



# Pros and Cons of Hiring a Strata Agent

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# What is a Strata Agent?

By law the Council is the strata manager and can hire an agent to perform certain functions.

Strata agents are service contractors retained by the strata council to perform functions contained in an agency contract.

# Presentation Overview

- What is a strata agent?
- What do strata agents do
- What shouldn't strata agents do?
- What does Council do?
- Pros
- Cons
- Benefits and costs of a strata agent
- Picking a strata management company
- Managing your strata agent

# Why do we need to manage our strata corporation?

Even a small strata of some 10 units could be easily worth five million dollars. This a considerable asset and needs to be properly managed.

But how to do it?

# What is a Strata Agent?

- A relationship of high trust and confidence
- The corporation is the Principal and the management company is the agent
- Regulatory framework for strata agents
- Strata Property Agents of British Columbia
- Licensed by the Real Estate Council of BC

# Regulatory Framework for Strata Agents

Must be employed by a brokerage licensed by the Real Estate Council of BC with respect to strata management services defined as -

- Collecting or holding strata funds
- Making payments on behalf of the strata corporation
- Entering into contracts
- Supervising strata employees or contractors

**The Real Estate Council is the disciplinary body for strata agents**

# Strata Property Agents of British Columbia

- Industry Association
- Many agents are members of the Strata Property Agents of BC, but not all
- Code of Ethics
- They promote the use of their “Standard Contract”

# What do Strata agents do

- UNDER THE DIRECTION OF COUNCIL
- Financial, comply with Real Estate Rules and SPA
- Attend meetings as per contract
- Maintenance – monitor needs
- Administration
- Respond to inquiries
- Provide guidance to Council e.g. compliance with SPA
- Mentor Council on meeting procedures

# What do Strata agents do ...continued

- Hold and manage strata records, SPA s(35)
- Provide records to owners and others authorized by law
- Review and recommend insurance
- Supervise employees and contractors
- Order supplies and tools
- Arrange emergency services
- Review and recommend legal services

# What Strata agents don't do or shouldn't do

- Let contracts without Council approval
- Fine owners
- Assign parking or other common property
- Chair council meetings
- Retain lawyers on behalf of strata corporation

# What does Council do

The Council is the managing body for the corporation and must “exercise the powers and perform the duties of the strata corporation, including the enforcement of bylaws and rules” (SPA).

The corporation can hire a strata manager to perform some of the functions of Council, but the strata Council is still ultimately responsible for ensuring that its obligations under the Act are fulfilled.

# What does Council do..continued

- Directs the strata agent
- Reviews bank statements and other financial documents
- Ensures maintenance needs are being met
- Administration
- Interacts with owners

*A poorly functioning Council will not be helped by hiring a strata agent*

# Pros

- Council may need help in managing a large corporation – greater than 30 units
- Owners are unwilling or unable to manage the corporation themselves – age, absentee owners
- A good strata agent can bring expertise and experience to a corporation – helpful to owners who may be new to strata living
- A strata agent with knowledge of strata legislation can help a strata fulfill its legal obligations

# Cons

- Management fees, usually \$25 per door per month for smaller units, larger units usually \$20 per door per month
- Hidden costs
  1. HST
  2. Photocopying, postage, attendance at unscheduled meetings
- Loss of autonomy
- Records stored off site
- Agents may change, lack of continuity

# Selecting a strata management company

- Check with other stratas
- Check website of Stratawatch
- Have lawyer review the proposed contract
- Interview the potential agent and have them tour your property
- Visit potential agent's office
- Visit other stratas managed by the potential agent

# The Agency Agreement

- Is contractual and governed by contract law
- Is there a “standard agreement”
- Check it with your lawyer
- Is there a contract expiry date?
- Is the contract transferrable?

# Managing your strata agent

- Maintain an “arms-length” business relationship
- Seek advice from the agent but remember who is in charge and has final responsibility
- Conduct business in an authoritative manner
- Agent only receives instructions from Council
- Lines of communication

# The Bottom Line

The Council is the managing body for the corporation and must “exercise the powers and perform the duties of the strata corporation, including the enforcement of bylaws and rules” (SPA).

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