



## Questions & Answers from ACMO's Town Hall Event

July 14, 2014

**Please Note:** These answers are the opinions of those who have been involved in representing ACMO / CCI at the stakeholders' meeting and through the consultation process. Their answers represent to the best of our knowledge the information that we see in Bill 106 and the opinions expressed during consultations over the past two years.

1. ***Will the bylaws of the Designated Administrative Authority (which will be licensing condo managers) be published by the third reading of Bill 106?*** We don't expect the bylaws will be finished by that time. We're hoping 3<sup>rd</sup> reading will be completed next spring, and there's no word on when the bylaws would be prepared.
2. ***Has criteria been set on condo authority qualifications and will there be sub-authorities?*** It's too early for us to know that. The structure of the Condo Authority is still being designed and the qualifications for staff and those assisting is dispute resolution will come later in the process.
3. ***How is the new act going to protect residents and the brand value of the condo?*** One way we see improvements being made is through better consumer protection for purchasers of new condominiums. By restricting developers from hiding second year costs and large increases in second and third year operating budgets, maintenance fees should be kept at a realistic level and should help residents see a financial benefit.
4. ***How can the condo corporation remove tenants under the new act? Please specify the regulations and steps for removal.*** We anticipated the new regulations will give guidance to the condominium relationship with tenants. We won't know how the regulations set up that relationship until we see them. ACMO has very strongly stated that the corporation needs to have some authority related to the tenants of a condo to address how bad tenants can negatively impact the living environment. We must be prepared that this will be balanced with some form of tenant protection.

5. ***How will non Tarion-related design and/or code related issues be dealt with under the new act? Is there any kind of consumer protection built in for new construction besides TARION?*** The revised act will not in any way replace Tarion, although there are changes coming to Tarion in Bill 106. We believe those changes will mostly be related to condo conversions under Tarion and we're not expecting any changes to design or code related issue with the new Ontario home warranty plan as part of Bill 106.
6. ***Will annual reporting of condo authority include the requirement for condo corporations to disclose if it has conducted annual audit?*** We don't know what the reporting requirements will be, but it makes sense this would be the kind of information it would ask for.
7. ***What are the requirements regarding disclosure of licensed, or more importantly, unlicensed Property Managers?*** The Condominium Management Services Act states that all managers must be licensed. It would make sense that the DAA will have a registry of licensed managers that board members, owners, and potentially even purchasers could look to in order to determine the status of their property manager but the method of making this information available to the public will be addressed by the DAA once it is operational.
8. ***I am afraid that the tribunal may become a powerful tool against managers. Do you have this feeling? What are you doing to prevent it?*** I do not have this feeling. Keep in mind the tribunal being set up with the Condo Authority is not to deal with relations between managers and residents. Instead, complaints regarding unethical or unprofessional behavior will be directed to the licensing body which will have its own disciplinary process.
9. ***Regarding required communication with owners, would Act/ACMO prepare standard templates of the communication forms such as for the off spending notice/package etc.?*** In all likelihood some template of this form will be prescribed in the requirements the way standardized proxies and status certificates have been provided through the condo act in the past.
10. ***Who will oversee claims relating to dispute resolution? Panel, committee or person?***  
The revised act makes reference to a tribunal.
11. ***What will be the cost for making a claim?*** That will be determined by the condo authority once it is established.

12. ***There are condo boards that keep their CEA increase at 0% or very low percentage each year in a way to please condo owners. Over the years, it can be hard for corporations to catch up with the inflation. Will the Condo Act reform have a regulation to regulate the % increase at least in-line with CPI?*** The Condominium Act allows condo communities the right to self-determination regarding their finances. The board, management and owners of a condominium are the ones best equipped to determine the financial needs of their community. There is no requirement detailed in the Act regarding forcing the Board to increase fees.
13. ***Does an RCM membership mean we are licensed to manage condos?*** We've been told through the consultation process that RCMs will be grandfathered in to meet the stage 2 educational requirements of licensing. An RCM will still have to meet the stage 1 requirements of licensing when they are set out in the regulations. In other words an RCM will still have to 18 years of age, and not have undischarged bankruptcy proceedings, and must have insurance as well as meeting any other requirements the regulations will set out.
14. ***Who pays the fee on behalf of the manager?*** Ultimately the manager will be responsible for paying the licensing fee. We will have to wait and see if many companies or even condos who employ managers directly will absorb that fee on behalf of their employees and managers.
15. ***Why do we still see owner occupied board position? I thought it will be eliminated.*** The Government still believes there is merit in a board position elected by owner occupiers. They have significantly changed the requirement however in that only condominiums which have more than fifty-percent non-resident owners will have to have this position.
16. ***Some management companies run a special program that cleans out all the data to remove all information electronically, taking the position they only need to provide hard copies. What is the solution?*** Section 53 of the condo management services act requires all management records be turned over. This does not provide an indication of the view of the licensing authority of electronic data. It may take some time before we have answers to these questions once the DAA is set up. The DAA will have to consider the balance between the rights of the outgoing management company to protect their own intellectual property (i.e. templates in customized formats) and the right of the condominium corporation to continue functioning efficiently.
17. ***How many self-managed corporations are there in Ontario?*** We have no idea. We hope the condo authority will track this data in the future.

18. **Sec.1.29 – set own fees? Are employee/staff bonuses included in costs? What’s to prevent executives from giving themselves large bonuses then raising fees?** We must remember that there are reporting responsibilities to the minister who has the authority to step in when he feels the board of the DAA are not responding to their duties in the best interest of the profession.
19. **Sec.80 (80) – strike out practicable and sub reasonable? – define “reasonable’.** – That is a definition that will be made by a judge in the event that a claim is made to the courts. Section 80(8) refers to the developer’s obligation to refund property taxes to a purchaser.
20. **Fines of admin authority [sec 33 & sec 57]** – Fines will be set and administered by the DAA and the severity of those fines are unknown. Remember as well that there will be access to due process and the LAT to ensure that there is no abuse of the regulatory power given to the DAA.
21. **Would the corporation’s lawyer represent them at tribunal?** The corporation would have the right to legal representation at the tribunal. However, the dispute resolution mechanisms will likely be built in such a way that will minimize legal expenses.
22. **The new Act appears to remove requirement of an owner to provide a mailing address. In a building with a high ratio of offsite owners, this seems like it would be problematic. Where would a lien registered? Where would the AGM package be mailed?** The revised act clearly states that if an owner does not provide an alternate address, the corporation is authorized to use the unit’s address for communications.
23. **Will a manager’s pay rate also be regulated and increased to accommodate the increased cost of licensing and liability insurance?** The act does not address the specifics of a relationship between a manger and employer. These are the types of questions that will be answered over time. Also remember that the need for insurance should not mean that the manager must get their own personal insurance. If they are insured by the management companies policy then there should be no need for additional insurance
24. **Will the cost of status certificate be increased?** That is something ACMO will be requesting during any consultations on the regulations. We agree there is increased liability and responsibility in the preparation of status certificates under the revised act.
25. **Is board member education for all board members or only new ones?** The expert panel had originally suggested that board member education be a requirement for new board members. However the government seems to have gone even further than that in Bill 106 and is recommending in the new act that education be a requirement for all board members.

26. **Regarding boards, are there any new eligibility requirements?** The only new requirement would be education. Once a director is elected, they will have a period of time to complete the required education, and if they fail to do so in the time allotted, they could be disqualified from their role as a director.
27. ***Will certification and licensing be for new managers or for everyone?*** Property manager licensing will be for anyone managing a condominium corporation in Ontario. The Condominium Management Standards Act will allow for some exceptions, and we expect some of those to be around allowing self-managed corporations to operate with the board as manager. In those cases, licensing would not be required. Of course we can expect a period of time to allow those that are managing to get their licence but this grandfathering period will be overseen by the new regulatory body.
28. ***Is there a timeline to have the various regulations completed?*** With the Act being dependent upon the drafting of regulations, we expect the process to last 18 months to 2 years.
29. ***Standard unit definition – and the developer especially as it pertains to flooring. Does the new act apply only to new condominiums or old ones too?*** We don't know the standard that will be included in the regulations, but we do expect the standard would apply to all corporations unless a condo has passed their own standard unit bylaw, in which case that definition would take precedence over the regulations contained in the new Act.
30. ***What happens to ACMO? Why not pass legislation to govern ACMO rather than set up a new office? Why re-invent the wheel? Why is ACMO "selling out" their education etc. to the government?*** ACMO is not selling out our education program in any way. In fact the board believes the government has recognized our education program is the best platform for licensing the condo management profession. The reason ACMO has not been appointed as the regulatory body is because of the necessary checks and balances in any regulated profession. There is no regulated profession in Ontario that has one organization that is both the educational body and the licensing body. ACMO was set up and organized to develop and deliver outstanding condominium management education, and that is where our focus will remain. The new Authority that is being set up will have the ability to issue the licenses and oversee the ethical and professional standards for condo managers.
31. ***Can you comment on the ACMO 2000 ISO definition?*** ACMO 2000 will continue to be the best practice standards for condo management companies as ISO standards are for other industries. We do not expect ACMO 2000 to be the standards for licensing management companies, however it will still be a point of differentiation for management companies as they compete in an open marketplace.

32. **Regarding fees for providers/managers, they need to account for smaller companies who manage fewer units. A \$1,500 fee to a company managing 3,000 units is small vs. \$1,500 to a company managing 300 units. The same applies for managers.** We believe there are about 2,700 managers, out of which about 800 are RCMs, and the rest don't have a designation. If the licensing cost is \$700 a year, and someone is managing 500 units, there is an impact of \$1.25 per unit. This is 18 cents a month which is less than the *Condominium Authority* will charge us. I don't think the licensing cost will be a lot. There will be a different scale for Management companies but these will be set by the DAA.
33. **Compared to management, what is the consequence if the board contravenes the act?** The manager's responsibility in these situations is contained in section 55 of the Condo Management Standards Act which states the manager will not counsel or assist the board in violating the Act. We do not know the impact to boards that choose to ignore their legislative duties. That will be for the authority to deal with. But we have a responsibility as managers to counsel our boards to follow the requirements of the Act.
34. **Does ACMO trust the process?** We have no reason not to trust the process. This has been a very inclusive process so far in the drafting of the legislation. ACMO will continue to make recommendations to government, to provide information to the standing committee and to continue to be a source for the government as they draft regulations. Our relationship with Ministry staff has been excellent. While we don't see eye to eye on every point, we have to respect the relationship we have developed and the fact that our opinion is sought out on a variety of issues.

To submit recommendations for changes to Bill 106, complete the Bill 106 Issue Form at [www.acmo.org/Issue-Form](http://www.acmo.org/Issue-Form).