

Top Asked Question 8. Why do we need a reserve fund? Can we borrow from it for operating expenses?

Answer 8:

A reserve fund is established for the purpose of providing for the payment of:
any unforeseen common expense, including the cost of the reserve fund study if not paid from common expenses;
any major repair or replacement of common property, common facilities, services units or assets of the corporation;
any roofs; exteriors of buildings; roads; sidewalks; sewers; heating, electrical and plumbing systems; elevators; laundry; recreational and parking facilities; and
any major repair or replacement of any unit that is designated to the corporation through the bylaws.

Subsections 55(3) and 58.1(7) of the Act

The Act and the Regulations do not set an amount to be contributed to the reserve fund. The condominium corporation is responsible to determine the amount by taking into account:
the anticipated repair and replacement requirements of the common property, common facilities and services units; and
the most recent reserve fund study and report, if any.

Section 51 of the Regulations

The moneys in a reserve fund of a corporation are an asset of the corporation. The fund shall be held in such a manner that the moneys in the fund, including interest, are readily identifiable at all times and shall be held in trust for the purposes allowed by the Act.

Section 61 of the Act

The reserve fund money is not to be used for the daily running of the corporation. However, the reserve fund can be used for unforeseen common expenses.

Subsections 55(3) and (4) of the Act

No part of a reserve fund is to be distributed or refunded to an owner of a unit unless the property ceases to be part of the condominium corporation.

Section 61 of the Act

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