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News Release

DEPRECIATION REPORTS ARE NOW MANDATORY FOR ALL STRATA CORPORATIONS IN B.C.

NEW WESTMINSTER – Following the amendments to the *Strata Property Act* in December 2009 the B.C. provincial government has introduced new regulations making depreciation reports mandatory for strata corporations in British Columbia. Strata corporations of 5 units or less will be exempt from the requirements, plus a strata corporation may consider exempting itself by passing a $\frac{3}{4}$ vote resolution every 18 months. Changes to the Form B, Information Certificate were also introduced.

A depreciation report is a comprehensive study of the common physical components within a strata corporation, including an inventory and summary of all necessary renewals and maintenance for the next 30 years, plus a financial plan for the future. We know that as buildings age there are necessary costs incurred to maintain the common property and assets of the strata corporation. A depreciation report will provide a strata corporation with the tools it needs to properly and accurately plan for the future.

"These regulations will have a dynamic impact on B.C.'s strata community" commented Tony Gioventu, Executive Director of the Condominium Home Owners Association of B.C. "The requirement for a depreciation report will considerably affect the way a strata corporation in B.C. plans for its future. Strata corporations will now need to be proactive with their financial forecasting and future repair and maintenance planning". In addition, the regulations set requirements for what information must be included in a depreciation report and include a deadline of two years for all strata corporations to comply with this new requirement.

CHOA and its members have played a vital role in the development of the depreciation report regulations. Affecting more than just the strata community, these reports will also impact B.C.'s real estate industry. "These reports will change how people buy and sell a strata lot, and how people qualify for a mortgage." Gioventu added, "Buyers will now be able to ask for copies of the depreciation report so they know up front what they are buying into. Mortgage providers will also want to assess risk when determining eligibility for financing".

Another change for the real estate industry is the amendments to the Form B, Information Certificate. These amendments will require specific disclosure regarding parking space and storage locker designations and allocations.

To assist consumers CHOA will be producing a guide entitled "What to know about Depreciation Reports" – the guide will soon be available in the "Alerts" section of the CHOA website at www.choa.bc.ca

The Condominium Home Owners Association (CHOA) is a non-profit association that assists the entire strata industry throughout B.C. CHOA promotes the interests of strata property owners by providing advisory services, education, resources, and support for its members and the strata community at large. With offices located in New Westminster (Lower Mainland), Victoria (Vancouver Island) and Kelowna (B.C. Interior & North) CHOA is able to assist all types of strata corporations in all areas of B.C.

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