



Instruction Guide 1

How to Prepare for July 1, 2000

Important Notice: This instruction Guide has been prepared by the Superintendent of Real Estate to provide information about the *Strata Property Act* (the "Act"). This is only a guide to certain parts of the Act and Regulations. Please consult the Act and Regulations to determine the complete and precise requirements of the Act and Regulations. In addition, please remember when reviewing statements about the Standard Bylaws, that any time after July 1, 2000, certain Standard Bylaws may have been amended or removed if the strata corporation has filed bylaw amendments in the Land Title Office. Please check all filed bylaw amendments to determine how the Standard Bylaws may have been amended

July 2000.

New legislation governing the creation, ownership and administration of strata developments will come into effect on July 1, 2000. It is called the Strata Property Act (the "Act"), and it will completely replace the Condominium Act. The Act is accompanied by Regulations and new bylaws (called the "Standard Bylaws"), which will replace the Part 5 Bylaws under the Condominium Act. When the new Act comes into force on July 1, 2000 it will apply to all existing strata corporations. However, the Regulations give strata corporations that were created under the Condominium Act up to January 1, 2002 to comply with some of the new requirements. Please review the following matters to determine what requirements apply to your strata corporation immediately and which ones will not apply until January 1, 2002.

1. **Bylaws**

The following explains how bylaws and rules will be affected by the new Act and highlights some of the new requirements in enforcing bylaws and rules.

(a) **How the Act Applies to an Existing Strata Corporation's Bylaws**

- For strata corporations formed under the Condominium Act, any Part 5 bylaws and any amended bylaws, will continue to apply up to January 1, 2002. [Regulations section 17.11]
- On January 1, 2002, all Part 5 bylaws will automatically be replaced by the new Standard Bylaws.
- However, if a strata corporation does not have a bylaw filed in the Land Title Office, which states when strata fees are to be paid, Standard Bylaw 1 will come into effect on July 1, 2000. Standard Bylaw 1 requires strata fees to be paid on or before the first day of the month to which the fees relate. [Standard Bylaw 1, Regulations section 17.9]
- Bylaw amendments filed at the Land Title Office under the Condominium Act will continue to have effect and will not be replaced by the Standard Bylaws.
- However, bylaw amendments which conflict with the new Act, Regulations, or other legislation will not have any effect after January 1, 2002. [Act section 121]

(b) **Steps to Follow in Reviewing a Strata Corporation's Bylaws**

The following steps can be used to review a strata corporation's bylaws and determine if any further amendments are required:

Step 1: On January 1, 2002, the new Standard Bylaws will become the new bylaws of a strata corporation created under the Condominium Act to the extent that they do not conflict with any bylaw amendments already filed in the Land Title Office ("Amendments"). Review both the new Standard Bylaws and all Amendments to determine if the Standard Bylaws conflict with any of the Amendments.

Step 2: Those bylaws contained in the Standard Bylaws, which conflict with Amendments will not apply to the strata corporation, unless the Amendments conflict with the Act or the Regulations. All Amendments which conflict with the Act and Regulations will have no effect after January 1, 2002. Review all Amendments to determine if any of them conflict with any sections of the Act or the Regulations.

Step 3: After determining which of the Standard Bylaws and Amendments will apply to your strata corporation, decide if you want to disapply or amend them. If so, you should file all

new Amendments in the Land Title Office before January 1, 2002.

Step 4: To file new bylaw amendments after July 1, 2000, obtain the approval of the amendments by $\frac{3}{4}$ vote and file the amendments in the Land Title Office in Form I, Amendment to Bylaws, within 60 days of passing the resolution. [Act section 124]

**Quick Summary of When Bylaws Apply to Existing Strata Corporations
under the Act**

Date	Filed Bylaw Amendments that Apply as of the Date	Statutory Bylaws that Apply as of the Date	Bylaws that don't apply
From July 1, 2000 up to Jan 1, 2002	All bylaws filed in the Land Title Office (under both the <u>Condominium Act</u> & the new Act)	All Part 5 bylaws which have not been amended by the strata corporation (under both the <u>Condominium Act</u> or the new Act). Standard Bylaw 1 will apply, if there is no filed bylaw which states when strata fees are paid.	Standard Bylaws – will not apply until January 1, 2002
Jan 1/2002 and afterward	All bylaws filed in the Land Title Office (under both the <u>Condominium Act</u> & the new Act) that do not conflict with the Act, Regulations or other legislation.	All Standard Bylaws which have not been amended by the strata corporation under both the <u>Condominium Act</u> or the new Act, if the filed bylaws do not conflict with the Act or Regulations or other legislation.	Part 5 Bylaws – are now replaced by the Standard Bylaws All amended bylaws that conflict with the Act, Regulations or other legislation

- (c) **Bylaws relating to:**
Pets, Expense Sharing by Type, Limited Common Property and Eligibility to Vote

Strata corporations may want to review bylaws or consider filing bylaw amendments which deal with the following:

- Pets:
 - The new Standard Bylaws contain a bylaw which permits different kinds of pets to be kept, but limits their number. [Standard Bylaws 3(4)]
 - The Part 5 Bylaws did not contain a bylaw which restricted the number of pets that may be kept in a strata unit.
 - If a strata corporation has not filed a bylaw which deals with the keeping of pets, it will automatically adopt the Standard Bylaw which restricts the keeping of pets on January 1, 2002.
 - Strata corporations which will adopt the Standard Bylaw dealing with pets, may want to review it, to determine if any amendments to it are desired.
 - Under the Act and Regulations, pets that are living in a strata unit at the time that a pet restriction bylaw is passed, or at the time the Standard Bylaw restricting pets applies to a strata corporation, may continue to live in the strata unit. [Act section 123, Regulations section 17.12]

- Expense Sharing by Type:
 - Unlike the Part 5 Bylaws in the Condominium Act, the new Standard Bylaws do not contain a bylaw which permits strata corporations to share common expenses on the basis of type of strata lot.
 - However, under the new Act and Regulations, strata corporations are permitted to share common expenses on the basis of type of strata lot if they pass a bylaw permitting this. [Regulations section 6.4(4)]
 - If strata corporations have been relying on the Part 5 Bylaws to share common expenses on the basis of different types of strata lots, then they may only continue to share expenses by type until January 1, 2002 - unless a bylaw is passed which permits expense sharing by type.
 - Such strata corporations may pass a bylaw permitting expense sharing on the basis of type by majority vote (rather than by a $\frac{3}{4}$ vote) from July 1, 2000 to January 1, 2002. [Regulations section 17.13]
 - After January 1, 2002, a strata corporation may only pass a bylaw permitting expense sharing on the basis of type by a $\frac{3}{4}$ vote. [Act section 128]

- Eligibility to Vote if Strata Fees are Unpaid:

- Under the Condominium Act Part 5 bylaws, an owner is not entitled to vote (unless the resolution requires a unanimous vote) if his or her strata fees are unpaid.
 - The Standard Bylaws under the new Act do not contain a similar bylaw which restricts an owner from voting if his or her strata fees are unpaid.
 - However, under the Act, a bylaw can be passed which would prevent the vote belonging to a strata lot from being exercised (unless a unanimous vote is required) if a lien could be registered against that strata lot, e.g. for unpaid strata fees. [Act section 53(2)]
 - If strata corporations wish to continue to prevent owners with outstanding fees from voting, they must pass a bylaw in accordance with the Act, before January 1, 2002 which does this.
- Repairing and Maintaining Limited Common Property:
 - Under the Part 5 Bylaws of the Condominium Act, the strata corporation is primarily responsible for maintaining limited common property. Owners are responsible for maintaining limited common property only to the extent that their use of it creates additional expenses. This will no longer be the case after January 1, 2002.
 - The Standard Bylaws now make owners responsible for maintaining and repairing all limited common property that the strata corporation does not have to maintain and repair. Under the Standard Bylaws, the strata corporation has to maintain and repair:
 - the structure and exterior of the building, including such things as doors, windows and skylights, railings, balconies, staircases and chimneys which are on the exterior of the building.
 - all limited common property if the repair or maintenance occurs less often than once a year.

For a more detailed explanation of the repair and maintenance of strata property, please refer to Instruction Guide 20, “Who is Responsible For Repair”.

 - Strata corporations may wish to pass their own bylaw dealing with the repair and maintenance of limited common property, if they do not wish the Standard Bylaws relating to limited common property to apply after January 1, 2002.

[Standard Bylaws 2 & 8]

(d) **Rules**

- Regulations created under the Condominium Act are now called rules under the new Act. [Act section 293(2)]

- The Act requires that all rules made by a strata council on or after July 1, 2000 be:
 - ratified by majority vote at the next annual or special general meeting; and
 - provided to owners and tenants to inform them of the new rules.

[Act section 125]
- The rules of a strata corporation that were created before July 1, 2000 will continue to have effect even if they are not ratified at a general meeting or provided to owners and tenants. [Regulations section 17.10(1)]
- However, rules which conflict with the Act, its Regulations or a bylaw, will not be enforceable after January 1, 2002. . [Regulations section 17.10(2)(3)]

(e) **Bylaw and Rule Enforcement**

The following new requirements for enforcing bylaws and rules will come into effect on July 1, 2000:

- A person accused of a bylaw or rule infraction must receive written details of the complaint before the person can be:
 - fined;
 - be made to pay for the cost of remedying a bylaw or rule contravention; and/or
 - be denied use of a recreational facility.

[Act section 135]
- A person accused of a bylaw or rule violation must be given an opportunity to be heard by the strata council before action can be taken against the person. [Regulations section 7.2]
- Fines set out in a bylaw can never exceed \$ 500 for a rental restriction bylaw, \$ 200 for any other bylaw breach or \$ 50 for a breach of a rule. [Regulations section 7.1]
- Fines or the cost of remedying a bylaw breach cannot be collected by registering a lien against a strata lot. [Act section 116(2)(c)]
- Rules must be printed on a document that is capable of being photocopied. [Act section 125(3)]
- The Act permits the strata corporation to pass a bylaw which imposes recurring fines for continuing bylaw and rule contraventions, so long as the frequency of the fines is not more than once every 7 days. [Act section 135(3), Regulations section 7.1(3)]

On January 1, 2002, the following Standard Bylaws dealing with bylaw and rule enforcement may apply to your strata corporation:

- The council cannot delegate it's power to enforce the bylaws to anyone. [Standard Bylaw 20(4)]
- A continuing breach of a bylaw or rule can result in a fine being imposed every 7 days without a new enforcement proceeding. [Standard Bylaw 24]

2. **Insurance**

- The Act requires every strata corporation to obtain liability insurance to insure the strata corporation against liability for property damage and bodily injury. The insurance must be in an amount equal to or greater than \$ 2,000,000. [Act section 150, Regulations section 9.2]
- If a strata corporation was formed under the Condominium Act, it will need to obtain liability insurance sometime before January 1, 2002. [Regulations section 17.4]
- Strata councils were exempted from liability for acts done in good faith under the Condominium Act. The Standard Bylaws in the Act contain a similar limitation on liability, which will come into effect on January 1, 2002, unless disappplied by an Amendment. [Standard Bylaw 22]
- Strata corporations may wish to consider whether to obtain errors and omissions insurance for strata council members to insure them against their liability and expenses for errors and omissions made while acting as strata council members. If the strata corporation wishes to obtain such insurance, they may wish to seek legal advice about whether the Standard Bylaw dealing with limitations on liability should be amended. [Act section 151]
- Strata corporations may get optional property (beyond the minimum requirements of the Act) and liability insurance coverage, and should consider whether to obtain this optional coverage. [Act section 152]

3. **Finances**

(a) **Contingency Reserve Fund (“CRF”) and Operating Fund.**

Under the Condominium Act there were no special requirements as to how CRF monies were invested or held. The following new requirements dealing with the CRF and operating fund will come into effect on July 1, 2000:

- All CRF monies must be accounted for separately from the operating fund. [Act section 95(1)]
- The annual CRF contribution must be at least 10 % of the strata corporation's annual operating budget, if the amount of money in the CRF is less than 25 % of the strata corporation's annual operating expenses. [Regulations 6.1]
- All CRF monies must be held in an insured account with a savings institution in B.C., or an investment permitted under section 15 of the Trustee Act.
 - Section 15 of the Trustee Act provides a list of permitted types of investments. See Appendix "A".
 - However, any investments of CRF monies made before July 1, 2000 can stay invested in a particular investment even if the investment is not held in a savings institution in B.C. or an investment listed in section 15 of the Trustee Act.
 - All reinvestments of CRF monies made after July 1, 2000, must be as permitted under section 15 of the Trustee Act, or in an insured account with a savings institution in B.C. Reinvestment occurs when an investment is disposed of, and the proceeds are invested in another manner. Renewing an investment does not result in reinvestment.
 - Strata corporations should review their CRF investments to ensure that they are reinvested in an insured savings account or in an investment authorized by the Trustee Act.
[Act section 95(2), Regulations section 17.5]
- The CRF is defined as a "fund for common expenses that usually occur less often than once a year or that do not usually occur". [Act sections 1(1) & 92(b)]
- The Operating Fund is defined as a "fund for common expenses that usually occur either once a year or more often than once a year". [Act sections 1(1) & 92(a)]
- Expenditures from each fund must be used only for those expenses that fit within its definition. [Act sections 96 & 97].
- Strata fees can be based on some method of allocation other than unit entitlement if approved by unanimous vote. [Act section 100]

(b) **Budget and Financing**

The following new requirements dealing with the budget and financing will come into effect beginning on July 1, 2000:

- The budget must contain specific information which is set out in the Regulations. [Act section 103, Regulations section 6.6]

- The budget for each new fiscal year along with a financial statement for the past year, must be distributed to persons with the notice of the AGM.
- The budget must be approved by a majority vote at the AGM.
- If operating expenses exceed the total contribution to the operating fund, the deficit must be eliminated in the next fiscal year. [Act section 105(2)]
- A bylaw can be passed which adds interest of up to 10 % per annum compounded annually, on unpaid strata fees. [Act section 107, Regulations section 6.8]
- A special levy can only be used for the purpose for which it was collected.

4. **First Annual General Meeting (“AGM”) for Strata Corporations Created Under the Condominium Act**

- If a developer fails to hold the first AGM within the required time, then the developer will owe the strata corporation \$ 1,000 for a delay of up to 30 days, and \$ 1,000 for each 7 day delay after that. [Act section 17, Regulations section 3.1(2)]
- However, if a strata plan is filed in the Land Title Office before July 1, 2000, the developer will not owe the strata corporation any money if the AGM is held when 60 % of the strata lots are sold or 9 months from the date that the strata plan was filed (whichever is earlier). [Regulations section 17.3(2)]

5. **Voting Matters**

(a) **Proxies**

- Under the Condominium Act, a strata manager or an employee of the strata corporation could hold proxies for owners, so that the manager or employee could vote on behalf of the owner at a general meeting.
- Beginning on July 1, 2000, a person who provides strata management services to the strata corporation and employees of the strata corporation are not permitted to hold proxies for owners in any circumstance. [Act section 56]
- If owners have given proxies to their strata manager or to other persons who are employees of the strata corporation, such proxies will not be effective after July, 1, 2000. These owners may wish to find alternative proxy holders.

(b) **Voting Requirements**

The following new requirements dealing with voting will come into effect on July 1, 2000:

- If a resolution requiring a $\frac{3}{4}$ vote is passed by persons holding fewer than 50 % of the votes, implementation of the resolution must be delayed for 1 week, in order to give all of the voters an opportunity to reconsider the resolution. [Act section 51]
- Abstentions will no longer be counted as a “no vote”. [Act section 1]
- If a small percentage of voters block the passing of a unanimous resolution, there is now a mechanism to have the resolution passed by a court. [Act section 52]

6. **Record Keeping**

The following new requirements dealing with record keeping come into effect on July 1, 2000:

- Strata councils have an obligation to keep new records, in addition to the ones that they were required to keep under the Condominium Act, such as:
 - a list of council members with a method of contacting them at short notice;
 - a list of tenants and any assignments of voting rights;
 - correspondence sent or received by or from the strata council and corporation;
 - bank statements, cancelled cheques and deposit records;
 - legal opinions;
 - Information Certificates;
 - income tax returns;
 - the registered strata plan and any strata plan amendments filed in the Land Title Office; and
 - decisions from arbitrators or judges.[Act section 35]
- The Act and Regulations provide a time frame for keeping records. [Regulations section 4.1]
- Some records have to be updated regularly, such as a list of owners.

- The Act now provides that owners and certain other persons can inspect records within two weeks of making a request to inspect them. [Act section 36]
- There is a maximum fee of 25 cents per page for having records photocopied. [Regulations section 4.2]
- The developer when acting as the strata council, has the same obligation to maintain records as the strata council, and must also keep all financial records for inspection for 2 years after transferring control of the strata corporation to the new council. [Act section 23]
- The developer must now deliver certain documents and records, such as the plans required to obtain a building permit, to the strata corporation at the first annual general meeting, and if he or she fails to do this, he or she must pay the strata corporation the cost of obtaining those records.[Act, section 20(2)]
- Strata managers may now owe a penalty of \$ 1,000 to strata corporations if they do not deliver records to strata corporations in accordance with the Act and Regulations. [Act section 37, Regulations section 4.3]

7. **New Forms**

- As of July, 1, 2000, there are new forms that a strata corporation has to prepare when strata lots are sold.
- A “Certificate of Payment” (Form F) replaces the old “Form A, Certificate of Full Payment”. [Act section 115]
- The maximum fee that can be charged by the strata corporation for preparation of a “Certificate of Payment” is \$ 15. [Regulations section 6.10]
- The “Certificate of Payment” can state that there is money owing by a strata lot (subject to certain conditions), unlike the old “Certificate of Full Payment”. [Act section 115]
- The “Certificate of Payment” will only be valid for 60 days after the date of issue. [Act section 115]
- A “Certificate of Full Payment” issued by a strata corporation before July 1, 2000 under the Condominium Act, will be valid for 3 months after the date of issue. [Regulations section 17.8]
- An “Information Certificate” (Form B) replaces the old “Certificate”, which was commonly referred to as a “Section 36 Certificate”. [Act, section 59]
- The maximum fee that can be charged by the strata corporation for preparation of an “Information Certificate” is \$ 35 plus copying costs of up to 25 cents per page. [Regulations section 4.4]

8. **The Strata Council**

The following new requirements relating to the strata council come into effect on July 1, 2000:

- Strata council members must act honestly and in good faith with a view to the best interests of the strata corporation. They must also exercise their council duties with the care, diligence and skill of a reasonable person in comparable circumstances. [Act section 31]
- There are now disclosure and other requirements which apply to council members who may be in a conflict of interest with the strata corporation. [Act sections 32 & 33]
- Council members can be paid, if their pay is first approved in the budget, by bylaw or a $\frac{3}{4}$ vote. [Act section 34]

9. **Strata Management Services**

As of July 1, 2000 all strata management contracts can now be cancelled with 2 months notice, rather than 3 months notice, by a $\frac{3}{4}$ vote of the owners, despite any terms in the contract to the contrary. [Act section 39]

10. **Notice Requirements**

The following new notice requirements come into effect on July 1, 2000

- Persons must receive 2 weeks' notice, rather than 1 week's notice of an AGM. [Act section 45]
- The Notice for an AGM must list the matters to be voted on, the exact wording of various resolutions and include the proposed budget and the financial statement of the strata corporation. [Act sections 45 & 103]
- The Act now sets out different ways that notice can be deemed to be delivered. If delivery is initiated by one of the deemed methods, delivery is deemed to have occurred 4 days later. [Act section 61]
- If relying on a deemed notice delivery, a meeting can be held 20 days from the day that delivery was initiated, such as the day of mailing.

Example Of How The Notice Period Runs

Types of Notice that are Permitted under the Act	When Delivery is initiated	When Notice is given	When Notice period starts to run	When the Notice Period stops running	When AGM can be held
Deemed Notice: <ul style="list-style-type: none"> • Mailing to address provided by person • Slipping it under strata lot Door • Leaving it with adult in the strata lot • Mailing it to strata lot address • Putting it in strata lot’s mail box • Faxing it to a fax number provided by person 	Day 1	Day 5 4 days later it is “deemed” to be given	Day 6 the 2 week period starts on this day	Day 19 the 2 week period ends on this day	Day 20 or later
Actual Notice: <ul style="list-style-type: none"> • Actually handing it to the Person 	Day 1	Day 1	Day 2	Day 15	Day 16 or later

11. **Tenants and Renting**

The following new requirements dealing with tenants and renting come into effect on July 1, 2000:

- Before renting a strata lot, an owner must give the tenant a “Notice of Tenant’s Responsibilities” (Form K) and a copy of the bylaws and rules. [Act section 146]
- If the owner fails to give the tenant a Form K or a copy of the bylaws and rules, then the tenant is still bound by the bylaws and rules, but has the option of terminating the tenancy and collecting moving fees from the owner.
- A rental restriction bylaw will not apply to a family member, and family members are defined in the Regulations. [Act section 142 and Regulations section 8.1]

- If a rental restriction bylaw is passed (and there is no Rental Disclosure Statement filed by a developer which preserves a purchaser's right to rent for a certain period of time), the Act provides that the rental restriction bylaw will apply as of the later of the following two dates:
 - One year after a tenant who is occupying the strata lot at the time the bylaw is passed, ceases to occupy it as a tenant; or
 - One year after the bylaw is passed.

[Act section 143]

12. **Exclusively Used Common Property**

The following new requirements dealing with exclusively used common property come into effect on July 1, 2000:

- A privilege to exclusively use common property can only be given by the strata council for a term of one year or less, but can be renewed. [Act section 76]
- A privilege to exclusively use common property can still be terminated with reasonable notice.
- A privilege to exclusively use common property given before July 1, 2000 under the Condominium Act will continue up to the original termination date, which may be indefinite. However, if these exclusive use privileges are terminated or expire after July 1, 2000, they can only be renewed in accordance with the new Act. [Regulations 17.7]

13. **Strata Corporation Mailing Address**

- The Act requires every strata corporation to ensure that its correct mailing address is filed at the Land Title Office. [Act section 62]
- If a strata corporation changes its mailing address, it must file a form called a "Strata Corporation Change of Mailing Address" (Form D) in the Land Title Office.
- If a strata corporation does not have its correct address on file at the Land Title Office, it will need to file a "Strata Corporation Change of Mailing Address" sometime before January 1, 2002. [Regulations section 17.4]

APPENDIX “A”

Trustee Act

15 A trustee may invest trust money in his or her hands, if the investment is in all other respects reasonable and proper, in

- (a) securities of Canada, a province, the United Kingdom, the United States of America or a municipal corporation in a province,
- (b) securities the payment of the principal and interest of which is guaranteed by Canada, a province, the United Kingdom, the United States of America or a municipal corporation in a province,
- (c) securities issued for school, hospital, irrigation, drainage or other similar purposes that are secured by or payable out of rates or taxes levied under the law of a province on property in that province,
- (d) bonds, debentures or other evidence of indebtedness of a corporation that are secured by the assignment to a trustee of payments that Canada or a province has agreed to make, if those payments are sufficient to meet the interest on all the bonds, debentures or other evidence of indebtedness outstanding as it falls due and also to meet the principal amount of all the bonds, debentures or other evidence of indebtedness on maturity,
- (e) bonds, debentures or other evidence of indebtedness of a corporation incorporated under the laws of Canada or a province that are fully secured by a mortgage, charge or hypothec to a trustee on any one or combination of the following assets:
 - (i) land;
 - (ii) the plant or equipment of a corporation that is used in the transaction of its business;
 - (iii) bonds, debentures or other evidence of indebtedness or shares of a class or classes authorized by this section,
- (f) bonds, debentures or other evidence of indebtedness of a corporation incorporated under the laws of Canada or a province if the corporation has earned and paid a dividend,
 - (i) in each of the 5 years immediately preceding the date of investment, at least equal to the specified annual rate on all of its preferred shares, or
 - (ii) in each year of a period of 5 years ending less than one year before the date of investment, on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid,
- (g) guaranteed trust or investment certificates of
 - (i) a bank, or
 - (ii) a corporation that is incorporated under the laws of Canada or of a province and that has a business authorization to carry on trust business or deposit business,
- (h) bonds, debentures or other evidence of indebtedness of a loan corporation or similar corporation
 - (i) that at the time of investment has all of the following:
 - (A) power to lend money on mortgages, charges or hypothecs of real estate;
 - (B) a paid up nonreturnable capital stock of not less than \$500 000;
 - (C) a reserve fund amounting to not less than 25% of its paid up capital, and
 - (ii) the stock of which has a market value that is not less than 7% in excess of its par value,
- (i) preferred shares of a corporation incorporated under the laws of Canada or of a province if the corporation has paid a dividend,
 - (i) in each of the 5 years immediately preceding the date of investment, at least equal to the specified annual rate on all of its preferred shares, or
 - (ii) in each year of a period of 5 years ending less than one year before the date of investment, on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid,
- (j) first mortgages, charges or hypothecs on land in Canada, but only if the loan does not exceed 75% of the value of the property at the time of the loan as established by a valuator whom the trustee believes on reasonable grounds to be competent and independent,
- (k) securities issued or guaranteed by the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development, approved by the *Bretton Woods and Related Agreements Act* (Canada), but only if the bonds, debentures or other

securities are payable in the currency of Canada, the United Kingdom, a member of the British Commonwealth or the United States of America,

(l) fully paid common shares of a corporation incorporated under the laws of Canada or of a province that, in each year of a period of 7 years ending less than one year before the date of investment, has paid a dividend on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid, and

(m) deposits in, or non-equity or membership shares or other evidence of indebtedness of, a credit union.