



The Association of Condominium Managers Ontario
November 30th, 2012

Responding to Change:

***Strengthening the Condominium Management Profession for
Consumers in Ontario***

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OUR MISSION

To enhance the condominium management profession in Ontario by advancing the quality performance of Condominium property managers and management companies.

Testimonials

“The Canadian Condominium Institute advocates for any initiative that will improve condominium industry standards in Canada. Licensing or self-regulation plays a significant role allowing that process to occur, enhancing consumer protection to serve the public interest at large. ACMO has demonstrated a clear commitment to the condominium management profession in Ontario. We recognize them as an important asset to the condominium community.”

Geoff Penney, LL.B., ACCI, National President, Canadian Condominium Institute

“The Association of Condominium Managers of Ontario is and has been working hard to elevate the level of professionalism in the field of condominium management. ACMO has established a strong educational foundation which is reflected in its Registered Condominium Manager (RCM) designation. Importantly, this designation is now becoming a prerequisite for condominium boards looking for professional condominium management. This has been a big step towards advancing the management profession within the condominium industry and it will continue to improve the manner in which the profession operates in Ontario.”

Brian Horlick, B.Comm, B.C.L, LL.B., ACCI, FCCI, President Canadian Condominium Institute-Toronto Chapter

“Over the years CCI-Toronto and ACMO have established a strong partnership to address important public policy issues within the condominium sector. I praise ACMO for their unwavering commitment to improving the standards of the condominium management profession. I fully support ACMO’s bid to administer the licensing or regulation of condominium managers in Ontario. “

Armand Conant, B.Eng., LL.B., D.E.S.S. (Sorbonne), Condominium Lawyer Shibley Righton LLP, Former President, current Director, Canadian Condominium Institute Toronto Chapter

“As a former ACMO president, I am pleased that the Ontario government is receptive to opening the dialogue and narrowing in on consumer protection as it relates to condominium owners. The future of the Condominium Industry requires a modernization of the Condominium Act as we see the condominium sector continue to grow. I believe ACMO has played a significant role in elevating the status of the condominium management profession in Ontario. To see ACMO’s role transition as the regulatory or licensing body in the process would only mean that the industry and condo consumers are being serviced through most in-depth, experienced industry leaders.”

Harold S. Cipin, M.Sc., Hons. B.A., R.C.M. Former ACMO President, President Times Property Management Inc. An ACMO 2000 Certified Company

“Education is a major part of the ACMO tradition. We have established a solid track record developing and delivering educational programs to enhance the condominium management profession. We have sought and established partnerships with colleges to help execute our mandate. We regularly update our curriculum to stay in line with industry standards and to ensure that trained professionals under the ACMO brand receive the best education to succeed as a condominium manager in Ontario. We strive to be leaders in the industry, seeking to share our breadth of knowledge and experience to ultimately protect the interests of the public at large.”

Janice Schenk, BA, BEd (Adult Education) Director of Education ACMO

EXECUTIVE SUMMARY

The condominium landscape has become an increasingly important component of the residential housing market in Ontario. Condominium culture continues to grow and become a more affordable, popular choice for residents in the province. A surge in condominium construction has led to a complex industry; the Association of Condominium Managers Ontario (ACMO) and other industry stakeholders welcome the *Condominium Act, 1998* review. ACMO firmly supports the discussion and is grateful for the opportunity that has been provided to represent the views of our members and play a key role as the process moves forward.

The provincial government's decision to review the *Condominium Act, 1998* has sparked a great debate within the condominium community. It is necessary that the appropriate amendments be made to best serve the public interest, but in order for this to occur, industry leaders need to collectively work together, sharing ideas and providing recommendations on how to improve condominium standards. This will include adapting to the changing demands of the industry and adjusting to the future needs of condominium owners in Ontario. ACMO endorses a new direction which will enhance industry standards. We fully support the regulation of the condominium management profession and we are eager to play a role in this significant professional transformation.

For over 35 years ACMO has worked to serve the interests of the condominium management profession across the province. Our Registered Condominium Manager¹ (RCM) designation is a symbol to the public of an individual who has commitment to perform their management duties ethically, professionally and responsibly. This accreditation requires at least 160 hours of condominium focused classroom time and 5 separate examinations to prepare candidates for their career as a condominium manager. We have established and built relationships on a number of levels within the condominium industry and have successfully partnered with collegiate institutions across the province to enhance the professional standards of condominium managers. Further, to reflect our mission and pledge to enhance the quality of condominium management performance, ACMO has fostered a strong code of ethics to protect the interests of the public at large.

This paper intends to demonstrate why ACMO's depth of knowledge, experience and unequivocal commitment to the development of the condominium management profession is an asset within this important transformation. We look forward to building on the relationship ACMO has established with the provincial government, and specifically the Ministry of Consumer Services, to turn condominium managers into an important partner in delivering consumer protection to condominium owners in Ontario. We see this as a touch-stone moment to elevate our presence as a leader within the condominium

¹ RCM: <http://acmo.org/acmo.php?id=301>

community and seek to be considered as the body for regulating or licensing this unique profession which ACMO is highly specialized and equipped to deliver.

I. Who is ACMO

The Association of Condominium Managers of Ontario² (ACMO) was established in 1977 to represent the collective interests of the condominium management profession in Ontario. Since its inception, the association has grown to over 1000 members. Operating as a not-for-profit organization, ACMO is comprised of professionals with extensive knowledge of the condominium industry. Over the years, ACMO has demonstrated strong leadership within the Ontario condominium market, garnering a respected reputation among its North American counterparts.

ACMO maintains a high level of transparency and integrity in managing its association and the industry at large. This commitment is demonstrated during our annual elections for the Board of Directors, whereby over 800 of Ontario's Registered Condominium Managers (RCM) vote for 3 of the 9 elected positions. These 800 members comprise managers of small and large condominium corporations from across the province. Once elected, each board member is tasked with chairing or sitting on committees within the organization. By-laws, meeting minutes and AGM notes are all available publically.

ACMO's mission to advance the quality performance of condominium managers in Ontario has been well documented over the years. We have supported this mandate by developing and delivering the Registered Condominium Manager (RCM) designation. We have developed partnerships with three institutions in Ontario to facilitate programme: Humber College in Toronto; Mohawk College in Hamilton; and Fanshawe College in London. The courses delivered in the program cover the subject areas of Condominium Law; Physical Building Management; Financial Planning for Condominium Managers; and Condominium Administration & Human Relations. Course structure and format is discussed below under section V.

ACMO also provides membership to corporate firms. The ACMO2000 program permits condominium management firms to put in place ISO-style quality standards in a very cost effective way. The ACMO2000 designation³, along with the code of ethics helps distinguish management firms in the eyes of condominium corporations who are required to comply with a Corporate Code of Ethics, and must submit to independent audits of both their policies and procedures as well as to their adherence of those policies, to ensure compliance with the program and the Condominium Act.

² Overview: <http://acmo.org/acmo.php?id=1>

³ ACMO2000: <http://acmo.org/acmo.php?id=2>

ACMO also provides educational, networking and marketing opportunities to service and trade companies through our associate membership. In turn the associates provide ACMO with valuable technical and educational resources.

II. Current Condominium Context in Ontario

There are more than 1 million condominium residents and approximately 589,000 condominium units in the province of Ontario. The Ministry of Consumer Services estimates that 50 percent of new homes currently being built in the province are condominiums with Toronto being the fastest growing condo market in North America. It is estimated that the Greater Toronto Area (GTA) will be the fastest growing region in the province with an influx of 2.8 million people by 2036. Ontario's overall population projection is estimated to see an increase of almost 4.4 million by the same time.⁴

The *Condominium Act, 1998* was passed and represented a significant improvement from its predecessor. However, since its enactment there has been remarkable growth in the size and complexity of the condominium industry and residential market, which in turn has triggered a number of concerns and related challenges. As a result, in April of 2012, the Ministry of Consumer Services announced the government's intent to review the *Condominium Act, 1998* and is currently engaged in public consultations with all stakeholders on the most pressing issues. Among them include establishing a warranty on new condominiums; the creation of a more accessible alternative dispute mechanism and, as the purpose of this paper prescribes, the regulation or licensing of the condominium management profession.

ACMO understands the marketplace and we are concerned that The *Consumer Protection Act, 2002* does not include condominium consumers within the working definition of consumer. With a growing industry, the current system does not adequately protect the rights of a condominium consumer. As it stands, condominium owners rely on elected board members (who are volunteers) to operate their condominium corporations. These boards can delegate the day-to-day operations of their corporations to condominium managers who are tasked with heavy responsibilities requiring a specific skill set, and ethical, diligent performance.

III. Regulation to Enhance Consumer Protection

Laws in Ontario are set up to protect the consumer when goods prove to be defective or of insufficient quality. Warranties aid the process by designating certain time frames for return or exchange. This

⁴ Ontario Population Projections Update, Ministry of Finance, Spring 2012

process plays a significant role in boosting consumer confidence; purchasers are guaranteed that if their purchase does not meet industry standards then they as consumers have the right to respond.

Condominium owners are calling for stronger consumer protection laws in Ontario. One significant area that presents potential risk for condominium owners is the fact that the condominium management profession is unregulated. With a booming industry and over 1 million condominium residents in Ontario, for ACMO this raises serious challenges and concerns.

ACMO prioritizes this aspect of consumer protection in Ontario. We believe that regulation must be carried out with a high standard of care emulating ethics and professionalism. Over the years ACMO has developed a strong code of ethics to serve industry needs. Within our association ACMO has developed three separate ethic codes⁵ pertaining to each body of participants in the industry and applies to:

- **Individual Condominium Management professionals;**
- **Corporate members (Condominium Management companies);**
- **Associates;**

These ethical codes guide performance to promote the continued development of professionalism among condominium managers, condominium management firms, suppliers, and instill confidence in the profession for condominium boards, condominium owners and the general public.

ACMO recognizes this and supports the framework of self-regulation embraced by other regulated professions in Ontario and is eager to assist the provincial government in developing this model for the condominium management profession. Other regulated industries and professions in the province (Registered Insurance Brokers of Ontario (RIBO), The Professional Engineers of Ontario (PEO) and the Travel Industry Council of Ontario (TICO)) have made positive contributions to their respective industries while enhancing the protection of the public interest and instilling public confidence.

ACMO has been operating on the strong foundations of self-regulation including ethics, discipline and professionalism; we are ready to expand on 35 years of industry experience to become the licensing or self-regulating body for condominium management professionals.

⁵ Code of Ethics: <http://acmo.org/codeofethics.php>

IV. Building the Condominium Management Profession

Introducing proper regulation of condominium managers is long overdue and both the public and the industry demand it. With no current regulation in place, condominium consumers have limited recourse against condominium managers who have done wrong by them. This is a strong indication that the current situation is not conducive to an industry experiencing such transformation and growth. Despite organizations like ACMO who have attempted to raise the bar within the sector voluntarily, there now needs to be a mandatory official change to ensure that condominium managers become regulated practitioners to serve the greater public interest. To achieve this, three important factors must be considered.

1. Overcoming Risk

If the industry continues to see the condominium management profession go unregulated, condominium consumers will continue to be put at risk. ACMO has identified that consumers have been frustrated when managers perform their duties negligently and they cannot be held accountable by any designated body. It is also the case that if a condominium manager commits an offence, the industry has no *mandatory* direct punitive system in place to prevent any re-offenders or to warn the public. ACMO believes this is incongruent with industry standards and the public must be protected.

2. Expertise

Self-regulation must occur through the most experienced and qualified industry association. ACMO has over 35 years of industry specific experience, including the development and delivery of the most extensive condominium specific educational program in North America. Other jurisdictions have taken it upon themselves to administer the condominium management profession under the auspices of the real estate industry. Regulating the profession in this manner would mean that condominium consumers and the greater public would be excluded from receiving the knowledge and expertise that ACMO brings to the industry. Our client relationships differ greatly from those within the real estate sector and our specialization is unlike any other in the residential sector. Furthermore because ACMO has already initiated the academic infrastructure, public partnerships and standards for ethical and professional care; excluding the existing organization would seem impractical and counterintuitive.

3. Resources

ACMO is large enough and maintains sufficient resources to implement a self-regulatory model. We have the commitment and support from stakeholders within the industry and our collegiate partners. Our continuing education is available on-line throughout the province and we plan and operate luncheons with guest speakers on important topics in markets including Toronto, Ottawa, Guelph, London and Collingwood.

Condominium Management Standards Council

The Condominium Management Standards Council⁶ (CMSC) was established to address grievances from the public regarding the conduct of ACMO2000 certified firms. Complaints are heard and reviewed by the CMSC who functions as a supervisory branch to oversee the ACMO2000 certification process. Current members bring strong knowledge, a connection to the local sector and include a qualified industry lawyer, an accountant, a property manager holding an R.C.M. designation, a member of the community holding an ACCI designation, a person with considerable experience as a condominium board director and a property management company who is a corporate member of ACMO. In anticipation of regulating the condominium management profession, ACMO is both willing and ready to work with the government on developing and expanding the role of the CMSC to include government oversight to aid the regulatory process. We foresee this as a great opportunity to partner with the provincial government within an existing branch of ACMO's operations.

V. How to Regulate the Condominium Manager Profession; Proposed Licensing Process

As this paper has indicated, ACMO has established partnerships with Ontario colleges to set up the academic infrastructure to regulate the condo-management profession. With a carefully crafted licensing structure we have kept the best interests of all stakeholders in mind, and most importantly aim to keep the process as transparent and equitable as possible.

I. LICENSING PROCESS

Candidates wishing to manage condominiums in Ontario would be required to conform to certain criteria:

Stage One:

- a.** The person is at least eighteen years of age;
- b.** The person is not an un-discharged bankrupt; or
- c.** The person is capable of managing property within the meaning of the *Substitute Decisions Act, 1992*. 1998, c. 19, s. 29 (1); 2009, c. 33, Sched. 2, s. 17 (1).
- d.** The person does not have an unpardoned criminal conviction of for example; fraud, theft over \$1,000, breach of trust or other such offences relating to honesty or integrity.
- e.** The person has completed a mandatory minimum 20 hour course with a curriculum devoted to covering the legal, legislative and financial requirements of condominium corporations and achieved a mark of 75% on an exam on the course material.

⁶ CMSC: <http://acmo.org/acmo.php?id=4>

- f. The person must maintain errors and omissions and fidelity insurance in an amount to be determined and specified in regulations while managing a Condominium.
- g. the person must commit to abide by and be governed by ACMO's code of professionalism and ethics
- h. The person must obtain the Registered Condominium Manager designation within 5 years

Candidates wishing to obtain their Registered Condominium Manager (RCM) designation must conform to the following criteria:

Stage Two:

- a. the person must be eligible to manage a condominium (as outlined above);
- b. the person must have completed the four condominium management courses with a minimum of 160 hours of study and obtained a mark of at least 60% in each course (see mandatory courses below);
- c. the person must have completed the RCM exam with a minimum mark of 75% (see certification exam below);
- d. the person must have at least two years' experience managing a condominium (see two-year experience requirement below);

The RCM designation integrates a mandatory 4-course curriculum administered by an authorized ACMO institution. Each qualifying candidate must pass each course by way of an examination.⁷ Failure may result in a requirement to retake the exam or the course material. All ACMO RCM courses are delivered through partnered colleges in Ontario or through certified ACMO2000 corporate members and instructors certified by ACMO; all of our courses are taught by professional condominium managers and industry specialists.

Mandatory courses:

1. Condominium Law

All aspects of the law and documents that govern condominiums are addressed in this course. Emphasis is placed on the Condominium Act, 1998, as well as on legislation such as the Human Rights Act, Occupational Health and Safety Act, contract law, agency law, and litigation, among others. In

addition to these acts, related governance that includes declarations, bylaws and rules will be covered, as well as how and when to use lawyers and other professionals.

⁷ All examinations are available in both official languages.

2. Physical Building Management

Topics covered provide a working knowledge from a property management perspective of heating, ventilation, air conditioning (HVAC); electricity; building

envelope; plumbing systems; fire systems; performance audits; and grounds-keeping. You will learn when to call in professionals, how to problem solve, and communicate effectively the issues and solutions with your boards of directors.

3. Financial Planning for Condominium Managers

Learn how to operate a condominium according to sound fiscal policies and procedures to assure a condominium's long-term economic success. Topics covered will include budget, collection, expenses, reserve fund, investments, accounting methods, financial statement, cash-flow planning, audit, borrowing, and treasurers and auditors.

4. Condominium Administration and Human Relations

This course is designed to provide the information, knowledge and skills required for effective condominium management. The content builds on the knowledge gained in the Condominium Law course (recommended prerequisite) and focuses on the day-to-day operations required by the Act and other legislation.

- e. **'Certification Exam'** This exam is the "Registered Condominium Manager" (RCM) exam which upon a pass will CERTIFY the candidate to become an RCM, his/her name will be admitted into the registry with "Candidate status"
- f. **Two-year experience requirement** (candidates have maximum duration of 5 years to complete). This probationary period allows the candidate to practice. During this time, it is mandatory that he/she will fulfilled the following:
- 2 years of full-time, primary Property Management accountability/responsibility for at least 1 Condominium Corporation, 1 Shared Facility of 2 or more Condominium Corporations, or 1 phase of a Phased Condominium Corporation;
 - The Candidate is the primary contact person for the Board of Directors, Owners and Service Contractors for at least 1 Condominium Corporation, 1

Shared Facility of 2 or more Condominium Corporations, or 1 phase of a Phased Condominium Corporation;

- The Candidate has prepared and presented Property Management Reports and presented and interpreted Financial Statements for at least 8 meetings of a Board of Directors or a Shared Facilities Committee;
- The Candidate has taken steps to enforce the Corporation documents, and is familiar and fulfills their role in the procedures and dealing with the collection of arrears and Status Certificates;
- The Candidate has supervised Corporation Staff, Trades and/or Contractors as applicable to the property or properties that they manage;
- The Candidate has dealt with after hours and weekend emergencies;
- The Candidate has prepared or participated in the preparation of at least 1 Annual or Special General Meeting package and taken primary accountability/responsibility for the organization of the meeting.
- The Candidate has prepared or participated actively in the preparation of at least 2 annual Budgets and presented them to the Board of Directors for approval. The Candidate has prepared or participated actively in the preparation of at least 2 budget packages for Owners or, in the case of Shared Facilities, to the participating Corporations.

VI. Addressing Challenges

We have a long history of operating in Ontario, focusing exclusively on the condominium sector. We represent a voice for professionals within the condominium industry. Building relationships has been a key factor to our continued success ACMO has partnered with the Canadian Condominium Institute (CCI) in Toronto on a number of public policy issues. In the spring of 2012 ACMO and CCI partnered to engage the provincial government to focus on the primary areas within the industry that require review. ACMO and CCI also hold an annual conference bringing together industry professionals, academics and government to share ideas on how to improve industry standards.

ACMO is unlike any other association within the residential sector. Our sector concentration has allowed us to focus specifically on the condominium profession and not to become an unidentifiable organization under the umbrella of the real-estate sector. Although our practices may appear comparative, the real-estate industry has not cultivated a depth of knowledge and expertise of the condominium sector. We have a less complicated scheme allowing our association to focus specifically on condo management related issues.

ACMO's operations demonstrate our capability and capacity to put in place the requirements for a regulating body. We have set minimum requirements for admittance to the RCM program and set requirements for practicing both ethically and professionally. We have built a disciplinary process, reporting standards process and a body of committees to address particular issues within our association. We have a transparent process to evaluate the competence of members through our CMSC, all combining to situate our organization in a position to build on the foundations of 35 years' experience. ACMO strongly urges the Ontario government to pursue licensing or regulation, but using the most capable and skilled professionals.

No project of this size constitutes an easy task. We are grateful for the attention that the Honourable Margaret Best, Minister of Consumer Services and the Ministry of Consumer Services have dedicated to the Condominium Act Review so far. We are confident with the appropriate steps forward; we can work together and achieve a higher standard of consumer protection within the condominium industry.

VII. Conclusions: The Way forward

The growing need for reliable professionals within the condominium industry has triggered the government to respond by creating an open ended public consultation process to pave the path forward for consumers in Ontario. The regulation of the profession has been a growing concern for jurisdictions across North America. But nowhere is an association with as much longevity and understanding of the industry as right here in this province. Ontario has a history of encouraging self-regulation and now has an opportunity to establish itself as a leader within the condominium sector.

ACMO believes and fully supports the licensing or self-regulation of condominium managers in Ontario. ACMO has the interests of the public at heart, which is why we as an organization have worked determinedly over the years to strengthen our association and create an organization that is willing, ready and able to be the administrative body of licensing or self-regulation in Ontario.

As the public consultation process continues, ACMO is committed to participating and engaging on each level as the discussion progresses. We look forward to recommendations and requests on regulation and legislative options.



Dean McCabe, RCM, ACCI, AIHM | ACMO President and Chair

Submitted on behalf of the ACMO Board

The Association of Condominium Managers of Ontario Board of Directors

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