

Comfort Chronicle

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1st Owner-elected Condo Board

The turnover meeting is over and you have been elected to the Board of Directors. Congratulations! Now what? We have all heard the saying “start as you mean to go on”. Take it to heart. Think about who takes what position within the Board. Be an active participant in the post turnover Board meeting. Be vigilant to ensure that the Declarant has turned over all documents listed in the Condominium Act either at the meeting itself or within the required thirty days. If there us something you don't understand, ask questions.

If the Declarant has not set up Standard Unit and Insurance Deductible by-laws, make doing so your first order of

business. Board members are expected to act with due diligence which includes becoming familiar with the Condominium Act as well as the corporation's governing documents as well as getting expert guidance to help you become familiar with your myriad obligations.

If you want to gain more confidence as a new Board member, consider taking courses specifically designed to educate Board members such as those offered by the Canadian Condominium Institute.

Every decision a Board makes is very important. Remember, the success of the corporation depends on the effectiveness of the Board.



Board membership must be taken seriously.

Helping New Boards Become Comfortable

Despite the recent economic uncertainty, condominiums continue to spring up all over. This means that first-time Boards are being elected on a regular basis.

This issue is devoted to helping all Board members learn about and practice their responsibilities so that

their corporation will thrive from the very beginning.

We remind Boards to avail themselves of the important resource their property manager represents.

We at Comfort Property Management Inc. partner with Boards to help create

healthy corporations.

If there are any topics you wish to learn more about, please feel free to contact us.

Happy Holidays to all!

Maintaining Your Corporation's Financial Health

Like anything, successful condominium corporations require sound leadership from their Boards. Just as individuals are reminded to plan both for their financial future and present, Boards must do the same through adequate reserve fund planning as well as operating fund budgeting.

When planning its financial health, Boards must consult with the accountant, lawyer, and reserve fund study

engineer for the corporation.

In addition, Boards must be mindful of anything that has the potential to change the condominium corporation's financial picture, such as the HST.

Property Managers must ensure that their Boards have the corporation's monthly financial statements before monthly meetings to enable them intelligently discuss potential "red flags" and

possible remedial strategies before they become bigger problems.

Take enough time during the budget planning process to ensure that the Board and Property Management have planned for all foreseeable expenditures. Be constantly aware of any shortfalls either in specific line items or overall totals and always be prepared to take any appropriate action.

Insurance Deductibles

Property Managers and Boards alike dread having to clean up and repair damage following a flood, fire or similar disaster. While monitoring the work of the restoration contractor as well as liaising with the affected unit owner/s and the corporation's Insurer, they must also pay attention to who pays for what.

Pursuant to Section 105 of the Condominium Act, the deductible is usually a

common expense unless the unit owner's negligent act or omission was the cause of the damage. In addition, section 105[3] allows corporations to pass a by-law to broaden the circumstances whereby the deductible can be charged back to unit owners. Boards are well advised to get advice from the corporation's solicitor on the procedure for passing this by-law.

There are also a number of other possible extenuating

circumstances to consider, for example, was the damage caused by a unit owner's contractor or tenant. If so, a whole other layer has been added to the process.

However corporations must remember that section 105[2] states that the actual amount that can be charged back to the offending unit owner must be the lesser of the repair cost or the limit of the corporation's deductible.

"Where to charge insurance deductibles can be a thorny issue. Establish a clear cut policy."

Smart Meters – to Change or not to Change

Ontario Regulation 442/07 (under Electricity Act 1998) became effective December 31, 2007. Since that time, numerous contractors have inundated condominium corporation mail boxes describing the value to Boards of retrofitting their buildings to accommodate

smart meters and smart sub-meters.

Proponents of smart meters argue that bulk metering discourages conservation because it requires 100% participation which cannot possibly happen. They also note that utility costs

represent the major portion of the corporation's budget.

While opinions vary, Boards should know that if they decide to go ahead with the aforementioned they can do so without the having to amend the condominium corporation's declaration.

There is Help Out There – Use It

The Condominium Act allows Board members to avoid liability if they rely on the expertise of professionals. Nowhere is relying on professional expertise more essential than when the Board is undertaking a major project.

Boards normally award contracts for this work based on quotations/bids which are, in turn, based on a Scope of Work.

In order to protect the corporation from having to spend money for improper work, it is essential that an engineer, familiar with the property complete the Scope of Work. If a Board relies on the Property Manager or fellow Board member to draw it up, there is greater potential for ambiguity and dissatisfaction since neither has the expertise to include all the essential details.

If an engineer both draws up the scope of work and oversees the project, when a problem arises, the engineer can deal with it expeditiously thereby ensuring a better result.

Money for such projects may be taken from the reserve fund, Boards are well advised to allocate money in both the operating budget and the reserve fund study to hire an engineer. It will be money well spent.

Maintenance Fees – The Engine that Runs a Corporation

Money makes the world go around – something we have all heard countless times and have seen proven on a global (no pun intended) level.

However, too many Boards forget that effective money management is the essence of a successful condominium corporation. Effective management begins with setting a comprehensive operating budget and actively ensuring that the

maintenance fees supporting that budget are collected. It goes without saying that a shortfall in maintenance fee collection threatens the corporation's total financial stability. The Property Manager has procedures in place for timely collection. It is essential that Boards support those procedures. Make sure that Board meetings are scheduled late enough in the month to enable the Property Manager

to present the most current monthly financial statements, including an aged accounts receivables report. Study this carefully. The Property Manager's Report must also include a section on arrears and what has been done to clear them.

When owners know that Boards are serious about collecting maintenance fees, they will be serious about paying them.



Consistent Rule Enforcement

Last issue dealt with the importance of orientation committees and welcome packages, which should include the corporation's governing documents. This lets new owners know, from the outset, the corporation's rules and regulations. The

Board's job is to enforce these rules swiftly and consistently but with reason. While it may seem harmless to allow one owner to get away with a minor rule infringement, the Board leaves itself open to liability if it tries to enforce that same rule elsewhere.

Ensure there is a procedure in place whereby a polite warning or general letter goes out to all owners before initiating legal action. In many cases, the Property Manager will be able to mediate the problem before it becomes a legal issue.

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Comfort Property Management Inc. was conceived in 2002 by its founder and President, Gabriel Dolnicanu in response to a growing number of dissatisfied condominium corporations caught between large management companies' "cookie cutter" style and small, over extended companies' poor product. The obvious answer - a property management company, which is small enough to be able to customize its program to meet the clients' unique needs but large enough to attract knowledgeable professionals.

Our **philosophy** is very simple – provide the best possible property management program that recognizes and caters to our clients' unique needs at a competitive price without sacrificing the level of client service. But that is just the beginning. Contact Gabriel for more.



Customized Property Management
at a Comfortable Price

Garbage Disposal Tips for Condominium Corporations

Blue box recycling has been a fact of life for single family dwellings for approximately twenty years so why has it taken so long to come to multi residential buildings?

One reason may be the nightmare of retrofitting buildings to meet current guidelines. While many municipalities may have equipped highrises with blue boxes/bags for recyclables and the beige countertop bins for compostables, they allowed each corporation to design its own collection system and made it responsible for educating its residents on

the proper procedures and ensuring compliance.

The problem is that most buildings have the one chute per floor system making garbage disposal easy and convenient. Now, with minimal insuite storage, residents are expected to compartmentalize their garbage or take it to a central garbage location which can be both inconvenient and even unpleasant.

However, if everyone works together, inroads can be made in, at least, reducing the amount of garbage thrown out by the building.

If owners require that their contractors take all their garbage with them (such as old carpet, empty paint cans) when performing insuite work, they will not be adding anything to the property's garbage.

Condominium corporations must continually remind their owners about the correct garbage disposal procedure. In addition, Property Management must regularly inspect the garbage area to ensure that it is clean and odour free. If everyone works together, there is more chance for successful recycling.