

Condo owners ignoring depreciation reports



By Frank O'Brien, Western Investor

Fewer than 20% of the 30,000 strata corporations in British Columbia have agreed to acquire depreciation reports, which were mandated for most condominium buildings in December 2013 under the provincial Strata Property Act, Regulations and Amendments.

Strata corporations can opt out of the requirement with a 75% vote among members.

But, nearly six months after the amendment was introduced, half of the B.C.'s strata's have ignored the amendment and fewer than one in five have signed up to get a depreciation report done, an industry insider claims.

"Anecdotal evidence is that as of December 2013, 50% did nothing, by way of not voting, 15%-20% ordered the report and the balance voted to exempt themselves" said Jeremy Bramwell, president of Vancouver-based Bramwell & Associates Realty Advisors Inc., a commercial appraiser that operates one of the largest depreciation report departments in the province.

The depreciation reports are meant to inform consumers of what repairs and maintenance are required for any strata building, seen as important due to the large and growing number of older condo buildings. The requirement covers both residential and commercial strata's.

Bramwell said not completing a depreciation report can prove costly. "Purchasers are looking for them to get an understanding of their long-term obligations," he said, adding it may even be difficult to get financing if there is no depreciation report in place.

"Lenders who do not see a depreciation report will raise the mortgage interest rates to offset the increased risk. Higher mortgage rates will force down the offer price from the buyer as more money is required to service the loan. Or in older buildings, they may decline the loan," Bramwell said.

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