

## Condo Smarts August 15 – August 21, 2021

### Institutional Memory

**Dear Tony:** Our townhouse complex in Burnaby recently hired a roofing company to correct a number of leaks that were identified in the early spring storms. The contractor discovered a number of locations near the caps where the shingling was installed incorrectly. The error was easily remedied but required inspections of all roofs and cost our strata \$6,500 of labour. As a new owner in 2021, I recalled noting in the minutes the roofs were replaced in 2019 with a 3-year warranty on materials and workmanship. I reached out to the strata council and new manager, and they had not contacted the original company to file a warranty claim, so we likely ended up paying for a problem that was covered. Does our strata corporation have any remedy for this error? Is our manager or council liable for these costs? Any tips on how to avoid these omissions would be helpful. Glenda M.

**Dear Glenda:** This type of omission is much more common than many property owners probably realize. Depending on the terms of the warranty, in new strata corporations there is complete coverage of the building systems for the first 18-24 months, building envelope for 5 years and the structure of the building for 10 years. In addition, there are product warranties for components by the manufacturers for mechanical systems, elevators, roofing components, electrical components, and finishing products. New building warranties are required by legislation in BC and are assured or guaranteed by an insurance provider in the event the owner developer cannot fulfill their obligations. For both new and existing properties it is essential to create a printed schedule that is reviewed frequently and itemizes all warranty coverage and the expiry dates. All warranties and guarantees are a form of contract and they come with significant conditions and limitations. For example, a roofing warranty may require annual inspections and after any major weather events. If there are inspections conducted, are they budgeted for and identified in the annual budget? Has a service provider been contracted to perform inspections? Is there an inspection report available for the strata records? For both new properties and renewals in existing properties, the conditions are generally the requirement for annual inspections and maintenance. The contracts also require any damages must be mitigated as quickly as possible and are reported to the warranty provider or manufacturer. Even the method of reporting is often described in detail.

A warranty/guarantee schedule is an excellent resource for every strata council. It is unlikely the strata corporation will be aware of any warranty conditions if the council is not actively monitoring these schedules. I also recommend strata corporations create a web site through their management company or an independent company to host all records that are accessible to the owners and council. Institutional memory is critical to prevent losses and enable property owners to take advantage of the warranties and guarantees we the consumers have negotiated and paid for. A strata corporation may have also approved a special levy or resolution for major expenses relating to a new roof. Those resolutions should also be included on the warranty schedules to ensure the corporation are acting within the approved scope of authority of the corporation. Unfortunately, when an unintentional omission occurs costing the strata corporation unnecessary losses, there may be little recourse as council members are held to the standard of a volunteer and not a professional. Review the strata management agreement. Warranty management may not be one of your contracted services. If a strata council and manager are aware of the terms of the contracts and warranties, and fail to file claims, the owners may have cause for an action. Don't underestimate the value of warranties. For new buildings, the coverage is often in the millions of dollars, and for existing buildings a \$300,000 roof may be fully covered by a third-party warranty provider.

Tony Gioventu, Executive Director CHOA

**Covid-19 Notice:** As a precautionary measure to prevent the spread of COVID-19 CHOA staff are working remotely and our offices are temporarily closed. We understand these are challenging times for strata corporations and we are here to help. Even though CHOA advisors are working remotely we are only a phone call or email away and able to assist you with hosting meetings and notice preparation.

**Tuesday Lunch & Learn Live with CHOA:** CHOA is hosting a series of webinars once a week, for the next few months. Join us each Tuesday as we bring together industry experts to discuss the many issues affecting BC's strata community. For more information visit our website at: <https://www.choa.bc.ca/seminars/>