

On December 14, 2011, new regulations came into effect requiring Strata Corporations to prepare Depreciation Reports.

Depreciation reports help strata corporations, including bare-land strata corporations, plan for the repair, maintenance and replacement of common property, limited common property and common assets over a 30 year period.

What has changed: Like other provinces, depreciation reports are now mandatory unless the strata corporation exempts themselves through an annual $\frac{3}{4}$ vote. Strata corporations with less than five units are also exempt. Updates will be required every three years and include an onsite inspection.

Benefits: Depreciation reports provide useful information to strata lot owners, prospective purchasers, mortgage providers and insurance companies. Strata owners will also be better-informed to assist with prudent management of their common property. The report will help owners determine how repairs will be funded and the amount that could be contributed to the CRF. The most recent report will also be provided to potential purchasers.

Effective Date: For strata corporations formed on or before December 14, 2011, a depreciation report is required by December 13, 2013.

For strata corporations formed after December 14, 2011 a depreciation report is required within 6 months after the second Annual General Meeting.

If a strata corporation already has a depreciation report that meets the new requirements, it will have three years to obtain another report.

Under the new regulations, the report will contain:

- A physical inventory of the common property including building systems.
- Anticipated maintenance, repair and replacement costs for common expenses over 30 years.
- A financial forecasting section that contains at least three cash flow funding models for the contingency reserve fund (CRF).

Who is qualified to prepare the depreciation report?

The Strata Property Regulation does not specify who must prepare a depreciation report. The knowledge and expertise required to prepare a depreciation report for a six-plex may be considerably different than the what is required to prepare a depreciation report for a highrise residential tower with its own power generating plant, airspace parcel and underground parkade. (See the [Guide to Depreciation Reports](#) for further details)

More information:

View the Guide to Depreciation Reports at: www.housing.gov.bc.ca/pub/stratapdf/Guide12.pdf

Learn more about Strata Property at: www.housing.gov.bc.ca/strata