DO FRUGAL STRATAS WASTE MONEY?
Will a condition assessment devalue a strata’s property?
→ One of the more significant condition assessments in a strata complex is a building enclosure condition assessment.

→ A building enclosure condition assessment is a detailed review of the components of the exterior of a building. The building’s exterior is your protection from the elements: rain, wind, cold, heat, insects, etc.

→ The assessment identifies current problems, potential problems, maintenance issues, and reliable remaining service lives.

→ It provides the strata council and all owners with factual information upon which to make decisions.
What Could A CA Find?
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What Could A CA Find?
Will a CA devalue a strata’s property?

→ The answer is initially maybe yes and maybe no, but ultimately no.

→ If the CA results are good, it may increase a strata’s property value because it demonstrates that all is in good condition.

→ If the CA results confirm problems, it may initially devalue a strata’s property value, but it gives the strata the information to begin to resolve the problems. Therefore it allows the strata to ultimately increase the value of their property.

→ Furthermore, acting upon the recommendations of the CA will allow the strata to save money by keeping deterioration from progressing thereby reducing repair costs.
Is it cheaper to have a handyman perform all reviews rather than having an engineering company perform some reviews?
Let’s See Some Examples
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Let’s See Some Examples
Review Requirement Considerations

→ What equipment is required?
→ Are specialized skills required?
→ Are there any safety concerns?
→ What about professional liability coverage?

<table>
<thead>
<tr>
<th>Examples</th>
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<tbody>
<tr>
<td>Review interior sealant</td>
<td>Handyman or Maintenance Contractor</td>
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<tr>
<td>Review siding for signs of distress, such as cracks, stains, delaminating etc.</td>
<td>Maintenance Contractor or Consultant</td>
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<tr>
<td>By means of pipe camera service, visually inspect underground piping runs.</td>
<td>Specialty Contractor and perhaps in combination with a Consultant.</td>
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</table>
→ It’s not cheaper in all cases.

→ It’s generally best to have a condition assessment done as a base line for your building. It can be used as a guide regarding what needs to be reviewed on a regular basis in the future and who can appropriately do those reviews.

→ If there are problems there can be several solutions for the strata to contemplate. A handyman may not have the knowledge base to provide the strata with options?
Will stratas save money by not having their repair work inspected?
A Few Examples
A Few Examples
A Few Examples
A Few Examples
Will stratas save money by not having their repair work inspected?

→ Repair work should always be inspected and documented by “someone”.

→ The “someone” depends on the work being performed. Building enclosure repair inspections are best done by a building enclosure consultant.

→ Defective repairs are more expensive than that cost of proper repairs including inspections.

→ Inspection reports that document proper repairs are important history and can be used to show prospective buyers and their house inspectors.

→ Inspections done by strata council members or owners can attract liability to those people who are typically unqualified to do those inspections.
Is It Cheaper To Postpone Painting?
A Few Examples
A Few Examples
A Few Examples
A Few Examples
Hello Paul,

Would anyone at FP Innovations be able to give me some guidance on the following?

We typically assume a service life of 25 years for stained / painted cedar wall shingles installed in a face sealed assembly. I am working on a depreciation report for a strata that does not coat the described shingle assembly, just leaves it to weather naturally. Aside from the aesthetics of uneven weathering, would a reduced service life be appropriate in comparison with coated shingles? If so, what might be a prudent average service to assume.

Any help you can give me on this would be appreciated.

Thank you.
Weathered Unstained Wall Shingles
The following is the answer from Paul Morris:

Based on our field tests of roof shingles and my observation of sidewall shingles on buildings around Vancouver, I would imagine that WRC sidewall shingles (not exposed to garden sprinklers) would last 25 years without coating and considerably longer with appropriate coating and re-coating.

Cheers
Paul

Hope this helps.

Best regards
Jieying
→ Homeowner Protection Office
→ www.hpo.bc.ca/files/download/MMR/MM1.pdf
→ www.hpo.bc.ca/maintenance-matters
→ If the paint coat has deteriorated to the point that deterioration of the substrate is occurring, then postponing painting does not save money, it will ultimately result in greater expense.
Will stratas save money by not paying for a pre-warranty expiry review?
A Few Examples
A Few Examples
A Few Examples
A Few Examples
You may need to prove due diligence and completion of warranty requirements such as maintenance so document your activities.
Will stratas save money by not paying for a pre-warranty expiry review?

→ If you don’t have a pre-warranty expiry review performed:
  → You may miss issues covered by warranties and ultimately have to pay for them yourself.

→ Additional benefits that you may miss out on:
  → You won’t be alerted to poor details that may exist and which may ultimately be expensive when they fail.
  → You may not have anyone remind you about significant maintenance tasks that you have overlooked or neglected.
When is it okay to defer maintenance and when is it not okay?
Hidden Asset Maintenance

Roofs
Gutters
RWL
Two-pipe system
Perforated (30)
Solid / Tight (40)
Solid collection (50)
Domestic supply (40)
Underground Piping
Privacy Features
When is it okay to defer maintenance and when is it not okay?

- Life safety – Not okay.
- Warranty requirements – Not okay.
- Non-life life safety deterioration – Strata obliged to maintain and repair.
- Purely aesthetic – Your discretion.
Will it be cheaper for stratas to tender repair work themselves?
What are the risks?

→ Contractor creates the scope of work.
→ Your are missing independent expert advise:
  → Are there any deficiencies?
  → Why are there extras and should you be paying for them?
  → What other options could the strata consider?
A Few Examples
A Few Examples
If owners won’t be there more than a few years, will they save money by not adequately funding the contingency reserve fund?
“The Depreciation Report seems to help Buyers have either peace of mind in the assessment of the condition and long-term expenses, or it may be a red flag if these areas have been neglected.

We always emphasize how important it is to review all the strata documents and financial reports, with extra attention given to the contingency fund as this will indicate if there will be special assessments in the near future regardless if there's a depreciation report available or not.”
→ Depreciation Reports show potential purchasers how well funded the contingency reserve fund (CRF) is.

→ Not only is a purchaser buying a unit, they are buying their share of the CRF.

→ A well funded CRF adds more value to a strata and that will likely be reflected in higher selling prices.
What Purchasers Will See
If owners won’t be there more than a few years, will they save money by not adequately funding the contingency reserve fund to minimize special assessments?

- We think no, they won’t save money. They will probably lose money.

- A unit in a strata with no plans to adequately fund the CRF will be more difficult to sell compared to one that does.
Will stratas save money by not having a depreciation report?
→ A depreciation report gives buyers a clear view of what is upcoming.

→ Potential buyers may wonder what you’re hiding if you don’t have a depreciation report. That may reduce selling prices or cancel buyer interest.

Angela Zumbo, BBA, AMP
Accredited Mortgage Professional
The Mortgage Centre – Your Island Mortgage Team

“[Buyers] prefer to equip themselves with the extra information found within the reports before deciding to purchase a strata property. Delaying the depreciation report seems to be a deterrent to potential buyers, thus hindering a sales from this perspective.”
## A Guide To Major Maintenance

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<td><strong>Roofs &amp; Decks</strong></td>
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<td><strong>Walls</strong></td>
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<tr>
<td><strong>Task 1</strong> - Stucco Clad Wall - Undamaged - South and East</td>
<td>Clean exterior stucco surfaces to remove atmospheric dirt, vegetative growth and other stains</td>
<td>2014</td>
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<td>No painting of original stucco planned. Repaint surface of renewed cladding starting 10 years after 1st new installation in 2023</td>
<td>2023</td>
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<td>Perform condition assessment of wall, associated components, surface penetrations and interfaces. This is included in the General &amp; Inspection.</td>
<td>2021</td>
<td></td>
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<td>Prevent replacement of stucco cladding along with associated flashing and sealants. Consideration should be given to replacement of vent hoods and other accessories that penetrated the cladding at the time of cladding replacement.</td>
<td>2015</td>
<td>$150,000</td>
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<td>Prevent replacement of stucco cladding along with associated flashing and sealants. Consideration should be given to replacement of vent hoods and other accessories that penetrated the cladding at the time of cladding replacement.</td>
<td>2016</td>
<td>$150,000</td>
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<td><strong>Task 2</strong> - Stucco Clad Wall - Undamaged - North and West</td>
<td>Clean exterior stucco surfaces to remove atmospheric dirt, vegetative growth and other stains</td>
<td>2013</td>
<td>$1500</td>
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<td>Replacement of stucco cladding along with associated flashing and sealants. Consideration should be given to replacement of vent hoods and other accessories that penetrated the cladding at the time of cladding replacement.</td>
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<td><strong>Task 3</strong> - Fiber Cement Wall - Drained 2012 Replacement</td>
<td>Clean exterior fiber cement board surfaces to remove atmospheric dirt, vegetative growth and other stains</td>
<td>2017</td>
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<td>Replace fiber cement cladding along with associated flashing and sealants. Consideration should be given to replacement of vent hoods and other accessories that penetrated the cladding at the time of cladding replacement.</td>
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<td><strong>Task 4</strong> - Fiber Cement Wall - Undamaged/Drained</td>
<td>Clean exterior fiber cement board surfaces to remove atmospheric dirt, vegetative growth and other stains</td>
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<td>$4500</td>
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<td>Replace fiber cement cladding</td>
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Will stratas save money by not having a depreciation report?

Here’s an example:

- 20 unit townhouse strata
- Cost of a depreciation report ~ $6,000
- Cost per unit $6,000/20 units = $300

If you were going to buy a townhouse unit and:

- Had no idea of what future maintenance and renewal costs might be for strata complex A because the strata had not procured a depreciation report.
- Were also considering buying in strata complex B which had a depreciation report so you knew the future maintenance and renewal costs and state of the contingency reserve fund.
- Would you be discounting what you would be willing to pay for in strata complex A by more than $300?
Questions

FOR FURTHER INFORMATION PLEASE VISIT
→ rdh.com