

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-274

Condo Smarts

Headline: Disbursements: Don't get burned

Topic: Disbursements

Publication date: April 20, 2008

Publication: The Province

Written by: Tony Gioventu

Dear Condo Smarts: Our strata corporation recently hired a consultant to assist our strata with major construction involving roofing and decks. We had an engineer set the specifications and the successful bidding contractor submitted a bid that included materials, labour. There were no other costs in the bid that were identified. Our consultant recommended that we sign the "standard" contract so we proceeded with the agreement and construction. The good news is the contractor did a great job and on time, the bad news is we were hit with over \$200,000 dollars in disbursement costs that were not part of our original contract, so we're disputing the final price. The contract we signed turns out that in addition to the materials and labour, the contractor could charge is for disbursements, but nothing is identified as a disbursement and what it's related cost is. Have we possibly signed a blank cheque here?

Malcolm Oliver, Strata Council

Dear Malcolm: The devil is in the details. Before anyone signs a major contract they should have a legal review of the terms and conditions of the contract. The devilish details are the definitions of the terms. If you signed a contract for disbursements, is that term defined somewhere in the contract? At

this point you need a legal review of the contract terms and conditions along with the bid. Then your lawyer needs to advise whether you have any reasonable grounds to dispute the charges, but your complaint is quite common. Never agree to disbursements unless they are individually defined in the contracts and the cost of each disbursement is defined. You can also negotiate a limit on the total amount of disbursements you will approve. If you don't, you may have indeed signed a blank cheque. Time to negotiate a settlement.

Cell phones, portable toilets, gas for vehicles, lunch and catering services for construction crews, tires for trucks and wheel barrows, scaffolding storage, rakes shovels and excavating tools, interest charges they racked up paying their suppliers late, bank charges, the contractor's legal services, copying, office service charge, fax and email charges are all samples of the common complaints we have received where strata corporations have been charged for services they either didn't approve or were not clearly defined in the contract. If you see the word disbursement, demand the definition of disbursement be itemized and the related costs established in the contract, before you sign.

For more information on CHOA resources and benefits visit www.choa.bc.ca
or contact the office at 1-877-353-2462 or email office@choa.bc.ca.

No part of this publication may be reproduced without the prior written permission of CHOA

This publication contains general information only and is not intended as legal advice. Use of this publication is at your own risk. CHOA will not be liable to you or any other person for any loss or damage arising from, connected with or relating to the use of this publication or any information contained herein by you or any other person.