

### Condo Smarts

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**Dear Condo Smarts:** We have an awkward situation in our strata with our manager. We really like our manager and have been very satisfied with our contract, but at this year's AGM the manager drafted the new budget that was sent out without the council's review, and the budget included an 11% increase for their fees. At the meeting the owners voiced their satisfaction with the company but wanted to know why council approved an 11% increase in fees. Council were embarrassed to admit they had not reviewed the proposed budget, and in the end the amount was amended down to a 5% increase in management fees. Our fiscal year end was January 31, we had our meeting in June, and the next day after the budget was approved our manager charged and paid the increase back to February 1<sup>st</sup>, without a council meeting or the consent of the council. We don't want to lose our manager, but we also want to be responsible in our decision making. After all, it's our home, not theirs. What should have been the proper procedures to follow? Hilary W., Abbotsford

**Dear Hilary:** It is important to understand the relationship between the strata council and the strata manager. The strata council are the legally elected representatives of the strata corporation and are ultimately responsible for the decisions of the corporation, administration of the operations,

financial operations, maintenance and repair of the common property, insurance, and the enforcement of bylaws and rules. Through an agency agreement, a strata corporation is permitted to contract out services, in which they may delegate most of the duties except for enforcement of bylaws and rules, the imposition of fines and penalties, whether a person should be denied access to a recreational facility, hearings or hardship application exemptions. Basically the strata corporation may contract out as many or as few of the operational services that they wish to negotiate in the contract. The fees that a strata manager charges for their monthly services, and any disbursements or additional costs, or funds or benefits received on behalf of performing work for the strata corporation, must also be included in the contract or an additional signed addendum by the strata corporation. This may require that at some point a strata council will have to agree to a new schedule of costs or fees if they wish to continue with the agreement. Even if the fees are approved in the budget, the additional increase or service costs cannot be received by the management company unless they have either been specifically agreed in the contract schedule or until the strata council agrees to sign the new service agreement. The approved budget simply authorizes the strata council to expend

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the funds. It is not a general practice for the manager to send out the budget and notice package without the approval of council; however, some strata corporations only meet once a year and rely on the manager to coordinate their notices and agendas for the meetings. Because no two strata corporations or agreements are the same, council members need to review the service agreement and clearly understand the roles and duties of both the manager and the strata council. For a successful relationship, a strata council needs to understand what fees they are paying, the services the strata manager provides, and how decisions are made. Hilary's strata corporation also needs to be mindful that they far exceeded the requirements for holding their AGM. The AGM must be held no later than 60 days after the fiscal year end. Once an increase is approved at an AGM, the council needs to place that item on the agenda of the next council meeting, to discuss and ratify the fees and amendments to the contract.

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