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## **Government Licensing for Property Management Firms and Property Managers**

Mandatory licensing for Property Management Firms and Property Managers with a fining structure to ensure consumer protection is necessary. Condominium Corporations contract services of Property Management Firms through the approval of the Board of Directors. The Property Managers are only employees of the Company who are delegated to any particular building to carry out day to day operations of the condominium building under the direction of the Board.

Condo Owners should not be responsible to pay for licensing for contracted firms or their employees. Contracted Property Management firms must be mandated to provide qualified professionals with their condominium contracts and both parties must be licensed and accountable for their advice, directions and contracted services.

## **Mandatory Board of Directors Course**

Mandatory Board of Directors courses should not be limited to first-time board members. Every board member having less than 5 years as a Director should be mandated to take a course outlining the operations of the Condominium corporation, Condominium Act, Insurance, Reserve funds, Performance Audits, Tarion Warranty and Operating/Surplus/Contingency budgets. The Ministry of Consumer Services should work with the Condo Owners Association (COA) to design a Course made available in and supporting our local Colleges and Universities. It should not be part of a 3<sup>rd</sup> party initiative and or involved with service related trades. Most Board Members are Condo Owners and it is a great way to create harmony in a community which should be between Board Members and Condo Owners.

## **NEW CONSTRUCTION RECOMMENDATIONS TO PROTECT CONSUMER**

Fiduciary responsibilities to take every initiative to ensure that once a condominium buyers is prepared to sign on the dotted line to purchase a condominium they have a good understanding of what they are purchasing and their financial obligations going forward

**To ensure Consumer Protection at the point of transaction;** a Schedule to include the following mandates must be provided to the Buyer with a full explanation and the Buyer must accept and acknowledge receipt of the same prior to entering into an Agreement of Purchase and Sale with the Vendor. The mandates are as follow:

- The Seller must provide a description of the relationship between the parties of the transaction and disclose that the Seller/Sellers Sales Staff are not representing the Buyer to ensure transparency and a good understanding of representation.
- The Vendor must provide Buyers details of financial obligations relating to the Parties Agreement of Purchase and Sale

The following are recommendations relating to the direct relationship between Seller and Buyer and the appropriate disclosures relating to the financial implications and representations of the Agreement of Purchase and Sale.

- Agent representation and confirm vendor's sales representatives are only representing the vendor/declarant and are not acting as agent for (or on behalf of) the unit purchaser
  - the above reflects the Relationship between the Seller and their staff vs the Customer Service being offered to the prospective Buyer. Considering that full disclosure of relationships is a mandate practiced by all resale real estate representatives under the Real Estate Council of Ontario to ensure Consumer Protection, these same measures should be enforced in new construction by their Sales Representatives on their behalf. Signed and acknowledged receipt prior to entering into an Agreement of Purchase and Sale contract.
- Interim Occupancy versus final closing
  - (Is a condition of the Agreement of Purchase and Sale therefore the Seller has a duty to present these facts to the Buyers so they can prepare accordingly )
- Realty Tax Adjustments
  - (reflects the Buyers financial obligations and is a Condition of the Agreement of Purchase and Sale considering taxes are charged by the Vendor)
- How the square footage or area of the unit being acquired is ordinarily calculated
  - (reflects the calculation of the Unit Price (to include wall space) Consumers have a right to know the **living space** they are purchasing from the Vendor prior to entering into an Agreement of Purchase and Sale)
- HST new housing rebate and the unit purchaser's eligibility for same

- (Disclosure by the Vendor to the prospective Purchaser will be well informed of their financial obligations prior to purchasing a unit)
- f. Assigning the Agreement of Purchase and Sale prior to final closing
- (Vendors must disclose their structure relating to Assignments because it is a condition / restriction of the Agreement of Purchase and Sale and these could vary depending on the Vendor)
- g. Insurance Requirement
- (Sellers should notify Buyers that they are required to have unit insurance and to confirm that maintenance fees only covers building insurance)
- h. Land Transfer Tax
- (Sellers should notify Buyers of Land Transfer Tax and a breakdown of all other related closing costs so the Buyer understands their financial obligations prior to entering into an Agreement of Purchase and Sale)
- i. Outline of Shared Facility
- (Sellers should notify Buyers about the presence of Shared Facilities and introduce a chart to represent financial structure and how it affects the maintenance fees because this relates to the financial obligations of their purchase )
- j. Maintenance Fees
- (Sellers should explain to the Buyers the calculation method of maintenance fees and their obligations)
- k. Hydro Self Metering
- (Sellers should disclose the Buyers responsibilities of costs ie.. hydro self metering etc.)
- l. Pet Disclosures
- (Sellers should disclose the Pet clause to prevent unnecessary hardships)

## **Explanation of Above COA Recommendations:**

The above 12 Point Schedule directly relating to the financial particulars of an Agreement of Purchase and Sale. When a Buyer purchases a property; they have a right to know from their Seller or Sellers Sales Representative the cost obligations relating to their Purchase during occupancy and at registration. On the resale market the majority of the above points are disclosed. To ensure Consumer Protection the same must be the responsibility of the Vendor. .

The exercise of the Consumer Protection committee is not to simply rest all the obligations on a generalized Condominium Guide by our Provincial Government. The everyday Consumer can purchase products off the shelf and find out the contents of the products, the calories/vitamins, descriptions, instructions, safe guards and a series of disclosures that are in every day language and in many cases in more than 1 language. The responsibility has been placed in the hands of the Vendor/Seller/Manufacturer and Consumers are protected.

The Condominium Guide is what is states a “Guide to provide information on the Condominium Act, Board of Directors, Property Managers, Reserve Funds etc....

The Agreement of Purchase and Sale must include information relating to the financial transaction and obligations. Pet disclosures are included in these recommendations to avoid a Buyers undue hardships and emotional stress.

## **Condo Owners Association is not In favour of the following:**

### **Short Term Transient Rentals**

**Explanation:** The Condo Owners Association is not in favour of short term transient residential rental occupations of any unit whether furnished or unfurnished suites, .with or without ancillary maid services.etc. A condominium is not a hotel and there is too much abuse, health and safety concerns on transient living. It creates excessive costs to Condo Corporations and hampers condominium community lifestyle. Owners and Investors are turning condos into rooming house style units with shared accomodations for short period of times ie. 3 days in a weekend with out of country travellers who prefer to share living at a severly reduced rate compared to hotels and/or motels. There is a dangerous safety concern for these owners/investors and neighbour unit residents and owners. It also provides a negative affect in our restaurant and hotel industry.

### **Live-Work Units**

**Explanation:** The Condo Owners Association is not in favour of live work units. There are numerous live work units running full scale commercial businesses around the city

and no one lives in the unit. They operate commercially under the umbrella of residential taxes. Our local legitimate commercial business are suffering and our Province is losing tax dollars. Condo Corporations are having difficulty enforcing their Condo Documents restrictions on these units and they create high density of traffic and safety concerns relating to their styles of operations and high level of utilities in those that are not self metered..

### **Government Mandate for Website Content and Time Period**

The Condo Owners Association supports Government mandates in favour of Condominiums having websites however it should be the responsibility of the Corporation to choose their website provider, domain name and design of their own building. Websites are very personal and can be an excellent community building initiative within each building.

COA recommends Government mandates in the Condo Act to include a time limitation eg. within the first 6 months of registration the Condo Corporation must provide a website to represent the Condominium Corporation and provide the following information to the Condo Owners:

- Condo Corporation Number
- Name of the Building
- General Information about the Condominium open to the public
- Description of Amenities and Special benefits

### **Private Access to Condo Owners Only**

The Website must contain a sign in area for Owners to access private Corporation information:

- Condo Rules and Regulations
- Operation forms of the building ie. Moving, Registration etc.
- Description of the Amenities and time schedule

### **Government – Condominium Guide**

Buyers have a right to know how they would be impacted on their amenities and common areas in the event that they purchased the first or second building of several phases to be constructed at a future date and be provided with a full understanding of the financial impact of shared facilities

- Disclosure of the Different Phases of a Condo project
- Use of common elements with recreation.

### **Leases within Condominium Corporations**

Full disclosure of elements in the building which are subject to leasing vs ownership must be disclosed to the Buyers with the description of how the leasing amount will impact maintenance fees.

Note: Shared facilities recommendations are in the Condo Act but require revisions for full Consumer Protection

### **Concerns on Insurance Recommendations**

h) Make any unit owner who causes damage to any other unit (s), or to the common elements (and not just damage to such owner's own unit), responsible for paying or reimbursing the condominium corporation for the le

CONCERN: The Government must review the Insurance Guidelines relating to the Buyers/Owners Insurance coverage to ensure that they have insurance protection to cover the condo corporations deductible in the event that they caused the damage.

### **Status Certificate**

10 days for Property Management to provide a Status Certificate is unreasonable in today's marketplace and causes problems for both the Seller and the Buyers

- Financial Institutions provide financing in 5 banking days
- Home Inspections are done within 5 banking days

### **Considerations of Buyers and Sellers**

The following considerations should be made for consumer protection of Buyers and Sellers. Status Certificates are not just about how much time a Property Management company or a lawyer requires. It is a matter of working together in the best interest of the Consumer considering their circumstances as well.

- Sellers cannot afford to lose over 2 weeks waiting to finalize their transaction
- Sellers may need to relocate and are concerned about registering their children into schools/daycare/babysitting
- Sellers may need to deal with estate arrangements on probate situations
- Sellers may be experiencing a divorce or separation
- Sellers personal, family and professional circumstances should be considered on our goal for better Consumer Protection

- Buyers cannot afford to lose over 2 weeks waiting to finalize their transaction
- Buyers may need to provide notice to their present rental circumstances
- Buyers may need to firm up employment relocation contracts
- Buyers may need to register their children into schools/daycare/babysitting etc.
- Buyers may be going through separations and divorce and may need to leave their present circumstances.

**Recommendation:** The Condo Owners Association recommends 5 banking days in consideration of the above and also to consider today's technology as described below :

### Online Status Certificate Companies

- There are numerous providers of online Status Certificates
- Property Management and Board of Directors must have knowledge of problems relating to any particular unit.
- They also should be up-to-date with their paperwork
  - Insurance Certificate
  - Financials Audited Statement
  - Declaration – Condo Document
  - Form 13 Title Status Certificate specific to the unit
- Condominiums Property Managers and/or Property Management Companies upload Status certificates and related documents to third party providers
- Property Management company licensing should include using third party providers for status certificates considering Condo Corporation liability risks relating to online distribution of Status Certificates and related documents.
- Condominium Property Managers and/or Property Management Companies who have uploaded Status Certificate & related documents to Conduit generally will only have to upload changes and Form 13 Title specific to the unit; because most materials are already on file
- Most Property Managers are required to send up-to-date budgets and financial statements to their Property Management Company who in turn uploads the same onto the Conduit site
- In these circumstances, generally the actual Status Certificate is the only document that is prepared by the Property Management office who in turn will have a Board member sign or if the Property Manager has been given signing authority for Status Certificates by the Board of Directors, they would then sign.

Note: [www.statuscertificate.com](http://www.statuscertificate.com) --- Conduit provided by D-Tech Consulting charges \$100.00 for the Certificate plus 25.00 convenience fee and 13% HST on convenience Fee

Their website states: Condominium Property Management Benefits

- ZERO COST to use CONDUIT
- Keep your existing business process and benefit from all the power of CONDUIT
- Immediate savings in print and paper costs (average cost per certificate approximately \$12.50)
- Manage your 10 day window with ease
- Reduced administration to produce, provide and manage status certificates
- Provide the best service for your clients
- We provide document version control and archiving system with full audit trail
- Lessen your footprint by reducing the amount of paper
- Strengthen your financial statements
- Integration with our condo website solution and property management and accounting software
- Conduit is a complete status certificate management system

The Conduit system works as follows:

- A status certificate order is made online – if the building and unit # appears on the system Conduit has the information on their data base - Cost approx. \$125 + Hst on \$25.00 fee
- Property Management is then sent an email of the request
- Property Management will confirm that there are no changes required and upload the Status Certificate with accompanying corporation signature as per above
- The Status Certificate and accompanying documentation is emailed to the person ordering the status certificate
- Conduit pays the Property Management company \$100
- Conduit retains \$25.00 plus HST charges

Note: If a status certificate is ordered through Property Management, the cost is \$100 and payable to the Property Management firm.

### **Disclosure on Conduit**

The Company is called Shift and is owned by D Tech Consulting

Darryl Deen - President CEO

Conduit is one of the condominium softwares that are provided to Property Management companies. They contain several condominiums on their database throughout Ontario.

## **Mandatory Condo Website**

Note: COA recommend mandated materials to be included in a Condominium Corporation website and a 6 month period whereby the website must be launched but every Condominium should have their RIGHT of choice for their web domain name and their provider.