



Instruction Guide 11

How to Apportion Expenses

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 Responsibility to Repair and Maintain vs. The Responsibility to Pay for Repair and Maintenance**

Under the Act, Regulations and bylaws, there is a distinction made between:

- who undertakes the actual repair and maintenance of various parts of the strata development; and
- who pays for the maintenance and repair costs.

This distinction may result in:

- the strata corporation maintaining and repairing areas that are part of the strata lot or designated as limited common property, but
- the cost of the maintenance and repair being apportioned in the operating budget to the strata lots which have been maintained and repaired or have been allocated the limited common property.

The Act and the bylaws of the strata corporation (if the strata corporation has bylaws relating to repair and maintenance) determine whether the strata corporation or owners have the responsibility to undertake the actual repair and maintenance of various parts of the strata development.

[Please see Instruction Guide 20, "Who is Responsible for Repairs" for more information about who is responsible to maintain and repair various parts of the strata development.]

If the strata corporation is responsible to undertake maintenance and repair, the Act and Regulations determine how the costs for the maintenance and repair will be apportioned to strata lot owners. The apportionment of maintenance and repair costs incurred by the strata corporation cannot be changed with a bylaw amendment.

If an owner is responsible to undertake maintenance and repair of his or her strata lot or limited common property, he or she is solely responsible for those costs, and they cannot be apportioned to other strata lot owners.

2. **Who is Responsible to Pay for the Cost of Repair and Maintenance**

Whether a cost can be allocated to an owner will depend on whether the cost is incurred by the strata corporation:

- regularly (once a year or more often), and it will usually then be paid from the operating fund as an operating expense; or
- infrequently (less than once a year), and it will then be paid from the contingency reserve fund or by raising funds from a special levy.

[Note: Although regular expenses occurring once a year or more often are usually paid from the operating fund, it is possible for the strata corporation to pay some regular expenses with funds raised by a special levy.]

Costs paid from the strata corporation's operating fund must be allocated and apportioned to strata lots in the operating budget as follows:

- costs that relate to the use of limited common property are apportioned by unit entitlement or some other method approved by unanimous resolution, to those strata lots which are entitled to use the limited common property;
- costs that relate to a type of strata lot identified in the bylaws as a type, are apportioned by unit entitlement or some other method approved by unanimous resolution to those strata lots of that type;

- costs that relate to the maintenance of specified portions of some strata lots where the strata corporation has taken responsibility by bylaw to maintain those portions of the strata lot, are apportioned by unit entitlement or some other method approved by unanimous resolution to those strata lots to which the maintenance relates; and
- the balance of all maintenance costs are apportioned to all strata lots by unit entitlement or some other method approved by unanimous resolution.

If the strata corporation undertakes repair and maintenance which occurs less often than once per year, those costs must be allocated and apportioned **to all strata lots** by unit entitlement or an alternative method for apportioning costs approved by unanimous resolution, unless the cost to repair:

- is paid from a special levy; and
- relates to parts of the strata lot where the strata corporation has taken responsibility by bylaw to maintain a specified portion of the strata lot; then
- those costs are apportioned by unit entitlement or some other method approved by unanimous resolution, to those strata lots to which the repair relates.

Please refer to the following chart, "How to Apportion Strata Corporation Expenses by Source of Funds", for a summary of how expenses paid from different sources of funds must be allocated to owners.

References:

Sections of the Act: 72, 99, 100, 108

Sections of the Regulations: 6.4, 6.5

Standard Bylaws: 2, 8

How to Apportion Strata Corporation Expenses By Source of Funds

Expenses which occur once a year or more frequently than once a year - paid from the operating fund.

Costs that relate to the use of limited common property are apportioned by unit entitlement or some other method approved by unanimous resolution to those strata lots which are entitled to use the limited common property.

Costs that relate to a type of strata lot are apportioned by unit entitlement or some other method approved by unanimous resolution to those strata lots of that type.

Costs that relate to the maintenance and repair of a strata lot, where the strata corporation has taken responsibility by bylaw for that maintenance and repair, are apportioned by unit entitlement or some other method approved by unanimous resolution amongst the strata lots to which the contribution relates.

The balance of all expenses (not apportioned by any of the above) are apportioned to all strata lots by unit entitlement or some other method approved by unanimous resolution.

Expenses which occur less often than once per year - paid from the contingency reserve fund.

Costs are apportioned to all strata lots by unit entitlement or some other method approved by unanimous resolution.

Expenses which occur with any frequency - paid from funds raised by special levy.

Costs paid by special levies for maintenance and repair of a strata lot, where the strata corporation has taken responsibility by bylaw for that maintenance and repair are apportioned by unit entitlement or some other method approved by unanimous resolution amongst the strata lots to which the contribution relates.

All other costs (excluding the one directly above) paid for by special levy are apportioned to all strata lots by unit entitlement or some other method approved by unanimous resolution.