



# Report from Council

July 2005 Volume 41, No. 1A

## 4th Special Report to Licensees Licensing Requirements for Strata Management Services Providers

Effective January 1, 2006 strata managers will require licensing under the *Real Estate Services Act*. Current licensees engaged in strata management, including the brokerage (company, partnership or proprietorship) and managing broker, will need to apply to the Council for an amended licence. This licence will be conditional upon meeting educational requirements before January 1, 2007. Applications can be submitted to the Council anytime after August 1, 2005.

In keeping with Policy Statement #4 found on page 3, the educational requirements that must be met vary depending upon whether a licensee is grandparented or not. Grandparented means a person who was providing strata management services for a period of at least three months immediately before January 1, 2006. Upon application, licensed and grandparented representatives, associate brokers and managing brokers will be issued a temporary licence subject to successfully completing the Strata Management Supplemental Examination on or before January 1, 2007. As part of the application, the managing broker must provide a letter certifying he or she has provided strata management services for the required three months, and for each representative and associate broker, provide a letter certifying that the applicant meets the same grandparented criteria.

Licensees who are not grandparented, but who wish to apply for an amended licence to provide strata management services, must successfully complete the Strata Management Supplemental Course and Examination before applying for an amended licence. The supplemental course materials and registration will be available by October 2005, however, the exam will not be scheduled prior to 2006.

Where a strata management company is not currently licensed, but is grandparented, its strata managers must apply and obtain a temporary licence that is conditional upon successful completion of both the Strata Management Licensing Course and Examination by January 1, 2007. Additionally, the individual who is intending to become the company's managing broker must also register for the Broker's Licensing Course before January 1, 2007 and successfully complete both the course and examination by January 1, 2008.

On page 3 of this Report, you will note that licensing courses are offered through the Real Estate Division at the Sauder School of Business, University of British Columbia. Further information is available from the UBC website at [www.sauder.ubc.ca](http://www.sauder.ubc.ca). It should be noted that, while an initial version of the full licensing course is now available, the

curriculum is being finalized and no examinations will be scheduled prior to 2006.

Pages 7, 8, 9 and 10 of this Report detail the changes to the Council Rules as a result of the licensing of strata managers. Section 7-9 of the Council Rules requires a brokerage providing strata management services to open separate trust accounts for every strata corporation managed. Supporting documentation, which may include copies of bank reconciliations, bank statements and client liability statements, will be required with the application. Where the brokerage holds contingency reserve funds ("CRF") or special levies, another separate trust account must be established for the strata corporation. Proof of these accounts is required with all applications for brokerage licensing. Two signatories are required for the CRF/special levy trust account and subsection 6 should

*Continued on page 2...*

### In this Issue:

- Licensing Requirements for Strata Management Services Providers
- Educational Requirements for Licensing as a Strata Manager
- Council Amends Rules to Include Strata Requirements
- Frequently Asked Questions for Strata Management Licensing



Real Estate Council of  
British Columbia

# 900 - 750 West Pender Street  
Vancouver, B.C. V6C 2T8  
Phone 604-683-9664  
Toll-free 1-877-683-9664  
Fax 604-683-9017  
info@recbc.ca  
www.recbc.ca  
Office Hours:  
Monday-Friday 8:30a.m. - 4:30p.m.

#### REAL ESTATE COUNCIL OF B.C.

CHAIR  
DOUGAL SHEWAN  
VICE-CHAIR  
PHILIP L. JONES  
EXECUTIVE OFFICER  
ROBERT O. FAWCETT

#### COUNCIL MEMBERS

ROSEMARY BARNES

KEITH BEVINGTON

WILLIAM BROWN

ARLENE A. BUTLER

CYNTHIA A. CHEN

ROBERT F. CLARKE

ALLAN CORBETT

MARSHALL COWE

JOHN FINLAYSON

ABDUL R. GHOURI

DANNY LEUNG

WILLIAM H. LIM

JIM MCNEAL

ANN PETRONE

RAMESH RIKHI

SATNAM SIDHU

WAYNE STRANGLUND

JUDI WHYTE

MICHAEL ZIEGLER

#### STATISTICS

(JULY 2005)

REPRESENTATIVES: 12,557

ASSOCIATE BROKERS: 2,013

MANAGING BROKERS: 1,287

BROKERAGES: 1,241

#### Role of the Council

The Council is a regulatory agency established by the provincial government. Its mandate is to protect the public by enforcing the licensing and licensee conduct requirements of the *Real Estate Services Act*. The Council is responsible for licensing real estate representatives, brokers and brokerages, enforcing entry qualifications, investigating complaints against licensees and imposing disciplinary sanctions under the Act.

#### Report from Council

The *Report from Council* newsletter is published six times per year with a supplement called *Practice Points* issued as needed. Past issues can be found on the REALTOR Link™ web site at [www.realtorlink.ca](http://www.realtorlink.ca)

For further information, contact:

Anthony Cavanaugh,  
Communications Officer  
[acavanaugh@recbc.ca](mailto:acavanaugh@recbc.ca)

Printed on recycled paper



## A Note From the Chair

The licensing of strata managers is a major initiative, which the Council has sought for over 10 years. The Council is pleased that the government, when creating the new *Real Estate Services Act*, included the provision of strata management services as an activity requiring licensing.

This 4<sup>th</sup> Special Report to Licensees is meant to be a key guide to assist those licensees engaged in the provision of strata management

services after January 1, 2006 to comply with the requirements of the *Real Estate Services Act* and the Council Rules.

I encourage all licensees, but particularly those engaged in the provision of strata management services, to carefully review Licensing Policy Statement #4 found on pages 3-6, the amendments to the Council Rules found on pages 7-10, and the Frequently Asked Questions found on pages 11 and 12.



**Dougal Shewan**

Should you have any questions following your review, I encourage you to send them to [info@recbc.ca](mailto:info@recbc.ca).

*On behalf of Council,  
Dougal Shewan, Chair*

## Licensing Requirements for Strata Management Services Providers ...continued from cover

be referenced as to who may be a signing authority.

This section also requires that brokerages provide, on a monthly basis, each strata corporation that they manage with a copy of the statement for each trust account within 30 days after receiving it from the savings institution.

Brokerages may establish a flow-through trust account to pay invoices on behalf of several strata corporations. For example, the brokerage may wish to pay a utility expense for several strata corporations by way of a single cheque. In this case, specific funds may be transferred from each of the strata corporation's trust accounts to the flow-through account. A cheque may then be drawn on the flow-through account, bringing the

account back to a zero balance.

Section 8-7.2 of the Council Rules outlines specific requirements regarding the transfer of records from one brokerage to another, and, in some circumstances, the time frames are different than those specified in the *Strata Property Act*.

In addition, brokerages will be required to ensure that all management agreements meet the content requirements outlined in section 5-1 of the Council Rules. In particular, all strata management service agreements must:

- describe what types of funds are to be managed by the brokerage;
- stipulate the authority to make withdrawals from trust accounts;
- clarify signing authorities;
- specify authority to enter into

contracts;

- outline the specifics of accounting statements to be provided;
- describe what records will be kept; and
- outline provisions for disclosure of information.

Brokerages engaged in strata management should review the clauses in their existing service agreements to ensure compliance with these requirements.

In keeping with the transitional timeframe established by section 10-4 of the Council Rules, compliance is required before January 1, 2007.

It is recommended that all licensees engaged in strata management review the *Licensing Policy Statement #4 Strata Management Service Providers* found on pages 3-6 of this Report.

## Office Closures

Monday, August 1, 2005 for BC Day and Monday, September 5, 2005 for Labour Day

---

# Educational Requirements for Licensing as a Strata Manager

Effective January 1, 2006 anyone wishing to provide strata management services will require licensing under the *Real Estate Services Act*. In anticipation of the new licensing requirement, the Council has collaborated with the Real Estate Division at the Sauder School of Business, University of British Columbia to develop a Strata Management Licensing Course. Please go to the Real Estate Division website at [www.sauder.ubc.ca](http://www.sauder.ubc.ca) for further information.

All current strata managers (with a few noted exceptions), including their related companies, will need to apply to the Council for a licence before January 1, 2006. However, for current licensees and for unlicensed providers of strata management services, grandparenting provisions may apply. Please review the following chart and read the Council's Licensing Policy Statement #4 (below) for more detailed information regarding the grandparenting of strata

management service providers.

Individuals with an educational background deemed equivalent to the licensing programs may qualify for a waiver of the licensing course and/or examination.

However, due to the new requirements of the *Real Estate Services Act* and the Council Rules related to strata management services, **it is extremely unlikely that any exemption from the requirement to pass an examination will be granted.**

Licensed?	Grandparented?	Educational Requirement
Yes	Yes	Strata Management Supplemental Exam only by January 1, 2007. <i>Note: The Supplemental Course Challenge package will be available by October 2005; however, the examination will not be scheduled prior to 2006.</i>
Yes	No	Strata Management Supplemental Course and Exam prior to amending licence. <i>Note: The Supplemental Course materials and registration will be available by October 2005; however, the examination will not be scheduled prior to 2006.</i>
No	Yes	Strata Management Licensing Course and Exam by January 1, 2007. <i>Note: You can register now; however, the examination will not be scheduled prior to 2006.</i>
No	No	Strata Management Licensing Course and Exam prior to licensing. <i>Note: You can register now; however, the examination will not be scheduled prior to 2006.</i>

---

## LICENSING POLICY STATEMENT #4 (EFFECTIVE JULY 1, 2005)

### STRATA MANAGEMENT SERVICE PROVIDERS

A "grandparented strata management service provider" as defined under section 10-3(1) of the Council Rules means a person who was providing strata management services for a period of at least 3 months immediately before January 1, 2006.

### LICENSING REQUIREMENTS FOR GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS

*Grandparented strata management service providers may make application for licensing any time after August 1, 2005.*

Grandparented strata management service providers, who do not become licensed on or before January 1, 2006 and provide strata management services after that date, would be in breach of the *Real Estate Services Act*. Any incidence of a grandparented strata management service provider providing strata management services without a licence will be subject to regulatory action.

*Continued on next page...*

---

## LICENSING REQUIREMENTS FOR CURRENTLY LICENSED REPRESENTATIVES, ASSOCIATE BROKERS, AND MANAGING BROKERS WHO ARE GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS

1. Submit an **Application for Representative, Associate Broker or Managing Broker Licence** form, accompanied by the fees referred to below.
2. Submit the following:
  - Amendment Fee - \$125, includes \$25 application fee (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC"). Please note: if the application is withdrawn for any reason prior to licence issuance, the \$25 application fee will not be refunded.
  - \* An applicant may amend their licence on renewal if renewing between August 1, 2005 and December 31, 2005 without paying the amendment fee provided their related managing broker's and brokerage's licences have been amended to provide strata management services.
3. Return existing licence certificate with an appropriate notation on the reverse side.
4. (a) *For Representatives and Associate Brokers – provide a letter from the related managing broker certifying that the applicant has provided strata management services to at least one strata corporation for a period of at least three (3) months immediately preceding the date of application.*  
(b) *For Managing Brokers – provide a letter from the managing broker certifying that he/she has provided strata management services to at least one strata corporation for at least three (3) months immediately preceding the date of application.*
5. A new temporary licence will be issued conditional on the licensee completing the Strata Management Supplemental Examination or having this requirement waived under section 2-7(3) of the Council Rules by January 1, 2007.
6. A licensee who does not successfully complete the Strata Management Supplemental Examination or have this requirement waived by January 1, 2007 will, in accordance with section 14 of the *Real Estate Services Act*, have their temporary licence cancelled as of January 1, 2007.
7. A licensee whose licence is cancelled as per #6 above and who wishes to continue their rental property management activities and/or trading services activities, will have to re-apply for licensing and follow the steps in 1, 2, and 3 above.

## LICENSING REQUIREMENTS FOR CURRENTLY LICENSED REPRESENTATIVES, ASSOCIATE BROKERS AND MANAGING BROKERS WHO ARE NOT GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS

1. Completion of the Strata Management Supplemental Course and Examination.
2. Submit an **Application for Representative, Associate Broker or Managing Broker Licence** form, accompanied by the fees referred to below.
3. Submit the following:
  - Amendment Fee - \$125, includes \$25 application fee (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC"). Please note: if the application is withdrawn for any reason prior to licence issuance, the \$25 application fee will not be refunded.
4. Return existing licence certificate with an appropriate notation on the reverse side.
5. The Council will issue an amended licence that will include the authority to provide strata management services.

## LICENSING REQUIREMENTS FOR GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS NOT CURRENTLY LICENSED

### LICENSING OF REPRESENTATIVES

In order to obtain a temporary strata management services representative's licence, an applicant must:

1. In accordance with section 9 of the *Real Estate Services Act*, submit an **Application for Representative, Associate Broker or Managing Broker Licence** form, accompanied by the fees referred to below.
2. Submit the following:
  - Licensing Fee - \$450, includes \$50 application fee (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC"). Please note: if the application is withdrawn for any reason prior to licence issuance, the \$50 application fee will not be refunded.



---

Errors & Omissions Insurance Assessment - \$500 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Errors & Omissions Insurance Corp.")

Real Estate Special Compensation Fund Assessment - \$100 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Compensation Fund Corp.")

Note: As a Criminal Record Check is conducted by the Council prior to processing an application for licensing, licence applicants can expect to wait up to 3 weeks for their application to be processed.

3. Submit a letter from the intended related managing broker certifying that the applicant has provided strata management services to at least one strata corporation for a period of at least three (3) months immediately preceding the date of application.

A temporary representative's licence to provide strata management services will then be issued to otherwise qualified individuals, but that licence will be conditional on the licensee successfully completing the Strata Management Licensing Course and Examination or having this requirement waived under section 2-7(3) of the Council Rules by January 1, 2007; and

An individual who does not successfully complete the Strata Management Licensing Course and Examination or have this requirement waived by January 1, 2007 will, in accordance with section 14 of the *Real Estate Services Act*, have their temporary licence cancelled as of January 1, 2007.

Individuals may apply for a waiver of the licensing course and examination requirements by making application to the Council office.

### LICENSING OF MANAGING BROKERS

In order to obtain a temporary managing broker licence to provide strata management services, an applicant must:

1. In accordance with section 9 of the *Real Estate Services Act*, submit an **Application for Representative, Associate Broker or Managing Broker Licence** form, accompanied by the fees referred to below.
2. Submit the following:
  - Licensing Fee - \$450, includes \$50 application fee (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC"). Please note: if the application is withdrawn for any reason prior to licence issuance, the \$50 application fee will not be refunded.
  - Errors & Omissions Insurance Assessment - \$500 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Errors & Omissions Insurance Corp.")
  - Real Estate Special Compensation Fund Assessment - \$100 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Compensation Fund Corp.")

Note: As a Criminal Record Check is conducted by the Council prior to processing an application for licensing, licence applicants can expect to wait up to 3 weeks for their application to be processed.

3. Submit a letter from the applicant who wishes to become licensed as the managing broker certifying that he/she has provided strata management services to at least one strata corporation for a period of at least three (3) months immediately preceding the date of application.

*A temporary managing broker licence to provide strata management services will then be issued to otherwise qualified individuals, but that licence will be conditional on the licensee*

- (a) successfully completing the Strata Management Licensing Course and Examination or having this requirement waived under section 2-7(3) of the Council Rules by January 1, 2007;
- (b) registering in the Broker's Licensing Course on or before January 1, 2007; and
- (c) successfully completing the Broker's Licensing Course and Examination on or before January 1, 2008.

An individual who does not successfully complete the Strata Management Licensing Course and Examination or have this requirement waived by January 1, 2007 or who does not register for the Broker's Licensing Course on or before January 1, 2007 will have their temporary licence cancelled as of January 1, 2007. In addition, an individual who does not successfully complete the Broker's Licensing Course and Examination or who does not have this requirement waived by January 1, 2008 will, in accordance with section 14 of the *Real Estate Services Act*, have their temporary licence cancelled as of January 1, 2008.

Individuals may apply for a waiver of the licensing course and examination requirements by making application to the Council office.

---

## **LICENSING REQUIREMENTS FOR CURRENTLY LICENSED BROKERAGES WHICH ARE GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS**

1. Provide a letter advising that the brokerage wishes to become licensed to provide strata management services.
2. Return the existing brokerage licence certificate to be amended.
3. Amendment fee of \$125 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC").  
\* A brokerage may amend its licence on renewal if renewing between August 1, 2005 and December 31, 2005 without paying the amendment fee provided its related managing broker's licence is amended to provide strata management services at the same time.
4. Provide documentary evidence that the brokerage has opened, pursuant to section 7-9(2) of the Council Rules, at least one separate trust account for each strata corporation managed.
5. An application from a managing broker who is a grandparented strata management service provider must also be submitted in order for the brokerage's licence to be amended.

## **LICENSING REQUIREMENTS FOR CURRENTLY LICENSED BROKERAGES WHICH ARE NOT GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS**

1. Provide a letter advising that the brokerage wishes to become licensed to provide strata management services.
2. Return the existing brokerage licence certificate to be amended.
3. Amendment fee of \$125 (Cash, VISA, MasterCard, money order, or cheque made payable to "Real Estate Council of BC").
4. Provide documentary evidence that the brokerage has opened, pursuant to section 7-9(2) of the Council Rules, at least one separate trust account for each strata corporation managed pursuant to section 7-9(2) of the Council Rules.
5. An application from a managing broker who has completed the Strata Management Supplemental Course and Examination must also be submitted in order for the brokerage's licence to be amended.

## **LICENSING REQUIREMENTS FOR BROKERAGES NOT CURRENTLY LICENSED AND WHICH ARE GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDERS**

A corporation, partnership, or sole proprietorship seeking licensing as a brokerage in order to provide strata management services must meet all of the current requirements for licensing as a brokerage, or have these requirements waived by the Council. The Council has determined that an applicant for a brokerage licence that is a grandparented strata management service provider may satisfy section 2-11 of the Council Rules by providing a financial statement which indicates that the applicant was solvent for the previous fiscal year.

## **LICENSING OF A CORPORATION, PARTNERSHIP OR SOLE PROPRIETORSHIP (NOT CURRENTLY LICENSED AND NOT A GRANDPARENTED STRATA MANAGEMENT SERVICE PROVIDER)**

A corporation, partnership, or sole proprietorship seeking licensing as a brokerage in order to provide strata management services must meet all of the current requirements for licensing as a brokerage, or have these requirements waived by the Council.

---

## **For further information... try [www.recbc.ca](http://www.recbc.ca)**

Licensees and brokerages contemplating amending their licences in order to provide strata management services will find it useful to visit the Council's website at [www.recbc.ca](http://www.recbc.ca). In addition to the *Real Estate Services Act*, Regulation, Council Rules and Bylaws, the website contains previous editions of Special

Reports to Licensees, the revised chapter on the *Real Estate Services Act* from the Trading Services Licensing Course, and an expanded Frequently Asked Questions section. In addition, all of the forms for individuals and brokerages noted throughout this Report, including those in the *Licensing Policy*

*Statement #4 - Strata Management Service Providers*, may be obtained from the Forms page under Licensee Information. Licensees with questions about the information contained in this Report or on the Council's website can email the Council at [info@recbc.ca](mailto:info@recbc.ca).

# Council Amends Rules to Include Strata Requirements

The following is a series of further amendments to the Council Rules and are effective July 1, 2005. A consolidated version of the Council Rules is available on the Council's website at [www.recbc.ca](http://www.recbc.ca).

Rule	Change	Description
2-1	<p>Licence categories</p> <p>For each of the levels set out in section 5 (1) [<i>licence levels</i>] of the Act, the following categories of licences are established to permit the provision of the services referred to:</p> <p>(a) trading services;</p> <p>(b) rental property management services;</p> <p>(c) <u>strata management services;</u></p> <p>(<del>d</del>e) trading services and rental property management services;</p> <p>(<del>e</del>) <u>trading services and strata management services;</u></p> <p>(<del>f</del>) rental property management services and strata management services;</p> <p>(<del>g</del>) trading services, rental property management services and strata management services.</p>	Expands licence categories to include strata management services
5-1	<p>Written service agreements required in some cases</p> <p>(1) <i>Requirement for service agreement</i> – Unless waived by the prospective client, a brokerage must have a written service agreement in accordance with this section if</p> <p>(a) the brokerage is to provide trading services to an owner of real estate in relation to the offering of that real estate for sale or other disposition, <del>or</del></p> <p>(b) the brokerage is to provide rental property management services to an owner of rental real estate, <u>or</u></p> <p>(c) <u>the brokerage is to provide strata management services to a strata corporation.</u></p>	Requires written service agreements when providing strata management services to a strata corporation
5-2	<p>(2) <i>When agreement must be entered into</i> – A service agreement required under subsection (1) must be entered into <u>as follows;</u></p> <p>(a) in relation to trading services referred to in subsection (1) (a), before the brokerage represents the client in offering the real estate for sale or other disposition; <del>and</del></p> <p>(b) in relation to rental property management services referred to in subsection (1) (b), before providing any of those services;</p> <p>(<del>c</del>) <u>in relation to strata management services referred to in subsection (1) (c), before providing any of those services.</u></p>	Establishes that a written service agreement must be entered into before providing strata management services
5-1(5.1)	<p><u>Strata management agreements</u> – in the case of a service agreement required under subsection (1) respecting the provision of strata management services, the service agreement must also include the following:</p> <p>(a) <u>an indication of whether the brokerage will be holding one or more of</u></p> <p style="padding-left: 20px;">(i) <u>contingency reserve fund money,</u></p> <p style="padding-left: 20px;">(ii) <u>operating fund money,</u></p> <p style="padding-left: 20px;">(iii) <u>special levy money, and</u></p> <p style="padding-left: 20px;">(iv) <u>other amounts</u></p> <p><u>on behalf of the strata corporation;</u></p> <p>(b) <u>any authority under section 30 (1) (g) [withdrawals from trust account] of the Act for the brokerage to transfer amounts</u></p> <p style="padding-left: 20px;">(i) <u>between brokerage trust accounts maintained under section 7-9 (2) of these rules for the strata corporation, or</u></p> <p style="padding-left: 20px;">(ii) <u>from such a brokerage trust account under section 7-9 (2) of these rules to a pooled trust account for one or more strata corporations;</u></p> <p>(c) <u>the scope of the authority of the brokerage or a related licensee when acting on behalf of the strata corporation, including any authority to</u></p> <p style="padding-left: 20px;">(i) <u>sign cheques or make disbursements on behalf of the strata corporation,</u></p> <p style="padding-left: 20px;">(ii) <u>enter into contracts on behalf of the strata corporation, and</u></p> <p style="padding-left: 20px;">(iii) <u>invest money held by the brokerage on behalf of the strata corporation;</u></p> <p>(d) <u>the timing, frequency and nature of accounting statements and other records to be provided by the brokerage to a strata corporation, in addition to those required to be provided under section 7-9 (7) of these rules;</u></p> <p>(e) <u>a description of the records that are to be kept by the brokerage on behalf of the strata corporation, including an indication of which, if any, of the records required under section 35 of the Strata Property Act that the brokerage will retain on behalf of the strata corporation;</u></p> <p>(f) <u>provision respecting the use and disclosure of information respecting the strata corporation, including the use and disclosure of personal information respecting owners who are the members of the strata corporation.</u></p>	<p>Establishes content requirements specifically related to strata management service agreements</p> <p>-description of funds to be held by the brokerage</p> <p>-authority to transfer funds</p> <p>-scope of brokerage authority</p> <p>-timing, frequency, and nature of statements and records</p> <p>-records to be kept by the brokerage</p> <p>-disclosure of personal information</p>

Rule	Change	Description
5-12	<p>Benefits in relation to rental property management services</p> <p>To the extent that this is not already dealt with by section 5-11 <i>[disclosure of additional remuneration]</i> of these rules, if a licensee</p> <p>(a) anticipates receiving, directly or indirectly, a benefit from expenditures made by or on behalf of a principal to or on behalf of whom rental property management services or strata management services are or may be provided, or</p>	<p>Expands requirement to disclose benefits for making expenditures on behalf of strata corporations</p>
7-9	<p><u>Additional rules for strata management trust accounts and investments</u></p> <p>(1) This section applies to a brokerage that provides strata management services.</p> <p>(2) Subject to an agreement under section 27 (4) <i>[exception to requirements for payment into trust account]</i> of the Act, for each strata corporation on behalf of which the brokerage holds or receives money, the brokerage must maintain the following brokerage trust accounts:</p> <p>(a) at least one separate trust account in the name of the strata corporation;</p> <p>(b) if the brokerage is to hold contingency reserve fund money or special levy money on behalf of the strata corporation, at least one separate trust account in the name of the strata corporation for the contingency reserve fund money, the special levy money or both.</p> <p>(3) Amounts received by the brokerage on behalf of a strata corporation must be paid into the trust accounts under subsection (2) as follows:</p> <p>(a) if the amount received does not include contingency reserve fund or special levy money, it must be paid into an applicable trust account under subsection (2) (a);</p> <p>(b) if the amount received is only contingency reserve fund money or special levy money or both, it must be paid into an applicable trust account under subsection (2) (b);</p> <p>(c) if the amount received is partly contingency reserve fund money or special levy money or both,</p> <p>(i) it must be paid into an applicable trust account under subsection (2) (a), and</p> <p>(ii) the amount received in respect of contingency reserve fund money or special levy money must then be dealt with in accordance with subsection (4).</p> <p>(4) If subsection (3) (c) applies, within 7 days after the end of the month in which the contingency reserve fund money or special levy money was received, the brokerage must either</p> <p>(a) pay the money over to the strata corporation, or</p> <p>(b) if the brokerage is to hold the money on behalf of the strata corporation, transfer it to an applicable trust account under subsection (2) (b).</p> <p>(5) If money in a trust account under subsection (2) (a) is transferred to a pooled trust account for one or more strata corporations, the brokerage must promptly</p> <p>(a) pay the money on behalf of the strata corporation, or</p> <p>(b) transfer it to an applicable trust account under subsection (2) (a).</p> <p>(6) In the case of a trust account under subsection (2) (b), the brokerage must arrange for the trust account to be set up so that the signatures of both a related managing broker and at least one of the following are required in order for money to be withdrawn from the account:</p> <p>(a) a member of the council of the strata corporation;</p> <p>(b) another related licensee of the brokerage;</p> <p>(c) a director or officer of the brokerage;</p> <p>(d) a person employed or engaged by the brokerage who is authorized to practice as</p> <p>(i) a lawyer under the <i>Legal Profession Act</i>,</p> <p>(ii) a certified general accountant under the <i>Accountants (Certified General) Act</i>,</p> <p>(iii) a chartered accountant under the <i>Accountants (Chartered) Act</i>, or</p> <p>(iv) a certified management accountant under the <i>Accountants (Management) Act</i>.</p> <p>(7) For each trust account under subsection (2), the brokerage</p> <p>(a) must arrange for the savings institution to provide monthly statements respecting the account, and</p> <p>(b) must provide a copy of the statement to the strata corporation within 30 days after the statement was issued by the savings institution.</p> <p>(8) When making investments on behalf of a strata corporation, a licensee providing strata management services is subject to the same restrictions, if any, that apply under the <i>Strata Property Act</i> to the strata corporation in relation to its investments.</p>	<p>Establishes trust account requirements specifically related to strata management services</p> <p>-separate trust accounts</p> <p>-separate account for contingency reserve/special levy money</p> <p>-depositing trust funds</p> <p>-timing and process for contingency reserve/special levy fund treatment</p> <p>-flow-through pooled trust account provisions</p> <p>-two signatures required for contingency reserve/special levy trust accounts</p> <p>-who is eligible to be a signing authority on contingency reserve/special levy trust accounts</p> <p>-monthly statements from savings institution for each trust account</p> <p>-investment restrictions</p>



Rule	Change	Description
8-3	<p>A brokerage must keep the following records with respect to all trust accounts maintained by the brokerage:</p> <ul style="list-style-type: none"> <li>(a) a trust cash record showing all transactions affecting the trust account, including all deposits, withdrawals, interest and other banking transactions that have affected the trust account;</li> <li>(b) a trust journal showing all amounts received and disbursed and any unexpended balance;</li> <li>(c) separate trust ledgers as follows: <ul style="list-style-type: none"> <li>(i) <i>in respect of money held or received on account of trades in real estate</i>—a separate trust ledger for each trade in real estate showing all amounts received and disbursed in relation to the trade and any unexpended balance in relation to the trade;</li> <li>(ii) <i>in respect of money held or received on account of rental property management services</i>—a separate trust ledger for each principal showing all amounts received and disbursed in relation to the principal and any unexpended balance in relation to that principal;</li> <li>(iii) <u><i>in respect of money held or received on account of strata management services</i>—a separate trust ledger for each principal showing all amounts received and disbursed in relation to the principal and any unexpended balance in relation to that principal;</u></li> <li><del>(iii)</del>(iv) <i>in respect of money held or received on account of remuneration for real estate services</i>—a separate trust ledger for each licensee or other intended recipient showing all amounts received and disbursed in relation to the recipient and any unexpended balance in relation to the recipient;</li> </ul> </li> </ul>	<p>Expands trust record keeping requirements to include funds received and disbursed in relation to strata management services</p>
8-4	<p>A brokerage must keep the following records:</p> <ul style="list-style-type: none"> <li>(a) copies of all written disclosures under Division 2 <i>[Disclosures]</i> of Part 5 <i>[Relationships with Principals and Parties]</i> of these rules and any related acknowledgments;</li> <li>(b) copies of all significant correspondence sent or received by the brokerage or a related licensee respecting the provision of real estate services by the brokerage or a related licensee;</li> <li>(c) a copy of all annual financial reports;</li> <li>(d) a list, maintained separately for each fiscal year of the brokerage, of <ul style="list-style-type: none"> <li>(i) all trades in real estate in which the brokerage is or was involved during that year, <del>and</del></li> <li>(ii) all rental properties that are or were managed by the brokerage during that year, <del>and</del></li> <li>(iii) <u>all strata corporations that are or were managed by the brokerage during that year.</u></li> </ul> </li> </ul>	<p>Brokerage must maintain a list of all strata corporations manage by the brokerage</p>
8-7.1	<p><u>Strata management records</u></p> <ul style="list-style-type: none"> <li>(1) <u>A brokerage must keep separate books, accounts and other records with respect to each strata corporation to or on behalf of whom the brokerage provides strata management services.</u></li> <li>(2) <u>A brokerage must keep the following records with respect to each strata corporation to or on behalf of whom the brokerage provides strata management services:</u> <ul style="list-style-type: none"> <li>(a) <u>any written service agreements;</u></li> <li>(b) <u>any financial statements provided to the strata corporation;</u></li> <li>(c) <u>any accounting statements and invoices for expenditures provided to the strata corporation;</u></li> <li>(d) <u>any monthly statements provided to the strata corporation under section 7-9 (7) <i>[monthly statements from savings institutions]</i> of these rules.</u></li> </ul> </li> </ul>	<p>Establish records that must be kept with respect to strata management services</p>

Rule	Change	Description
8-7.2	<p>(1) <u>After the termination of a strata management service agreement, the brokerage must continue to prepare all financial records required under Division 1 [Financial Records] of this Part that relate to the services that were provided by the brokerage to the former client.</u></p> <p>(2) <u>If requested by the former client, the brokerage must provide records to that former client or, if the former client engages another brokerage to provide such services, to the other brokerage as follows:</u></p> <p>(a) <u>in the case of financial records referred to in section 8-3 [trust account records] of these rules, copies of the records that relate to the services that were provided to the former client must be provided within 14 days after the last reconciliation of banking statements to the cash record is completed under section 8-2 (c) [general account records] of these rules;</u></p> <p>(b) <u>in the case of records referred to in section 8-7.1 (2) of these rules that have not already been provided to the client, the originals of the records must be provided within 14 days of the request, subject to the brokerage retaining originals or copies of the records for the purpose of complying with section 8-10 [retention of records] of these rules.</u></p> <p>(3) <u>In addition to the requirements of subsection (2), the brokerage must ensure that records are given to the strata corporation as required by section 37 (1) [strata manager obligation to return records] of the Strata Property Act.</u></p>	Establishes requirements when transferring strata management records after a service agreement has been terminated
10-4	<p>Transitional implementation in relation to service agreements and disclosures</p> <p>(1) As exceptions to the immediate application of</p> <p>(a) section 5-1 <i>[written service agreements required in some cases]</i> of these rules,</p> <p>(b) section 5-8 (1) <i>[disclosures must be in writing]</i> of these rules, in relation to disclosures under</p> <p>(i) section 5-11 <i>[disclosure of additional remuneration]</i> of these rules,</p> <p>(ii) section 5-12 <i>[benefits in relation to rental property management services]</i> of these rules, or</p> <p>(iii) section 5-13 <i>[disclosure of latent defects]</i> of these rules, and</p> <p>(c) section 5-9 (3) <i>[disclosure of interest in trade where real estate sold or otherwise disposed by licensee or associate]</i>,</p> <p>a licensee must comply with those sections as soon as reasonably practicable, but is not otherwise required to comply with them until January 1, 2006.</p> <p>(2) As an exception to the immediate application of section 5-9 <i>[disclosure of interest in trade]</i> in relation to disclosures under subsection (1) <i>[disclosure of interest in trade where real estate acquired by licensee or associate]</i> of that section, a licensee may, as an alternative until January 1, 2006, make disclosure in accordance with section 38 <i>[acquisition of real estate by a licensee, or the associates of a licensee]</i> of the <i>Real Estate Act</i>, R.S.B.C. 1996, c. 397, using the form that was established by the Disclosure Regulation, B.C. Reg. 124/84.</p> <p>(3) <u>Grandparented strata management services—As an exception to subsection (1), if</u></p> <p>(a) <u>strata management services are being provided to a principal immediately before January 1, 2006 under an agreement,</u></p> <p>(b) <u>the agreement contemplates that the services will continue to be provided after that date, and</u></p> <p>(c) <u>as of that date, the person providing the services is required to be a licensee,</u></p> <p><u>the person providing the services must comply with section 5-1 [written service agreements] of these rules as soon as reasonably practicable, but is not otherwise required to comply with that section in relation to those services until January 1, 2007.</u></p>	Provides a transition for existing strata management services to comply with content requirements until no later than January 1, 2007

---

# Frequently Asked Questions for Strata Management Licensing

Q. What does strata management services encompass?

A. *“Strata Management Services” means any of the following services provided to or on behalf of a strata corporation:*

- collecting or holding strata fees, contributions, levies or other amounts levied by, or due to, the strata corporation under the Strata Property Act;*
- exercising delegated powers and duties of a strata corporation or strata council, including*
  - making payments to third parties on behalf of the strata corporation,*
  - negotiating or entering into contracts on behalf of the strata corporation, or*
  - supervising employees or contractors hired or engaged by the strata corporation.*

Q. I’ve read the definition of “Strata Management Services” and currently perform some of those duties for several strata corporations. Do I have to become licensed?

A. *Yes, unless you are exempted under the Real Estate Services Regulations, all strata managers must be licensed effective January 1, 2006.*

Q. I’ve heard that there is a grandparented provision for existing strata managers? Who qualifies as a grandparented strata management service provider?

A. *“Grandparented strata management services provider” means a person who was providing strata management services for a period of at least 3 months immediately before January 1, 2006.*

Q. I’m already licensed, but also manage strata corporations. What steps must I take to meet the new licensing requirements before January 1, 2006?

A. *If you are already licensed and grandparented, your licence will need to*

*be amended. Applications can be made to the Council as of August 1, 2005. The designated managing broker must provide a letter certifying they have provided strata management services for the required 3 months; and for each representative and associate broker provide a letter certifying that those applicants meet the same grandparenting criteria. Refer to the brokerage section on page 12 of this Report for additional information.*

Q. The only strata corporations I manage are commercial, including medical/dental buildings. Do the new licensing requirements for strata managers apply to me?

A. *Yes. Your brokerage will need to amend their licence and at least one managing broker will need to be identified as the designated person responsible for all strata licensees. The managing broker licence, subject to meeting grandparenting and educational requirements, will also require amendment along with any representatives who are performing strata management activities.*

Q. We have several employees engaged in strata management who have never been licensed. Do they have to complete all the courses before becoming licensed?

A. *The Real Estate Council can issue a temporary licence when an applicant has been “grandparented” under the policy guidelines. Depending upon individual circumstances, a temporary licence may be issued subject to completing the applicable licensing courses and examinations or challenging the examination. Refer to the Licensing Policy Statement #4 on page 3 and the brokerage section on page 12 for more details.*

Q. Does “grandparented” mean that I am exempt from taking the Strata Management Licensing Course and Exam?

A. *Not necessarily. The Real Estate Council can issue a temporary licence*

*when an applicant has been “grandparented” under the policy guidelines. Depending upon individual circumstances, a temporary licence may be issued subject to completing the applicable licensing courses and examinations or challenging the examination. Refer to the Licensing Policy Statement #4 on page 3 for more details.*

Q. What qualifications must an applicant meet to obtain a licence to provide Strata Management Services?

A. *All individual applicants must be at least 19 years of age, of “good reputation” and meet the educational and experience requirements established by the Council Rules. A criminal record check is performed on all new applicants.*

Q. What course must an applicant take to be licensed as a strata manager?

A. *If you are grandparented and licensed you must complete the Strata Management Supplemental Examination on or before January 1, 2007. If you are licensed but not grandparented, you must complete the Strata Management Supplemental Course and Examination prior to amending your licence. If you are not licensed, but grandparented, you must complete the Strata Management Licensing Course and examination by January 1, 2007. Please review the Strata Management Licensing Policy Statement #4 on page 3 in this Report.*

Q. How do I register for the Strata Management Licensing Course?

A. *Through the Sauder School of Business, University of British Columbia. The website is [www.realestate.ubc.ca](http://www.realestate.ubc.ca).*

Q. Do caretakers of strata corporations need to be licensed?

A. *Subject to the stipulation noted below\*, an individual who is employed as a caretaker or manager by a strata*

corporation, or by a brokerage that provides strata management services to or on behalf of a strata corporation, is exempt from the requirement to be licensed in respect of collecting strata fees, contributions, levies or other amounts levied by, or due to, the strata corporation under the Strata Property Act.

*\*On receipt of money referred to above, the exempt caretaker or manager must promptly deliver the money to the strata corporation or brokerage, as applicable.*

Q. Does the owner-developer of a strata corporation require licensing?

A. *An owner-developer, as defined under the Strata Property Act is exempt when providing strata management services only until control of the strata corporation monies are transferred.*

## Brokerage Information

Q. What are the qualifications for a partnership or corporation obtaining a licence to provide Strata Management Services?

A. *The partners or directors of the applicant brokerage must be of "good reputation" and the brokerage must be in sound financial circumstances. Other considerations include a past refusal to licence, suspension or cancellation of a previous licence, being disciplined by a professional body and having been convicted of an offense.*

Q. As a licensed brokerage that currently manages strata corporations, will we need to amend our licence?

A. *Yes, if your brokerage is licensed and grandparented, your office must submit its licence for amendment and include a letter from your managing*

*broker certifying your brokerage has provided strata management services for the required 3 months. An application from your designated managing broker who is grandparented must be included at the same time.*

Q. My company provides strata management services to various strata corporations. Are there any specific clauses I need to incorporate into my service agreements?

A. *Yes. Strata managers should carefully review their service agreements to ensure they meet the specific requirements of the Council Rules. Some of the requirements include: specifying the duration of the agreement, describing services and clarifying signing authority. The Rules can be found on the Council's website at [www.recbc.ca](http://www.recbc.ca).*

Q. I've heard that, as part of licensing for strata management services, I need to set up separate trust accounts. Is that true?

A. *Yes. The brokerage must establish at least one separate trust account for each strata corporation managed and another separate trust account for each strata corporation for which contingency reserve funds and/or special levy funds are held by the brokerage. An applicant brokerage will need to provide proof these trust accounts have been established.*

Q. Who can be a signing authority on the strata corporation trust accounts?

A. *At least one managing broker must be a signing authority on each trust account. With contingency reserve and/or special levy trust accounts, two signatures are required. Details on strata management trust accounts are outlined*

*in section 7-9 of the Council Rules.*

Q. As a brokerage, what are my financial requirements when handling strata corporation trust funds?

A. *Part 7 of the Council Rules outlines brokerage accounts and financial requirements and Part 8 covers brokerage records. Section 7-9 of the Council Rules requires maintaining at least one separate trust account for each strata corporation; providing the strata corporation with a copy of the monthly bank statements within 30 days; and limitations on a pooled flow through trust account.*

Q. How long will my brokerage need to retain financial information for strata corporations? Currently the Strata Property Act requires retention for 6 years.

A. *Brokerages must retain books and records for 7 years as outlined in the Council Rules.*

Q. When transferring strata corporation records from my brokerage to another brokerage, do I still follow the requirements of the Strata Property Act?

A. *While the Strata Property Act has requirements regarding the transfer of files, a licensee must meet the requirements for transferring files contained in the Council Rules.*

Q. What type of financial reporting must my company submit to the Council after we are licensed?

A. *The details of brokerage reporting are outlined in the Council Bylaws. Brokerage financial statements, accountant's report and activity report must be submitted to Council within 120 days after the brokerage's year-end.*