signed detailed contract. Consider the variables that are often missed with a simple email confirmation: terms and conditions of payment, the agreed upon cost and method of approving change orders, the details of product, materials, installation and warranty, termination conditions and penalties, site conditions, waste and environmental management, obligations for permits and inspections, and dispute options in the event of a disagreement.

There are several law firms in BC that deal exclusively with strata corporations and councils. A few dollars spent on creating a standard form of contract for services and products would protect your interest as suppliers, and raise the standard of business transactions for your clients. Depending on the value of the work being undertaken, deposits may be necessary. When a strata corporation fails to meet their contract obligations, litigation may be your only option.

Misunderstandings are common. Strata councils must establish a clear understanding of decision making along with the property agent. They may be exposing their corporations to unnecessary litigation and cost. A good council agenda item: “how do we make decisions for planned purchases and emergencies?”