



Instruction Guide 24

What to Know about Contracting with a Strata Manager

Important Notice: This Instruction Guide has been prepared by the Superintendent of Real Estate to provide information about the *Strata Property Act* (the "Act"). This is only a guide to certain parts of the Act and Regulations. Please consult the Act and Regulations to determine the complete and precise requirements of the Act and Regulations. In addition, please remember when reviewing statements about the Standard Bylaws that they may not apply until January 1, 2002, and even when they do apply, they may have been amended or removed if the strata corporation has filed bylaw amendments in the Land Title Office. Please check all filed bylaw amendments to determine whether and how the Standard Bylaws may have been amended.

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1. The Role of a Strata Manager

A strata manager is a person who provides "strata management services" to the strata corporation.

The relationship between a strata manager and a strata corporation is contractual. The rights and obligations of the strata manager should be clearly laid out in the strata management contract.

A strata manager acts on behalf of the entire strata corporation, and not just the strata council.

However, the strata council:

- gives instructions to the strata manager and is responsible for supervising his or her activities; and
- can be directed by the majority of the strata lot owners who are present in person or proxy at a general meeting to deal with the strata manager in a certain way.

2. **Typical Duties of a Strata Manager**

Typical duties of a strata manager which are usually set out in a contract include:

- arranging services for the strata corporation and entering into contracts for landscaping, insurance, electrical services, maintenance, etc.;
- collecting strata fees and paying strata corporation bills;
- keeping and permitting access to strata corporation records;
[For more information on records please refer to Instruction Guide 21, “What to Know about Record Keeping”]
- preparing documents on behalf of the strata corporation such as “Information Certificates” (Form B) and "Certificates of Payment" (Form F);
- attending strata council meetings;
- preparing the minutes of all meetings, including strata council meetings and distributing the minutes to owners;
- advising the strata council in regard to the Act, Residential Tenancy Act, and workers compensation matters; and
- preparing budgets and financial statements.

3. **Limitations of a Strata Manager**

Under the Act and Regulations a strata manager cannot:

- act as an arbitrator in an arbitration proceeding without the consent of all parties;
- keep strata corporation records beyond four weeks after his or her termination;
- act as a proxy holder for any voter in the strata corporation;
- hold a hearing on behalf of the strata council to determine whether an owner should be permitted to rent on the basis of hardship despite there being rental restriction bylaw; and
- hold a hearing on behalf of the strata council to determine whether an owner or tenant has breached a bylaw or rule.

Under the Standard Bylaws, a strata manager cannot:

- determine if a person has contravened a bylaw or rule;
- determine if a person should be fined or determine the amount of a fine for the contravention of the bylaws or rules;

- determine if a person should be denied access to a recreational facility;
- hold a strata council hearing on behalf of the strata council; and
- spend strata corporation money:
 - for a specific expenditure without a strata council resolution authorizing the specific expenditure; or
 - for general expenditures without a delegation of a general spending authority by a strata council resolution. The resolution must set out the maximum sums that can be spent, the purposes for which money can be spent and any conditions that have to be met before money can be spent.

4. **Entering Into a Strata Management Contract**

A strata management contract can be entered into by:

- the strata council on behalf of the strata corporation or the executive on behalf of a separate section:
 - however the strata council or executive of a separate section may be directed by the majority at a general meeting in relation to entering into the contract; and
 - any strata council or executive member who has a direct or indirect interest in a strata management contract must promptly disclose the interest, and cannot participate or vote in relation to the contract.
- the Owner Developer:
 - before the first transfer of a strata lot title;
 - after the first transfer of a strata lot title but before the first annual general meeting, if the strata manager is at arm's length to the Owner Developer; and
 - after the first transfer of a strata lot title but before the first annual general meeting, with a unanimous resolution of the strata corporation, if the strata manager is the Owner Developer or is not at arm's length to the Owner Developer.

5. **How the Strata Manager is Paid**

Before agreeing to the strata management fee, the strata council, executive or Owner Developer must ensure that the fee is approved:

- in the annual budget; or

- by special levy.

6. **Important Contract Elements**

Strata management contracts should:

- be in writing;
- specify a list of duties, powers and limitations of strata managers;
- clearly specify how strata managers are to be paid, including whether fees paid by third parties, e.g. for the preparation of an "Information Certificate" (Form B) or a "Certificate of Payment" (Form F) belong to the strata corporation or to the property manager;
- specify who will have signing authority for and access to strata corporation monies and in what kind of account the monies will be held in; and
- include clear termination procedures.

7. **Termination of Strata Management Contracts**

Strata management contracts entered into by the Owner Developer before the first annual general meeting will automatically terminate, despite any provisions within the contract, on the earlier of either:

- four weeks after the date of the second annual general meeting; and
[Note: the contract may continue if renewed by majority vote at the general meeting.]
- the cancellation date contained in the contract or agreed to by the parties.

Strata management contracts can be terminated without penalty to either party to the contract:

- under the terms of the contract;
- by the strata corporation with two months' notice to the strata management company, if first approved by a $\frac{3}{4}$ vote; or
- by the strata management company giving two months' notice to the strata corporation.

When a strata management contract ends, the strata manager must return all strata corporation records in his or her possession or control to the strata corporation within four weeks of the contract termination. If a strata manager fails to do this, he or she will owe the strata corporation \$1,000.

8. **Disputes with the Strata Manager**

If an owner or tenant has a dispute with the strata manager, he or she can take the following action:

- contact the strata council, as the strata council has the ability to direct the strata manager's actions; or
- if the strata council refuses to direct a strata manger's actions, the complainant may:
 - requisition a general meeting with a petition of 25% of the owners, to instruct the strata council to deal with the strata manager in a certain way or terminate the strata management contract; or
 - add a resolution to the agenda of a general meeting with a petition of 25% of the owners, which seeks to instruct the strata council to deal with the strata manager in a certain way or terminate the strata management contract.

[Note: Directing the strata council for this purpose will require that a resolution be passed by a majority vote at a general meeting.]

Any unresolved dispute between a strata corporation and a strata manager cannot be remedied through the provisions of the Act. As their relationship is contractual, disputes can only be remedied through the courts.

References:

Sections of the Act: 4, 10, 24, 30, 32, 33, 37-39, 135, 144, 179, 194

Sections of the Regulations: 7.2, 8.2, 18.1

Standard Bylaws: 15, 20, 21