

DO FRUGAL STRATAS WASTE MONEY?

RDIH

Will a condition assessment devalue  
a strata's property?

**RDIH**

## Condition Assessments (CA's)

- 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.

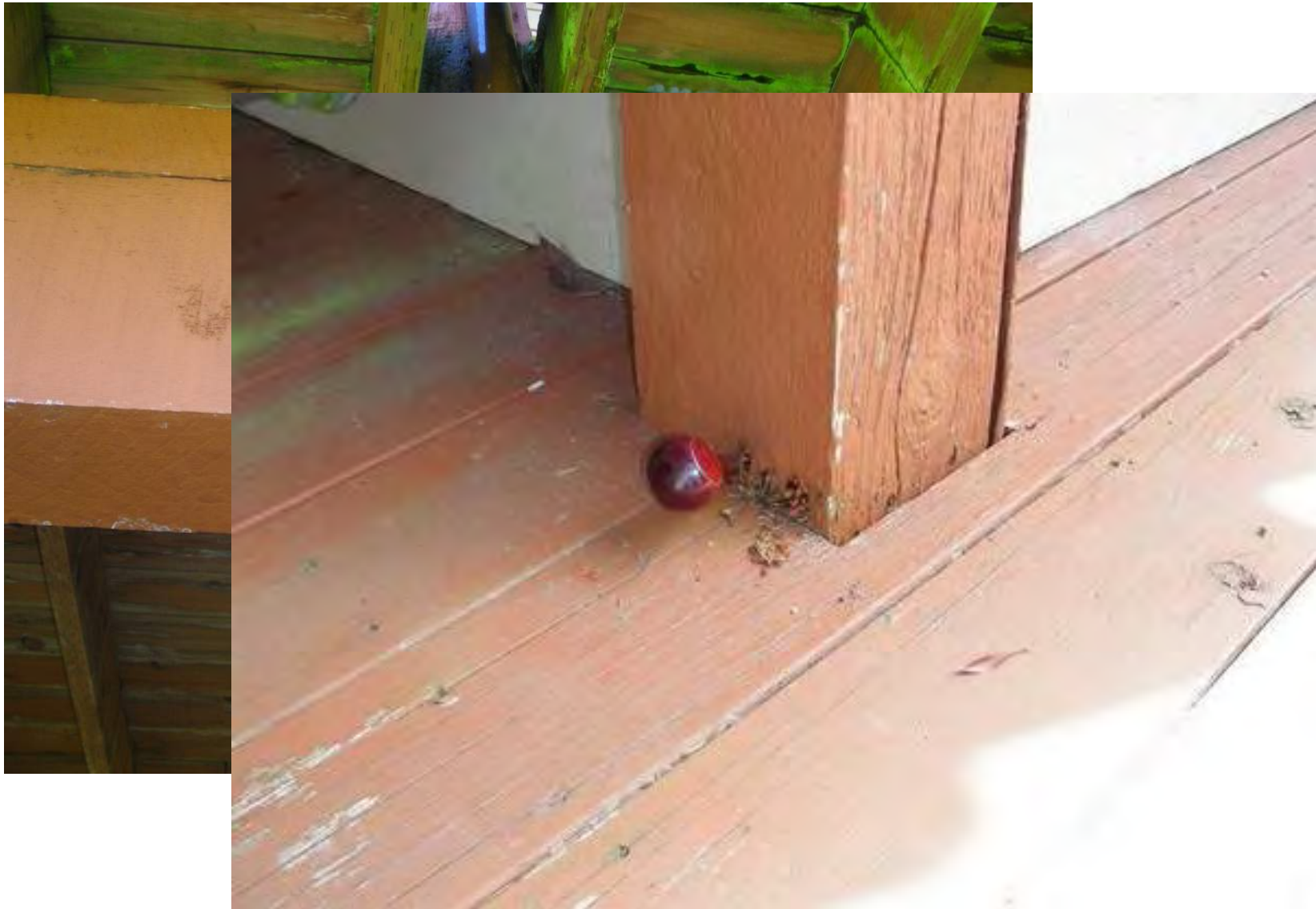
# What Could A CA Find?



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# What Could A CA Find?



# 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?

**RDIH**

# Let's See Some Examples



# Let's See Some Examples



# Let's See Some Examples



# Let's See Some Examples





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

## Examples

Review interior sealant	Handyman or Maintenance Contractor
Review siding for signs of distress, such as cracks, stains, delaminating etc.	Maintenance Contractor or Consultant
By means of pipe camera service, visually inspect underground piping runs.	Specialty Contractor and perhaps in combination with a Consultant.

## Is it cheaper to have a handyman perform all reviews rather than having an engineering company perform some reviews?

- 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?

**RDIH**

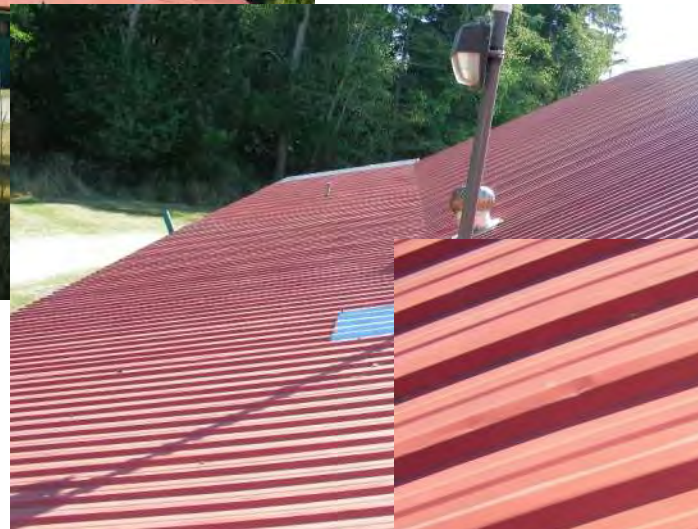
# A Few Examples



# A Few Examples



# A Few Examples



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# 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.

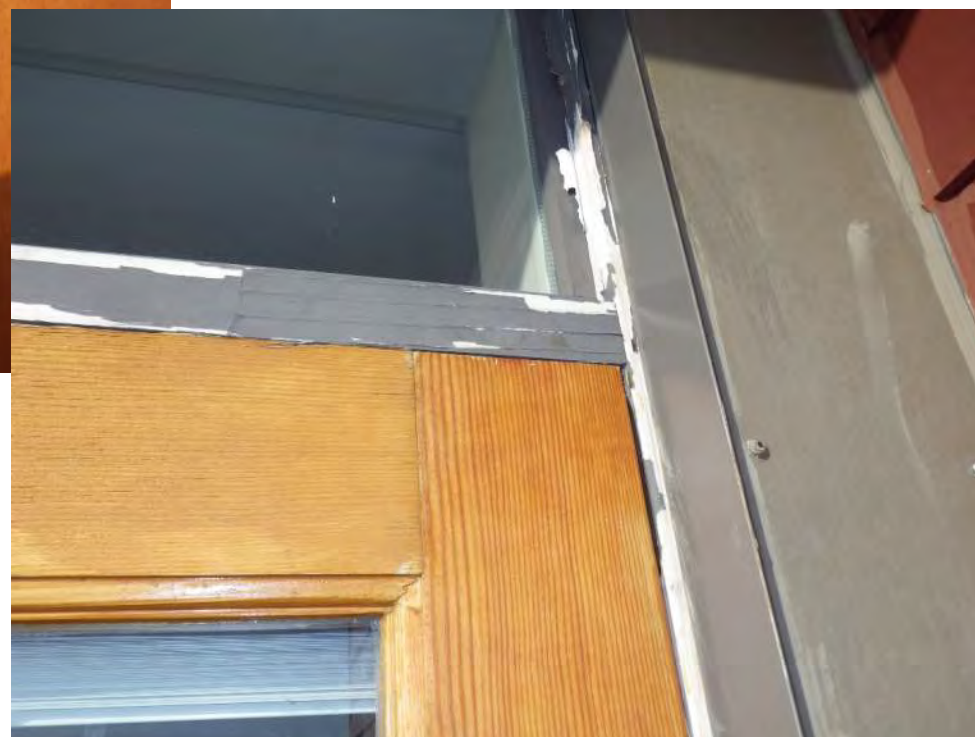
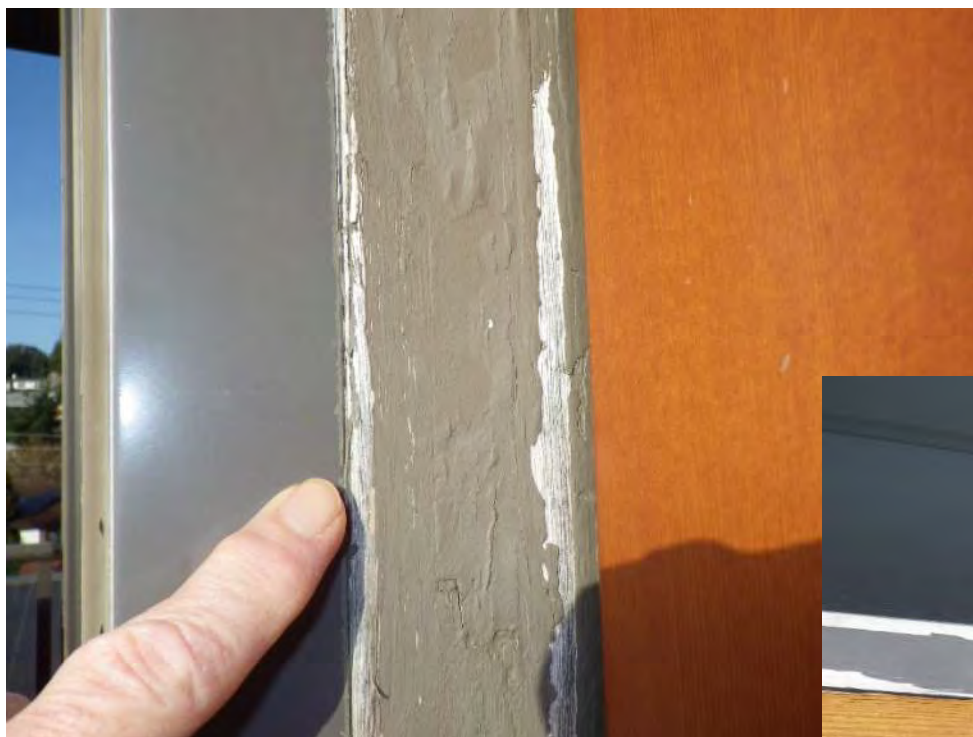
Is It Cheaper To Postpone Painting?

**RDIH**

# A Few Examples



# A Few Examples



# A Few Examples



# A Few Examples



# Average Service Life For Un-Coated Wall Shingles

*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





# Average Service Life For Un-Coated Wall Shingles

Tue 08/07/2014 9:04 AM



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

# Reference Material



- Homeowner Protection Office
- [www.hpo.bc.ca/files/download/MMR/MM1.pdf](http://www.hpo.bc.ca/files/download/MMR/MM1.pdf)
- [www.hpo.bc.ca/maintenance-matters](http://www.hpo.bc.ca/maintenance-matters)

## Maintenance Matters | Building Envelope Maintenance Bulletin 1

Homeowner Protection Office  
Branch of BC Housing

### Paints, Stains and Coatings

Often, it is realized that a maintenance plan is needed for paints, stains and coatings when it is too late and damage has already occurred.

Have you ever noticed how a building shows its age? A new building looks clean, the exterior isn't faded, the wood trim is in perfect shape, metal parts are not rusted or scratched, and it even smells new. As the new appearance disappears, so does the protection provided by paints, stains and coatings.

To make sure your building does not fall into disrepair you have to know what types of paint and coating protection your home has, why it must be maintained, how to maintain it, how often to maintain it, who to call, and have a written plan to maintain the surfaces that protect your home's appearance and condition. Often, it is realized that a maintenance plan is needed for paints, stains and coatings when it is too late and damage has already occurred. The purpose of this bulletin is to draw attention to maintenance issues and provide basic information to help prevent avoidable and expensive problems.

Note: This bulletin discusses the maintenance of paints, stains and coatings related to the exterior surfaces of the building envelope. It does not cover maintenance or re-painting for home interiors.

#### What are Paints, Stains and Coatings and Where are They Applied?

There are many different types of paints, stains and coatings used to cover the various surfaces of the building envelope. Paints, stains and coatings improve the visual appearance of the building, protect the underlying surface (wood, metal, concrete, stucco or plastic) from the damaging effects of the sun, wind and rain. They also help prevent decay and corrosion from occurring.

The appropriate product must be used for each application or you will not get the protection the building needs to keep looking new and in good physical condition. The table on the following page lists different types of paints, stains and coatings and where they are commonly applied.

#### Why Must Paints, Stains and Coatings be Maintained?

Paints, stains and coatings don't last forever and must be maintained and restored when they have deteriorated due to exposure to the sun, rain, hot and cold temperatures, bird activity, people-inflicted damage and other destructive forces.



Paint peeling from a metal flashing: Good quality factory-finished metals would have better endurance than this site-painted metal flashing.

<b>Maintaining your building envelope</b> This publication is one in a series of bulletins designed to provide practical information on the maintenance of the building envelope of multi-unit residential buildings including townhouses, low and highrise residential buildings.	<b>What is a building envelope/enclousure?</b> The building envelope or building enclosure includes all parts of the building (assemblies, components and materials) that are intended to separate the interior space of the building from the exterior climatic conditions. It includes, for example, the foundation, exterior walls, windows, exterior doors, balconies, decks and the roof.	<b>Who should read this bulletin?</b> Anyone who lives in or looks after a multi-unit residential building should read this bulletin including residents/unit owners, strata councils, housing co-operatives, maintenance managers, property managers or building owners. Proper maintenance of the building envelope can help prevent damage and avoid costly repairs in the future.	 This bulletin is funded by the Homeowner Protection Office (HPO), a branch of BC Housing, in partnership with Canada Mortgage and Housing Corporation and Polygon Homes Ltd.
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# Is It Cheaper To Postpone Painting?

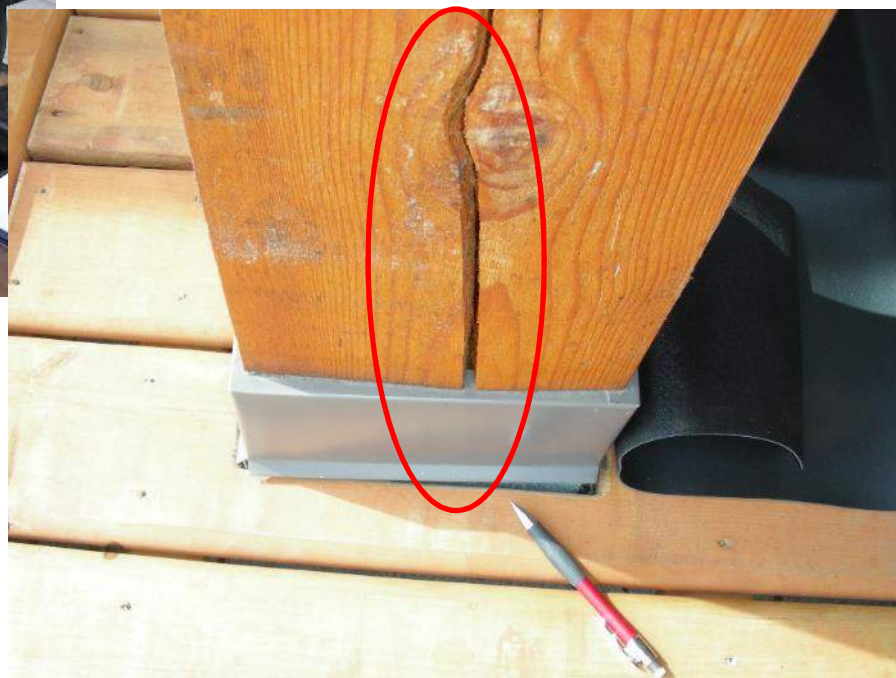


→ If the paint coat has deteriorated to the point that deterioration of the substrate is occurring, then postponing painting does not save money, it will ultimately result in greater expense.

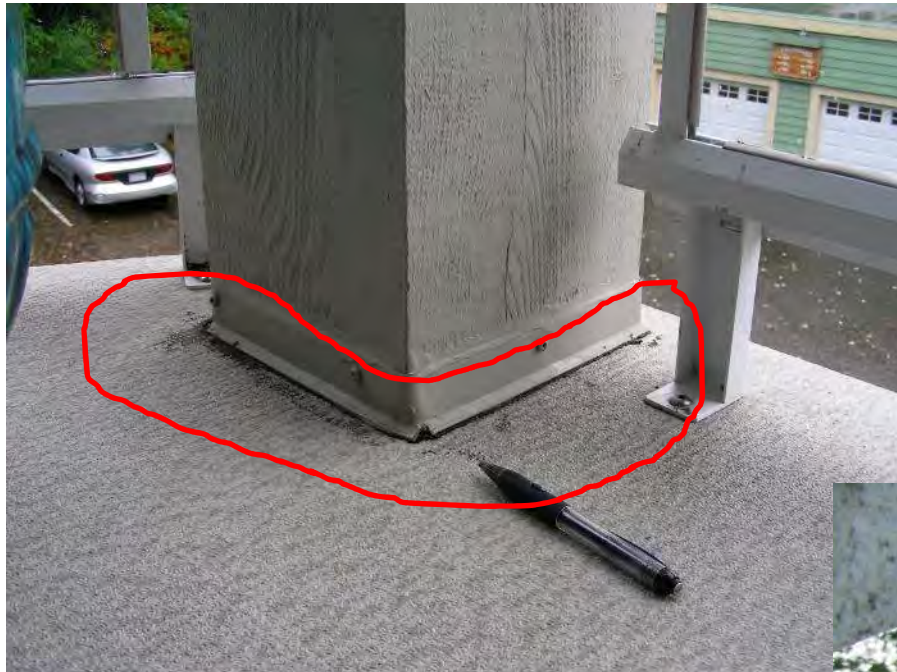
Will stratas save money by not paying for a pre-warranty expiry review?

**RDIH**

# A Few Examples



# A Few Examples



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# Don't Forget About Owner Warranty Obligations



**GUIDE TO HOME WARRANTY INSURANCE IN BRITISH COLUMBIA**

Published by the Homeowner Protection Office  
2018

**2-5-10 Year Home Warranty Insurance**

**HOME WARRANTY INSURANCE REQUIREMENTS FOR NEW HOMES**

To increase consumer protection for new home buyers, the Homeowner Protection Act regulations for residential builder licensing and mandatory third-party home warranty insurance were implemented on July 1, 1999. As a result, all new homes constructed with building permits applied for on or after July 1, 1999 must be built by residential builders licensed with the Homeowner Protection Office (HPO) and covered by a policy of home warranty insurance. In geographic areas where building permits are not required, licensing and home warranty insurance is required for new home construction commenced on or after July 1, 1999.

Home warranty insurance can now only be provided by insurance companies that have been approved by the Financial Institutions Commission (FICOM) and meet the requirements of the Homeowner Protection Act. For the HPO bulletin entitled "Understanding Home Warranties" for further information.

Standards of coverage, commencement dates, exclusions and limits on coverage are now set by government to ensure clarity and a consistent base-level of consumer protection.

**MINIMUM STANDARDS OF COVERAGE REQUIRED 2-5-10**

Home warranty insurance on new homes includes a minimum of 2 years on labour and materials, 1 year on the building envelope, including water penetration, and 90 years on structure. The 2 year labour and materials coverage is broken down as follows:

Any defect in materials and labour:

- 12 months on detached homes and on non-common property in strata areas (includes by-employe homes)
- 17 months on common property of strata buildings

Defects in materials and labour related to the delivery and distribution systems (electrical, plumbing, heating, ventilation, air conditioning, etc.):

- 24 months for all buildings.

**COMMENCEMENT DATES**

Commencement dates on home warranty insurance are:

For single (primarily detached) dwelling units:

- Custom homes: date of first occupancy or date of first occupancy permit, whichever occurs first.

**WARRANTY NUMBER: 0790001246**

**15 YEAR PLATINUM WARRANTY**

**SOPREMA INC.** is legally constituted corporation with its registered office at 1640 rue Haggerty, Drummondville (Québec) J2C 5P8.

**15 YEAR PLATINUM WARRANTY**

**Name and address of owner:**  
1265 1402  
1638 West 13<sup>th</sup> Avenue  
Vancouver, BC V5K 1K1

**Name and address of contractor:**  
EAC Restoration Ltd  
1312 Oakland Street  
Coquitlam, BC V3B 4J2

**Name and address of project:**  
Douchette Phase II  
1685 West 13<sup>th</sup> Avenue  
Vancouver, BC

**Project description:**  
Arise  
Date issued: September 17, 2007  
Specification:  
Base sheet field area: Synoply Base-520  
Cap sheet field area: Synoply Traffic Cap-067  
Base sheet flashing: SuperSeal-Flux Stick  
Cap sheet flashing:

**SOPREMA INC.**, a legally constituted corporation with its registered office at 1640 rue Haggerty, Drummondville (Québec) J2C 5P8, warrants, to the above referenced owner, that Soprema will repair any leaks in the roofing membrane for the above-referenced building and roof area during the warranty period indicated above, beginning at the issue date of the warranty or at the date of substantial completion if applicable, subject to the LIMITATIONS and CONDITIONS set forth hereunder.

**LIMITATIONS and CONDITIONS**

1. In the event that manufacturing defects or deficiencies in the materials furnished or approved by SOPREMA INC. or an application defect by the approved roofing contractor which causes water infiltration to occur, and provided that the materials in question were installed in strict compliance with current published standards, instructions and specifications prepared by SOPREMA INC., SOPREMA INC. undertakes, for the duration of this warranty, to make all necessary repairs to restore the roofing system to dry and watertight condition. The liability of SOPREMA INC.

→ 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?

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# Life Safety



# Life Safety



# Aesthetic / Non-Life Safety Pedestrian Control



# Vehicle And Pedestrian Circulation





# Hidden Asset Maintenance



# Underground Piping



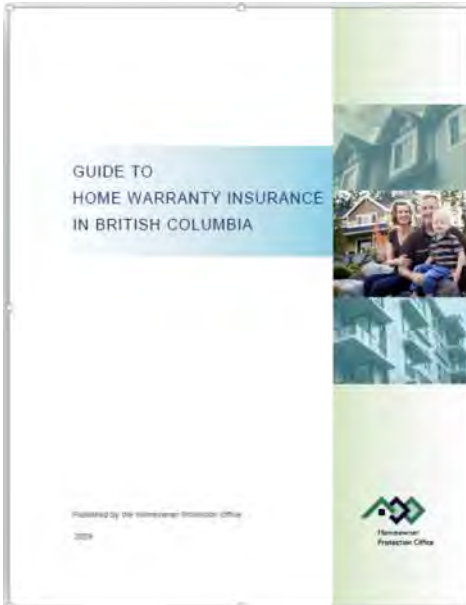
# Exterior Walls



# Privacy Features



# Warranty Requirements



## 2-5-10 Year Home Warranty Insurance

Homeowner Protection Office

**HOME WARRANTY INSURANCE REQUIREMENTS FOR NEW HOMES**

To increase consumer protection for new home buyers, the Homeowner Protection Act regulates for residential builder licensing and mandatory third-party home warranty insurance. The regulations were implemented on July 1, 1999. As a result, all new homes constructed with building permits applied for on or after July 1, 1999 must be built by residential builders licensed with the Homeowner Protection Office (HPO) and covered by a policy of home warranty insurance. In geographic areas where building permits are not required, licensing and home warranty insurance is required for new home construction commenced on or after July 1, 1999.

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Standards of coverage, commencement dates, exclusions and limits on coverage are now set by government to ensure clarity and a consistent level of consumer protection.

**MINIMUM STANDARD OF COVERAGE REQUIRED 2-5-10**

Home warranty insurance on new homes includes a minimum of 2 years on labour and materials, 5 years on the building envelope, including water penetration, and 10 years on structure. The 2 year labour and materials coverage is broken down as follows:

Any defect in materials and labour:

- 12 months on detached homes, and on non-common property or areas which include free single homes;
- 15 months on common property of strata buildings.

Defects in materials and labour related to the delivery and distribution systems (central, plumbing, heating, ventilation, air conditioning, etc.):

- 18 months for all buildings.

**COMMENCEMENT DATES**

Commencement dates on home warranty insurance are:

- Custom homes: date of first occupancy or date of first occupancy permit, whichever transpires first.

**Specific Home: Date of first occupancy or date of transfer of legal title to first owner, whichever transpires first.**

**Strata Homes:**

- Strata unit: earlier of date of first occupancy or date of transfer of legal title to first owner.
- Common property: earlier of date of first occupancy or strata building or date of transfer of legal title to first owner or building.

**HOME WARRANTY INSURANCE EXCLUSIONS**

The Homeowner Protection Act regulates exactly what the home warranty insurance companies can exclude from their policies.

General exclusions that include: landscaping, non-residential detached structures (swimming, parking structures, recreational and amenity facilities for multi-unit buildings), air-conditioning, commercial use, steps, trails, paths and fences, driveways are covered, site grading and surface drainage, the condition of structural areas, septic, water, and public and water quality and quantity.

Direct related exclusions can include normal wear and tear, normal shrinkage of materials from construction, use of new home for non-residential purposes, materials, labour and design supplied by the owner, damage caused by the owner other than the residential builder. Damage caused by

**SOPREMA**

WARRANTY NUMBER: 07900D1246

**15 YEAR PLATINUM WARRANTY**

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**Name and address of owner:**  
1668 West 13<sup>th</sup> Avenue  
Vancouver, BC V7X 1A1

**Name and address of contractor:**  
ENC Restorations Ltd  
1337 Oakleaf Street  
Coquitlam, BC V3H 6K2

**Name and address of project:**  
Discolorer Floor Finish II  
1668 West 13<sup>th</sup> Avenue  
Vancouver, BC

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**Project description:**  
Area: 1,700 sq. ft.  
Date issued: September 13, 2007  
Specification:  
Roof sheet field area: Tegaflex Blue-F20  
Cap sheet field area: Tegaflex Traffic Cap-563  
Cap sheet flashings: Tegaflex Flash-Stack

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- 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?

**RDIH**

# What are the risks?



- Contractor creates the scope of work.
- You are missing independent expert advice:
  - 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?

**RDIH**

## A Quote Regarding Significance



Rod and Keitha Spink  
Personal Real Estate Corporation  
Remax Ocean Pacific Realty

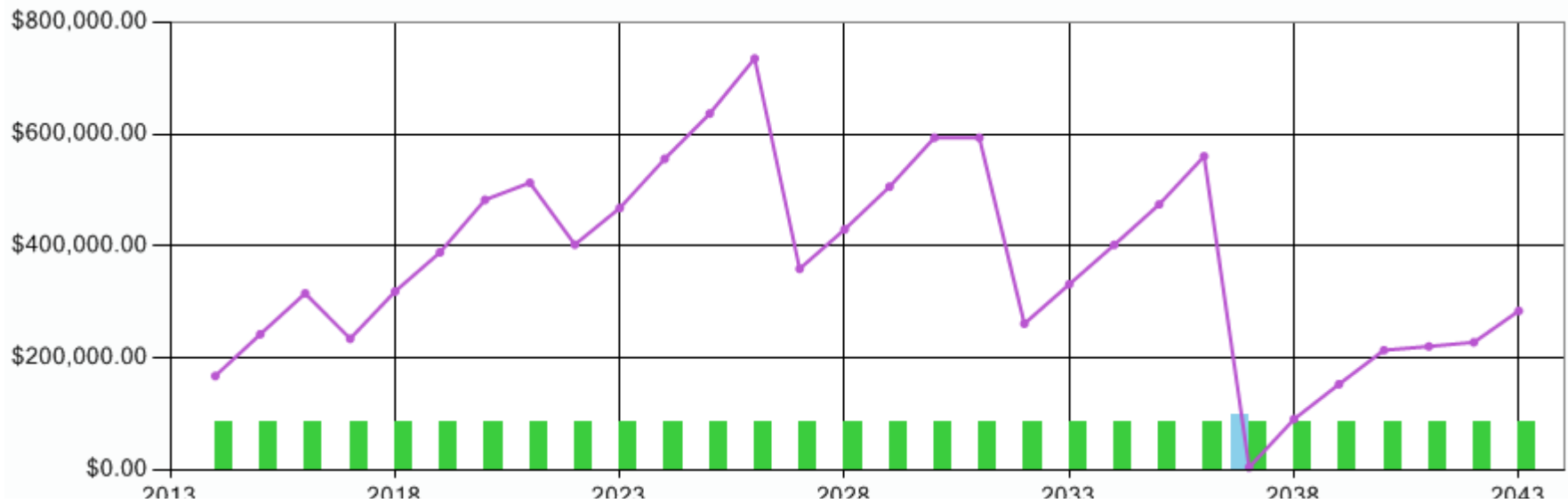
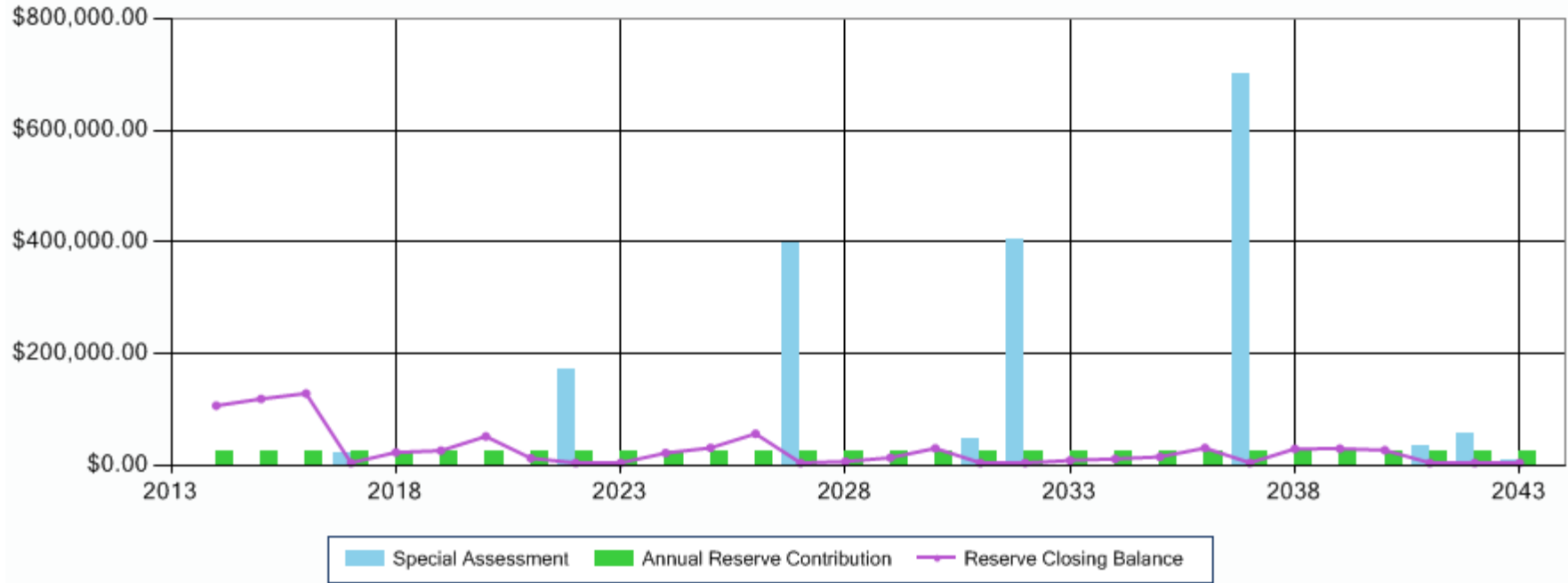
*“The Depreciation Report seems to help Buyers have either peace of mind in the assessment of the condition and long-term expenses, or it may be a red flag if these areas have been neglected.*

*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?

**RDIH**



- 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

Enclosure	Next Event	Backlog	2015	2016	2017	2018	2019
Roofs & Decks							
Walls							
<b>Encl 03 - Stucco Clad Wall - Undrained - South and East</b>							
J01 Clean exterior stucco surfaces to remove atmospheric dirt, vegetative growth and other stains.	2024						
J02 No painting of original stucco planned. Re-paint surface of renewed cladding starting 10 years after 1st new installation in 2015.	2025						
J03 Perform condition assessment of wall, associated components, service penetrations and interfaces. This is included in the General & Inspections.	2021						
R01 Phased 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.	2015	\$130,000					
R02 Phased 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.	2016			\$130,000			
<b>Encl 04 - Stucco Clad Wall - Undrained - North and West</b>							
J01 Clean exterior stucco surfaces to remove atmospheric dirt, vegetative growth and other stains.	2018					\$1,600	
J02 No painting of original stucco planned. Re-paint surface of renewed cladding starting 10 years after 1st new installation in 2025.	2035						
J03 Perform condition assessment of wall, associated components, service penetrations and interfaces. This is included in the General & Inspections.	2021						
R01 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.	2025						
<b>Encl 05 - Fiber Cement Wall - Drained: 2012 Replacement</b>							
J01 Clean exterior fiber cement board surfaces to remove atmospheric dirt, vegetative growth and other stains.	2017				\$54		
J02 Perform condition assessment of wall, associated components, service penetrations and interfaces. This is included in the General & Inspections.	2021						
R01 Repaint fiber cement cladding.	2022						
R02 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.	2052						
<b>Encl 06 - Fiber Cement Wall - Undrained / Drained</b>							
J01 Clean exterior fiber cement board surfaces to remove atmospheric dirt, vegetative growth and other stains.	2017				\$420		
J02 Perform condition assessment of wall, associated components, service penetrations and interfaces. This is included in the General & Inspections.	2021						
R01 Repaint fiber cement cladding.	2017				\$11,000		
R02 Replace fiber cement cladding along with associated flashing and sealants. Consideration should be given to replacement of vent hoods and other	2036						

# 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  $\$6,000/20 \text{ units} = \$300$

→ 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](http://rdh.com)

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