



## **Brant Condominium Corporations' Association (BCCA)**

**To Educate and Advocate**  
[www.mybccca.ca](http://www.mybccca.ca)



### **WELCOME TO THE CONDO BOARD!**

We are the **BCCA** which stands for the **Brant Condominium Corporation Association**. Welcome to condo living. Not only that, welcome to the Board of Directors. We can imagine you are feeling a little overwhelmed at what lies ahead of you. But, rest your fears. We have been through it too and believe it or not, we survived. But sometimes we wish we could have turned to someone to help us get through some of the rough spots, someone who could warn us of pitfalls, someone who could tell us what to expect, and someone who could tell us what we need to do to make our community a great place to live. And that is the purpose of this manual. We are here for you— to ensure that you have the tools you need to get off to a great start.

We have a website as indicated above in the header. It is [www.mybccca.ca](http://www.mybccca.ca) and gives you information about us, including a *Contact Page* should you need to contact one of us. We are here to serve you, to help you, to be your mentors. We are not engineers, lawyers, managers, auditors, etc. but we are all Directors of Boards and can re-direct you to the proper people, should that need arise. Here is the *Table of Contents* for the information in this manual.

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## WHAT KIND OF A BOARD DO YOU WANT TO BE?

### ***YOU HAVE A CHOICE***

No two Boards are alike and operate in the exact same way. The personalities and commitment of the Board members and how they view things will play a big part in how they do their jobs. So it is important to decide right from the beginning how you want to operate as a Board.

### **TRANSPARENCY**



One of the most important commitments you can make as a Board is to be *committed to transparency*. That in itself will go a long way in receiving respect from the owners. Treat all owners as you would want to be treated if you were an owner and not on the Board. Don't try to hide things. That will generate a lot of unhappy owners. The main element of transparency is communication to owners.

A good percentage of owners complain of their inability to contact their Board of Directors. You can avoid much of this by being a transparent Board of Directors.



The single biggest complaint from owners is **a lack of communication**. They cite a lack of communication from both Directors of Boards and Managers, especially about money issues such as reasons for fee hikes, itemized prices of upgrades and large maintenance costs, confusing accounting, special assessments and loans.

Another area of complaint is the lack of information about board meetings, refusal

by boards and managers to respond to owners' enquiries and failure to provide the information requested. So what do we communicate to the owners and how do we communicate this? Informational emails, newsletters, summary reports of Board meetings and a meaningful Annual General Meeting (AGM) are just a few ways that the Board can clearly convey information to unit owners.

## **NEWSLETTERS**

A week or two before a Board meeting you can email or distribute a newsletter. Those who do not have email will receive a hard copy. Here is a sample letterhead for our newsletter:



### **Brant Standard Condominium Corporation No. 102**

#### **NEWSLETTER**

**[date newsletter is sent to owners]**

We use this newsletter to let owners know there is a meeting coming up, let's them know some of items we will be discussing, invites them to add items to the agenda and gives them an opportunity to comment to the Board on any of the items (most do this by email). This is a sample first item in the newsletter:

1. **BOARD OF DIRECTORS MEETING:** Your Board has its next meeting scheduled for Wednesday November 30. If you have any thoughts on any or all of the following items or if you have any items you would like to see added to the agenda, please email [name of president] or drop a note in his mailbox. A full report of our meeting will be emailed as usual to all owners.

This is communication and this is transparency. You can also include special area events and other information of mutual interest in your newsletter such as an article or blog of interest from a condo magazine or law firm (always state the source of the article), an upcoming condo workshop, etc. We also attach the minutes of the BCCA meetings, especially if there was a guest speaker.

## **BOARD MEETING REPORTS**

After the meeting the secretary will do the minutes of the meeting. These will only be distributed to the Board of Directors and Manager— not to the owners. There may be some sensitive information in the minutes such as names of owners that may contravene the Privacy Act. For this reason we do not release the minutes. Now anyone can request a copy of previous minutes (to within reason) but then for privacy reasons, names and other details may need to be blacked out.

What we do instead of releasing the minutes is to compile a full report of the Board meeting from the minutes and email them to all owners and hard copies given to those who do not have email. We give as much information from the meeting as we can without violating privacy laws. In the header below, Wednesday November 30 is the date the meeting was held.



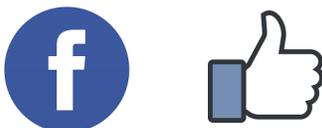
### **Brant Standard Condominium Corporation No. 102**

#### **BOARD MEETING REPORT**

**Wednesday November 30**

Finally, when you come across something of interest to the condo community, email it to them and give a hard copy to those who don't have email. You do not have to wait for a newsletter to pass on information. You can do this at any time. If you as a Board will focus on what is best for the corporation, you will automatically put the interests of the corporation first when it comes to information sharing and decision making. This is how we do things in my community. You will need to work out what works best for your community.

#### **FACEBOOK**



Facebook can also be used as a communication tool. In our condo community, we have a Facebook page that is only for our community. If you don't know how to create a Facebook page, one of the owners will know how to do it. All you have to do is ask for a volunteer. The purpose of this page is to give owners a forum to exchange information and to share viewpoints on topics of mutual interest to all owners who live in our community. Yes, owners can still email me or any Board member at any time with their concerns, opinions and ideas. The Facebook page

allows the owner to express their opinion to all owners and so enter into a Facebook discussion.

What about those who are not on Facebook? The better question might be, "*What about owners who don't own a computer or don't have internet?*" In my condo community that only applies to one person but I know in other communities it could be 40% or more that are not on the computer. In that case you may not wish to use Facebook as a communication tool.

Here is one example using Facebook. The Board wanted to purchase an 8'x8' tool shed to store rakes, shovels, grass seed, wheelbarrow, trimmer, etc. The owners were already aware from previous newsletters that we were planning to eventually have a tool shed and so that was not an issue. However, they were never told the cost and how it would be paid. The cost would be \$8 per month/unit for one year or a one-time assessment of \$96. The monthly cost per unit would be in addition to a normal increase to meet the fiscal budget. We posted these two options on our Facebook page and from the discussion it became obvious that every owner preferred the one-time assessment of \$96. And so that is what we did.

### **PERFORMANCE AUDIT (Section 44 of the Act)**



One of the first things you will be faced with as a new condo Corporation is the *Performance Audit* (or *Performance Review*) and the *Reserve Fund Study*. The Performance Audit must be conducted before the first anniversary of the date of registration of the Declaration and Description of the Corporation.

These studies must be completed by a class of professionals defined by Regulation 94(6). Regulation 94(6) states that "*The corporation shall conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation.*" 1998, c. 19, s. 94 (1).

So one of the first things the initial Board is required to do is to retain a Professional Engineering firm or Architect that is qualified to prepare a Performance Audit and a Reserve Fund Study.

The Reserve Fund Study should be considered as being different from the Performance Audit. You can hire a firm for the Performance Audit and a different firm for the Reserve Fund Study. In fact, it is recommended by many that you should hire two different firms. Basically, the Performance Audit does an inventory of all the deficiencies that still exist in the common areas while the Reserve Fund Study determines if the Reserve Fund is adequate to meet future needs when things like the roof, pavement, equipment, etc. need to be replaced. If the Reserve Fund is not adequate, it will need to be updated.

The regulations also state who cannot do the studies. However, as stated above, the Performance Audit is usually conducted by an engineering or architect firm and determines the deficiencies that still exist in your complex.

Most people today when purchasing a home will ask for a home inspection to get a reading on the health of the home they want to purchase. Think of the Performance Audit and Reserve Fund Study as being similar to a home inspection.

The Performance Audit is done in conjunction with Tarion. There are actually two warranties. There is the new construction warranty associated with your condo and there is a second new construction warranty associated with the common elements. The one associated with your unit, you look after. In other words, if there is a problem with your unit and the builder does not want to fix it, you fill out a Tarion form through Tarion. Tarion has set timelines for doing these forms and builders need to comply with set timelines.

The Performance Audit associated with the common elements is the responsibility of the Board to administer and control. The audit specialist will not only scrutinize the outside common elements such as the street, decks (if they are common elements), brick work, garage doors, concrete, roofs, etc., but should also include a survey that owners fill out listing what they feel are the deficiencies in the common elements and inside of their units. Owners generally have a very good knowledge of problems with common elements (including "exclusive use" common elements).  
**INSIST ON A SURVEY.**

The builder wants you (the Board) to sign off on the complex as soon as possible so he is no longer responsible for the deficiencies and can get his significant deposit back from Tarion. Without you signing off, the builder can't get his deposit back.

This list of deficiencies generated from the Performance Audit can be considerable. The builder will also get this same list and from this list will determine what they will do and what they will not do. Tarion also receives this list of deficiencies. The builder will want to meet with your Board to negotiate the items still outstanding on the list. Your manager should be at this meeting as well. **Before you meet with the builder, it is important that you take the time, as soon as you receive the audit from the engineers, to check over each and every item on the list and decide if the deficiency has been corrected, still needs to be corrected, or if the deficiency can be simply crossed off.** There will be some give and take.

Keep in mind that you have no experience in this (although your manager may have gone through this a few times before) while your builder may be a seasoned veteran who has gone through this process many times. Based on this, who do you think will come out ahead in the negotiations — you or the Builder? Some boards will have one of the engineers involved in the performance review to be in attendance. We had our engineer sit down with us when we met with the Builder and his site manager. Yes, there will be a cost for the engineer’s time (a few hundred dollars) but he/she could save you thousands during the negotiations.

One of the key things to remember is that **“You don’t sign anything if you (the Board) are not satisfied.”** Once you sign off on the Performance Review, the builder can pretty much walk away. You are now responsible for everything and when something does come up, you may be contacting your lawyer for assistance.

Keep in mind that some builders have a better reputation than others and will do their best to fulfill their obligations to everyone’s satisfaction.

## **RESERVE FUNDS AND RESERVE FUND STUDIES (Section 93, 94, 95 of the Act)**



### **Reserve Fund**

A Reserve Fund, mandated by the Act, is funded from contributions the owners make through their monthly Condo Fees. The Board must ensure these contributions are sufficient to fund major repair and replacement of the common elements as determined by a Reserve Fund Study.

### **Reserve Fund Usage**

The Reserve Fund is to be used “solely for the major repair and replacement of the common elements and assets of the Corporation.” It is NOT to be used for minor repairs, regular maintenance, new assets or upgrades to existing assets.

“Major” is not defined in the Act and it is strongly recommended that the Board determine what \$ value will be used as the minimum repair expenditure that will qualify for Reserve Fund treatment (i.e. \$5000 or \$100/unit). A common problem occurs when the Board, in attempting to avoid needed fee increases, cover “minor” repair expenditures from the Reserve Fund. This depletes the Reserve Fund and usually results in significant fee increases, special assessments or bank loans.

## **Reserve Fund Study (RFS)**

Regulation 94(6) states that *"The corporation shall conduct periodic studies to determine whether the amount of the money in the reserve fund and the amount of contributions collect by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation."* 1998, c.19, s.94(1)

There are 3 classes of Reserve Fund Studies.

### **First Study**

**Class 1:** The first study must be completed before the first anniversary of the date of registration of the Declaration and Description of the new Corporation. This is a very comprehensive study called a Class 1 Study.

### **Subsequent Studies**

**Class 2:** This is an update study with a site visit. Must be done every 6 years (in years 7, 13, 19 ...).

**Class 3:** This is an update study without a site visit. Must be done every 3 years (in years 4, 10, 16 ...).

Thus 3 years after your Class 1 study, you must do an update with a Class 3 study. 3 years after that, you do a Class 2 study and then alternate between Class 3 and Class 2 from that point on.

### **Objective of Reserve Fund Study**

The purpose of the Reserve Fund Study is to estimate the cost, over at least a 30 year period, to perform major repair or replacement of the common elements based on their current age, anticipated life expectancy and their estimated remaining service life. These costs are the basis of a financial analysis to determine the necessary Reserve Fund contributions that must be collected from owners each year, to meet the major repair and replacement program without placing the fund in a deficit position.

It is important for the Board and Manager to participate in the Study by providing details of common element problems, maintenance records and costs to the engineer conducting the study. It is equally important to challenge the assumptions, (for example, remaining life expectancy) where the Boards knowledge may be more definitive.

In preparation for the RFS, the availability of an accurate detailed history of common element maintenance costs will make a valuable contribution to the development of a superior Reserve Fund Study.



The Board of Directors shall manager the affairs of the Corporation. The Board is charged with the responsibility and authority to develop and implement a Common Element Budget (or simply the Budget). This budget is the basis on which condo fees are established. The budget has two elements— **(1) An Operating Component and (2) a Reserve Fund Component**

### **Operating Component**

A realistic detailed Operating Budget (OB) is essential for the smooth operation of a condo corporation, meeting owners' expectations and to ensure that property values are maintained and advanced. The OB generally commands about 50 to 60 percent of the Condo Fees. You should treat this process with the attention and importance that it deserves. The other 40 to 50 percent is the Reserve Fund as described above.

To achieve these two elements, the Board must establish realistic target budget figures for each maintenance component and track expenditures to assist in predicting adjustments in future year requirements. The more detail you keep, the more realistic you will be in forecasting and supporting future Operating Budgets.

Generally, there are at least seven (7) major categories of expenditures

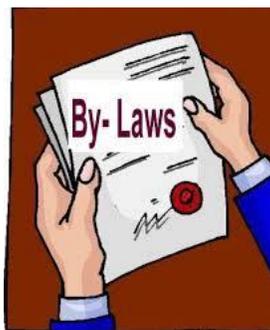
1. Administration— including items such as management fees, auditor fees, legal fees, education, Canadian Condominium Institute (CCI) membership, office and meeting expenditures.
2. Contracts— including items such as lawn care, snow removal, pest control, sprinkler system maintenance, Reserve Fund update studies and superintendent fees in some corporations.
3. Insurance— including annual fees and periodic appraisals.
4. Major Purchases and Additions— including upgrades to and purchase of additional common elements.
5. Repairs and Maintenance— include a line item for each common element that may be a target for frequent maintenance such as roofs, electrical, interior building repair, exterior building repair, minor asphalt repairs, landscaping upgrades and pest control. The more detail the better.
6. Utilities— electrical, water, natural gas
7. Contingency— it is prudent to have a contingency allowance for unexpected maintenance or emergencies.

Monitoring monthly expenditures vs budgeted amounts will allow the Board to defer or advance “nice to do” projects while ensuring “must do maintenance” is appropriately funded and completed within budgeted parameters.

## **YOUR GOVERNING DOCUMENTS**



The first governing document is your **Declaration**. You need to read it to understand what the Declaration declares for your complex. Each condo complex has its own Declaration which are handed down from the builder. A Condominium Declaration is a fundamental document that governs the use and maintenance of a condominium property. You can think of it as the “constitution of a condo.” A Declaration provides information regarding each unit’s boundaries as well as its share of common expenses, which common elements are “exclusive use,” that is, are used only by one unit, such as a balcony, deck, parking spot, driveway, locker, yard, etc. The Declaration also govern changes to common elements and requirements for leasing. It may also describe the recreational facilities if there are any and how they are to be used. It could even mention pet restrictions. Statements in a Declaration are not easily changed but with the help of a lawyer, they can be changed. So it is important to read them over and to be aware of what your Declaration contains.



Your second governing document is your **By-laws**. You have also been handed some by-laws from the builder. By-laws are legally binding documents approved by a condo’s board of directors and voted on by owners at an owners’ meeting. A by-law’s purpose is to fill in what is missing or is not specific enough in the declaration. By-laws often deal with owner meetings, minutes, quorums, the number of directors, voting, powers of the corporation, elections, terms of office, officers of

the corporation, banking arrangements, rules, etc. It is therefore important to be familiar with your by-laws. By-laws can definitely be changed, deleted, updated or new by-laws added, but you should consult a lawyer so that it is all done in accordance with legal principles and satisfies the Condominium Act.



Your third governing document are your **Rules and Regulations**. You may have inherited a few rules and regulations from your builder but generally these are rules and regulations that the Board makes up. And you don't need a lawyer for that.

Every condo community needs some rules and regulations to maintain a consistent look throughout their community. The rules and regulations are an extension to your declaration and by-laws. Without them, owners will be able to do whatever turns them on and you will soon lose that consistent look. It wouldn't take too long and your place will not be as attractive as it could be. And this could affect the value of the condos in your community.

Having rules is one thing. Enforcing them is another. However, when you see a rule is broken you must deal with it or what is the point of having the rule? It makes most of the other rules breakable as well. When you drive into another complex you can see pretty quickly if the consistent look is not there and if the Board is not enforcing their rules. Of course some individuality is good such as in the flowerbeds but you should control that as well as to what you will allow or not allow. *You can download the Rules & Regulations from my community* but keep in mind they suit us. They may not suit you. You may have other needs or may think some of the rules are too restrictive or maybe not restrictive enough. Just use them as a guide if you wish and use what you want from them. So one of the first orders of business is to get some rules. It is much easier to prevent a situation from happening than it is to make a rule and then force owners to remove or change something to comply with the new rule.

### **HOW TO MAKE A NEW RULE**

A rule can be amended or repealed at any time by the Board or revoked by the affirmative vote of at least 51% of the owners (one vote per unit) at a meeting of owners duly called for that purpose. So if you do not like a rule and would like to see it amended or repealed, please email or write the Board with your request and the grounds for the request. The Board will then discuss it in a duly called Board

meeting and if the Board agrees with you, the process for change will begin. The Board will let the owners know and if no one objects within 30 days' notice, the new or amended rule becomes active.

If the Board does not agree, you have the right to pursue the change and to do that you need to get 15% of the owners to requisition an owner's meeting and then at the meeting it takes 51% of the owners who are present at the meeting to vote in favor of the change you are seeking.

### **CONDOMINIUM ACT, 1998, S.O. 1998, C. 19 T**

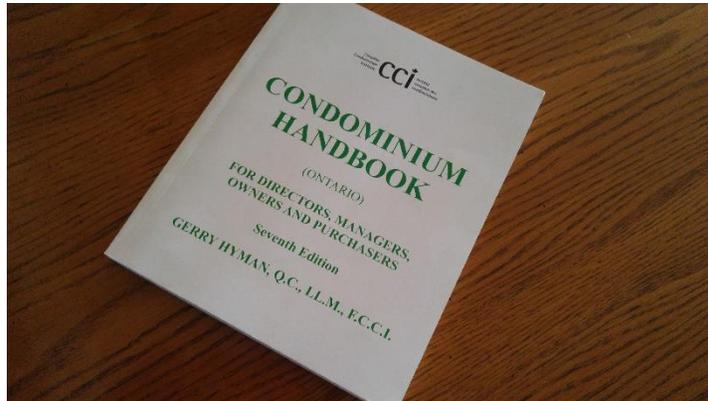
This is your fourth governing document and it is legislated by the Ontario Government. Maybe it should have been called your first governing document. This governing document is called the **Condominium Act, 1998** and is often simply referred to as the "**Act**." You can get a copy of the Act on this web page:

[www.ontario.ca/laws/statute/98c19](http://www.ontario.ca/laws/statute/98c19)

You can also do a search for "*ontario condominium act, 1998*." This Act governs the way condo business must be conducted. It applies to all condominiums. This Act is being replaced with *The Protecting Condominium Owners Act* and is the product of the government's comprehensive review of the existing Condominium Act. It marks the first overhaul of the province's condo law in over 16 years. It amends the Condominium Act and the Ontario New Home Warranties Plan Act. While it has been approved and passed third reading, it is not the "law of the land" just yet.

The Condominium Act is your friend and not your enemy. You need to get familiar with the Act and this will take a little time. It covers most aspects of managing a corporation. You don't need to memorize it but you should be aware of its contents. It tells you what the Board is allowed to do and not do at Board meetings, what owners are allowed to do and not do at AGM and other owner meetings, voting procedures and percentage criteria at owner meetings, information on Status Certificates, use of common elements, etc. The list seems endless. Think of the ACT as a **User's Manual**.

You can also get Resource Guides on the Act that help break down some of the legal language into more understandable chunks. The CCI (**C**anadian **C**ondominium **I**nstitute) has also produced a comprehensive *Condominium Handbook* for directors, managers, owners and purchasers (see picture below). You can often pick up these handbooks and resource guides at a workshop or convention.



The Condominium Act is not the only law in condo land that you need to be aware of. There is also **WSIB (Workplace Safety and Insurance Board)**, the **Human Rights Code** and the **AODA (Accessibility for Ontarians with Disabilities Act)**.

### **WSIB (Workplace Safety and Insurance Board)**



WSIB used to be called the *Workers Compensation Board*. The WSIB is an Ontario government agency. It states on their website:

The Workplace Safety and Insurance Board is an independent trust agency that administers compensation and no-fault insurance for Ontario workplaces.

We are committed to delivering what matters to the workers and employers of Ontario: fast, accessible service and fair benefits at a fair price.

Before hiring anyone, it is your responsibility to ask for references and to check them thoroughly. You must also make sure that anyone you hire has proper insurance and WSIB. It is against the law to hire anyone whether an employee of the corporation or a contractor in the construction industry that does not have WSIB and the fine is very substantial to the corporation should you get caught hiring someone without WSIB. Also if a worker gets injured and does not have WSIB, the liability to the corporation could be horrendous. So again, be sure that any contractor or employee has a valid WSIB certificate and insurance.



The *Human Rights Code* is the **highest law** in the land. It trumps **all** other laws. So no matter what you have in your declaration, by-laws, rules & regulations, the Human Rights Code overrules them all. The Ontario Human Rights Code is a law in the province of Ontario that gives all people equal rights and opportunities without discrimination in specific areas such as housing and services. There are several protected areas in the code such as:

- Age,
- Ancestry, colour, race
- Citizenship
- Ethnic origin
- Place of origin
- Creed
- Disability

Disability is a big one and there are other grounds and areas protected as well. You can get a complete list and much more information from the **Ontario Human Rights Commission (OHRC)** website at:

[www.ohrc.on.ca/en/ontario-human-rights-code](http://www.ohrc.on.ca/en/ontario-human-rights-code)



**ATTORNEY/BARRISTER/LAWYER/SOLICITOR  
(so many different names for the same thing)**

It is important to have an attorney for your corporation. If your manager can't answer your question or concern, you can then turn to your attorney for answers. It is important that you get a lawyer who is well versed and known in the condo industry, one who knows the Condominium Act inside and out and has the **ACMO** (Association of **C**ondominium **M**anagers of **O**ntario) designation. The CCI publishes

an extensive professional directory available for their members. Each issue of *Condo News* also has a professional directory in it. These are usually available at their conferences and workshops. As a member of the BCCA (only \$15 per year for your corporation) you will receive our *Services Directory* and in it is a list of condo attorneys. Narrow your search down to 3 lawyers and speak to them if you can. If they are not too far away, you can drop in for a free get-acquainted visit.



Be careful what you promise. When an owner contacts you or stops you on the street and asks if it is alright to do something, **never** agree to it. Always tell the person to email you the request or to write it down on a piece of paper so you can take it to the Board. Sometimes the request appears to be harmless but when it is discussed at the Board level, other concerns may arise. Even if you are the President of the Board, you do not have the authority to bind the corporation without its approval.



**DO NOT BE AFRAID TO SEEK HELP.** No one has all the answers. If you and your manager are not sure how to handle a certain situation, then seek professional assistance. There are times when you should seek professional advice. A good Board will not be afraid to seek outside help from a plumber, electrician, insurance agent, engineer, architect, attorney, etc. including the BCCA who may be able to steer you to the right people.

# On the Agenda



Let's take a look at the agenda. When I see agendas that contain items like the following, I have really no idea on what we will be discussing and so I can't get properly prepared for the meeting.

1. Auditor
  2. Rules
  3. Landscaping
  4. AGM
  5. Flowerbeds
  6. Garage Doors
- etc.

These are called hidden agendas because exactly what we will be discussing in these items is hidden. Are some of them to be "received for information" only? Are some of the items there because of problems? Do any of the items require a decision? And so on.

You should always write something with each item so the rest of the Board members can start thinking about the items. It could save a lot of time—especially for the one doing the minutes. Yes, it requires more work in creating the agenda but the results will be well worth it.

## **SETTING THE AGENDA**

At first you may be meeting once a month but eventually you may decide that it is not always necessary to meet every month. You may decide to meet every other month. During the winter months you may decide to meet even less often. In my complex, the majority of Board members are snowbirds and so we do not meet in December through March. In other words, we meet at the end of November and then again in April. We keep in touch by email and if necessary by phone. Even though you may not be meeting every month, you should still compile an agenda. For many of us, our minds are just not as good as they used to be. Our recall will often leave something out that we think about after the meeting. When you see or come across an item for the agenda, write it down or record it in a Word or some other file labelled "agenda items" or in a draft email with subject "agenda items." You need some method to record items as you come across them for the future agenda or newsletter. When it is time to create the agenda you will have all your items ready. It could save you a lot of time.



### **REMINDING BOARD MEMBERS AND THE MANAGER OF THEIR RESPONSIBILITIES FOR A MEETING**

Here is something that can save you a lot of frustration. How many times has the same item been put on subsequent agendas because the person who is supposed to do it didn't do it— whether forgot to do it or didn't go to the meeting or simply didn't get around to it? After awhile you get tired of putting the same item back onto the next agenda. Before you know it, 5 or 6 months have gone by and the item still has not been dealt with. Here is what I do that has really made a difference. The manager as well as the other Board members love it because now they know what their responsibilities are for the meeting and what they will be required to report on.

In the email that I send out to the manager and Board members with the agenda attached, I let each know what their reporting responsibilities are. Here is a sample email (Lisa is the manager):

Hi Lisa, Paul & Heather,

I have attached the agenda for our Wednesday, November 30<sup>th</sup> Board meeting, 10 am, in Unit 5.

I have also attached the minutes of the last meeting and the updated *Rules & Regulations Handbook* for next year.

**Lisa**, you are to report on the following agenda items: 5(d), 6, 14c(ii), 10(a)

**Heather**, your responsibility is item 7

**Paul**, you are to bring us up to date on items: 12, 13(a)

See you on the 30<sup>th</sup>!

John

Note that Lisa, Heather and Paul know exactly what they are responsible to report on for the meeting and it gives them time to prepare for this.

## LET'S TALK ABOUT IT!

Annual General Meeting

### NOTICE OF OWNER MEETINGS

Proper notice of Annual General Meetings (AGMs) and other owner meetings must be given in writing if the meetings are to be valid. In writing could be (1) by letter sent via the post office, (2) by email if the owner has consented to receiving email notification, (3) hand-delivered, or (4) placed in the owner's mailbox. According to the Act, you must give at least 15 **clear days** of notice. In business, all the days in the timeline, **except** the day of commencement and day of completion are *clear days*. In other words you do not count the first and last days. The first day is the day the agenda is distributed and the last day is the day the meeting is held. So, 15 clear days means 17 days from the day you distribute the agenda to the day of the meeting. We like to play it real safe and give at least 20 days' notice but the law only requires 15 clear days.

### ANNUAL GENERAL MEETING (AGM)

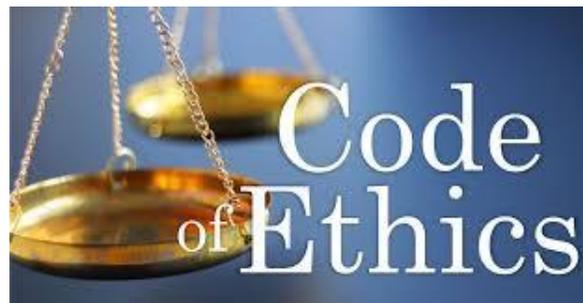
"Annual General Meeting" means a meeting of the owners of a corporation held in accordance with subsection 45 (2) of the Act which you can find here: <https://www.ontario.ca/laws/statute/98c19>. It would be good to read this section of the Act. Once a year you must hold an AGM and it must be held within six months after the beginning of a new fiscal year. At the AGM, an owner may raise for discussion any matter relevant to the affairs and business of the corporation.

Before you send out an agenda for the AGM (15 days clear notice), you must send out a preliminary notice to the owners that is prepared in accordance with the regulations in the Act cited above. A preliminary notice is a Pre-AGM Notice. This notice announces the date of the AGM, where it is to be held, time of meeting, etc. If there will be an election for one or more Directors at the meeting, then you must include a *Nomination Form* with a request that each individual who intends to be a candidate for election to the board notify the board in writing, by a date that is specified in the notice and that is determined in accordance with the regulations, of the individual's intention, name and address.

An AGM allows owners the opportunity to gather together and to meet with each other in a business setting. The AGM normally deals with the following:

1. Certify the Roll & Proxies (to make sure there is a quorum)
2. Year End Financial Statements (Auditor's Report)
3. Appointment of auditor for the next fiscal year
4. Election of Directors to replace those whose terms are up.
5. New Business (Agenda items of interest and common concern)
6. President's Report
7. Other Business (Owners should not be prevented from asking questions and raising issues)

The President's report should be accurate and as informative as possible. My President Reports are usually around 10 minutes long. It should explain what has been accomplished in the past year and what is intended for the forthcoming year. A president can use this report to discuss the positive aspects of any current situation as well as the negative ones that need to be corrected or addressed. A President could also use this opportunity to motivate owners to cooperate on some issues. I like to use the President's Report to thank the manager, the other Board members, the volunteers and the owners for their work, commitment and cooperation in making our complex a great place to live. Even in condo communities with problems, there are still positive things going on that deserve mention and can make everyone feel good.



Every Board member should sign a *Code of Ethics*. It is a proactive move. A *Code of Ethics* is designed to keep Board members accountable, honest and to prevent a conflict of interest. Board members are volunteers. However, even as Board volunteers, we are held to high standards of ethics. After all, you will make decisions involving large sums of money, decisions that affect people's lives. There may also be ethical dilemmas and conflicts to deal with. For volunteers who are not trained to handle such complex issues, this can be quite overwhelming. There is an excellent Code of Ethics from *GMA* which is *Gardiner Miller Arnold LLP Barristers & Solicitors* ([www.gmalaw.ca](http://www.gmalaw.ca)) that each Board member can sign— an ethical framework to help you in your job as a Board Director. You will find this Code of Ethics on:

<http://condo.ca/condo-board-directors-need-guidance-in-ethical-behaviour/>

We suggest that you print out a copy for each Board Director to sign. When new Board members are voted in, they must also sign the Code of Ethics which can be done at their first Board meeting.



As the Board of Directors, you are responsible to manage a multi-million dollar corporation and that owners will expect you to do a good job in protecting their investments. Protecting their investments protects yours too. Since you are new at this, we strongly recommend that you get educated and take courses on looking after a condominium complex. The **CCI** offers quality courses often given in 1 of 3 levels. Level 1 certification courses are entry level courses for newbies. Level 2 courses are a little more advanced and build on the Level 1 courses. Level 3 courses are more in-depth and assume you know the basics of condo management.

In our area, there used to be only one chapter of the CCI called the **Golden Horseshoe Chapter (CCI-GHC)**. As of July 1, 2017, we now also have the **Grand River Chapter (CCI-GRC)**, a division of the GHC. Although both chapters are independent chapters, they are part of the CCI and often work together. We here in Brantford and Brant County are now part of the **GRC** which means our membership dues go to the GRC.

By becoming a member in one of the chapters of the CCI, you receive substantial savings in course registration fees. These CCI courses are all given by leaders and professionals in the condominium industry and you will always learn something. Just go with an open mind and if you learn only one thing that will help you become a better director, then consider the day worth it. But be prepared to learn more than just one thing. The better educated you are with the duties of a director and the ACT, the better director you will be.

There are also often free workshops offered by the BCCA and the chapters of the CCI. My Board tries to attend at least two or three of these workshops each year. We also encourage owners to attend these free workshops that are of interest to the entire condo community. We also try to keep owners informed on what is going on in the Condo world.

Besides talking out a membership with the CCI, taking courses and workshops, reading a condo magazine such as Condo News or Condo Manager, there is another

great way to keep up to date with what is going on and that is through some well-known condo blogs. One of them is called the Ontario Condo Law Blog published by GMA (Gardiner Miller Arnold LLP Barristers & Solicitors). This is considered by many to be Canada's first and foremost law blog devoted to condominium issues. Condo managers, directors and unit owners should read this blog for timely and topical news, information and analysis on condo law in the Province of Ontario. *You can also sign up to receive their blogs by email.* This way when they do send out a blog, you won't miss it. [Click here](#) or on the logo to visit the Ontario Condo Law Blog.

Another great blog and a must read is from Michelle Kelly, a partner in Sutherland Kelly LLP in Guelph. You can also sign up to receive her blogs by email. Michelle writes a blog about condominium law in Ontario for those in the condominium industry-- in other words for us owners, directors, property managers and other professionals in the condo industry. These are very informative and well-written blogs. Here is an interesting one that Michelle wrote titled, "*Lessons as a First-Time Condo Owner.*" She writes:

Professionals who work in the condo industry often say they'd never buy a condo. I was no different. A large part of my day is spent dealing with the problems faced by condos, such as disputes between neighbours, financial concerns, construction defects. I didn't want to spend my time at home dealing with the same issues. ... [Click here](#) to read more of this post.



## CONTRACTS

In a condo corporation's first year, with 60 days' notice, your Board of Directors has the right to cancel contracts and replace them with contractors of the new Board of Directors choosing. That is, you can keep the contractors that the builder used such as for landscaping, snow removal, manager, auditor, etc. or you can replace them. The only exception is first year contracts with telecommunication providers. Check to make sure that there will not be any cancellation fees involved. In our complex, we retained some contracts and replaced others.

Not sure of the contractors in your area? Well, as mentioned before, the BCCA has

a **Services Directory** that lists contractors in over 50 different service areas. These are all companies that service condo communities in our area. If your corporation is a member of the BCCA, you will receive a free copy of this directory and all updates— and you can also pass the directory onto all the owners in your condo community.

The BCCA membership fee is only \$15 and you can fill out the membership application and pay the fee online on our website ([www.mybccca.ca](http://www.mybccca.ca)). If you do not want to pay online, you can fill out the form online, submit it and email Michelle, our Secretary, the cheque according to the instructions and she will look after you. If you are already a member and have not received the Services Directory, please email John Gilson. Michelle and John's contact information is on the **Contact** page on our BCCA website.



### **MANAGERS and MANAGING COMPANIES**

Managers are important. They look after the financial statements, contacting contractors, dealing with serious problems and complaints, etc. A good manager knows the Condominium Act and can offer good advice concerning Act requirements. Their experience and knowledge in the condo business can be invaluable.

If you have a problem with your manager about something, you need to discuss this with your manager at a Board meeting. Often that is all it takes and then everyone is happy. If your manager continues to give you grief, then you may want to research for a new manager. When interviewing for a new manager, make sure they have the **ACCI** designation (**A**ssociate of the **C**anadian **C**ondominium **I**nstitute). They should also be a member of the **ACMO** (**A**ssociation of **C**ondominium **M**anagers of **O**ntario). And don't forget to get a number of references.

Some Board members believe that the buck stops with the Manager. That is not true. The buck stops with the Board of Directors! The Manager and Management Company work for you, that is, for the Corporation. You do not work for them. The manager must do what you want the manager to do. You need to be in control of what goes on. For example, you want cheques to require two signatures, one signature from management and one from any Board Director. Two Board members could also sign the cheques. In any event, Management should not be allowed to sign a cheque without a Board member's signature as well.



Purchasers who put in an offer to purchase a condo usually do so on condition of a **Status Certificate** giving a good report on the state of affairs of the corporation. A Status Certificate is usually prepared by the Manager on behalf of the Board of Directors and is done at the request of the purchaser or the purchaser's lawyer or real estate agent. There is generally a reasonable cost involved which is paid for by the party requesting the certificate. The amount that is charged is governed by the Condominium Act. Requesting a Status Certificate is somewhat similar to a purchaser requesting a Home Inspection when buying a house.

The Status Certificate offers a financial snapshot of the well-being of the Condominium Corporation. It also includes the declarations, by-laws and rules of the corporation and other information. It provides answers to important questions such as parking, restrictions on pets, insurance and the health of the reserve fund. The Status Certificate will let the purchaser know if there are any special assessments coming up because there wasn't enough money to pay for needed repairs or for some other project. The Certificate also provides basic and essential information concerning the unit in question and it lets the purchaser know who the property management company is and the manager of the corporation.

There have been a number of court cases involving the Status Certificate and so these certificates should not be treated lightly. For example, in Brantford and area, during new construction of condos, the builders call the room in the basement a "study" or "office" on the site plan instead of calling it a bedroom which is what owners really use it for. By calling it an office or not calling it anything, builders do not have to install a fire escape window called an Egress Window.

Why is this important? Suppose a unit was advertised and sold as having three bedrooms (two upstairs and one in the basement). The Status Certificate did not

mention the illegal bedroom in the basement so the purchaser assumed all three bedrooms were legal bedrooms. He needed a three bedroom unit for his grandchildren who visits regularly. Later he finds out that it is really only a two bedroom unit because the one in the basement is not a legal bedroom. The new owner then sues the corporation and the previous owner for false advertising because there was nothing in the Certificate to indicate anything illegal. He now wants a proper egress window and expects the corporation and seller to pay for it. Situations like this can end up being a costly affair for the corporation.

How can you protect the corporation from these situations? First, when there is a request for a Status Certificate, have two Board members do an inspection of the unit before the Status Certificate is issued. This should reveal any changes or damage to the common elements including to any exterior common elements and if there are any bedrooms in the basement, etc. Secondly, to protect the corporation from illegal basement bedroom advertising, have a statement similar to the following in the Status Certificate:

*Purchasers should be aware that basements in this Condominium Community were not designed or constructed to be used as sleeping areas. We have no record that this basement was upgraded to satisfy Building and Fire Code requirements to legally allow for bedrooms or other sleeping areas.*

Whether the purchaser actually reads the Status Certificate or not, having the statement in the certificate protects the Corporation. Whatever wording you choose, you should have it approved by your lawyer to get his endorsement.



There is of course much more that can be said. After all, several books and manuals have been written on condo living. But what the BCCA has endeavored to do with this manual is to give you a quick basic introduction to your duties as a new director in a brand new corporation. If there is something that you wish was also included in this manual, please email John Gilson or Michelle. If you have a concern or question, please feel free to contact any of us on the BCCA Board. Our contact information is on the **Contact** page on the BCCA website ([www.mybccca.ca](http://www.mybccca.ca)).

On behalf of your BCCA Board of Directors,  
John Gilson