

Understanding Condominiums

Buying, Selling and leasing – from a Real Estate perspective

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Learning Objectives

Condominium basics

Status Certificates & components

Condo Fees/Budgets

Reserve Fund Studies



Condominium Basics



Condominium Basics

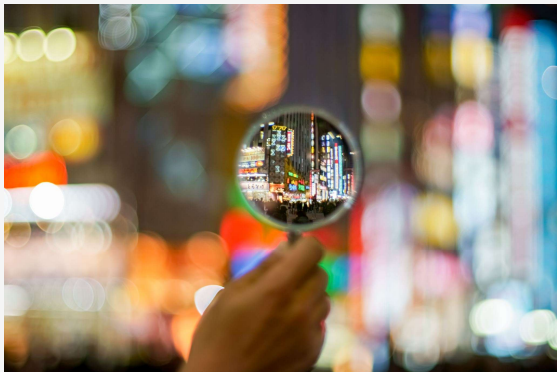
Condominium Authority of Ontario (CAO)

- Established 2017
- consumer protection and supporting healthy condo communities across Ontario.
- Source for information, training, dispute resolution, and other services to help improve condominium living.
- online dispute-resolution process, called the [Condominium Authority Tribunal \(CAT\)](#) and adjudicate disputes.
 - As of January 1st, 2022, the CAT will be granted the authority to handle disputes involving nuisances, annoyances, and disruptions.

Condominium Management Regulatory Authority of Ontario

- Established 2017
- regulatory body providing oversight of condo managers and management companies, the CMRAO helps to protect consumers in Ontario
- Regulation by the CMRAO means condo managers and management companies will be licensed, meet minimum education requirements and comply with a [code of ethics](#). Meeting these standards will enhance the integrity of the sector, elevate the profession and provide condo owners with confidence

Condominium Basics



Types of Condominiums:

- Standard
 - Phased
- Common Elements
- Vacant Land

Amalgamation

Registration

New builds

Corporation legal name
/ Short form

Hierarchy

Condominium Basics

Types of Corporation Governing documents

- Declaration
- Bylaws
- Rules
- Policies
- Standards

Governance

Year Ends

Leasing

Status Certificates & Components



Status Certificates

What is it?

- Section 76 of the Ontario *Condo Act*, that provides basic and **essential information** for potential purchasers
- What are the components of a Status Certificate?
 - Summary of the type of Corporation (management contact, Board of Directors, unit financial status, arrears, balance of the reserve fund, any legal issues, alteration agreements registered against the unit, Governing documents (outlining the corporations's declaration, by-laws, rules and regulations), a copy of the insurance certificate, latest audited financial statements and a summary of the most recent reserve fund study, current budget, latest periodic information certificate and ICU.
- Main focus
 - Financial health of the Corporation
 - to provide a potential purchaser of fees, of any large increase that is going to come into effect, of any special assessment that is being contemplated by the board, and any arrears or lien that a particular suite might have.
- Key Questions
 - Are you planning to live there or is it an investment property
 - Do you or your tenants have pets?
 - What is the parking situation?
 - Are there lockers?
 - Do you have special projects or repair and maintenance plans for the unit?
 - Have you or your lawyer reviewed the governing documents?

Status Certificates



Who can request:

Anyone can order a condo corporation's status certificate by providing a written request and paying the fee.



When to request it:

This is typically only done when there is a prospective buyer of a resale condo unit. Whether the buyer or seller pays this fee is negotiable, and the standard varies by area. For instance, the seller typically pays for the status certificate in Toronto, but in London it's typical for the buyer to pay.

In a sellers market, it is typical for the status certificate to be ordered and ready for potential purchasers to avoid a status certificate condition.



Timing:

10 days is required timeline for the Corporation or management to provide the status

Some Corporation and management companies offer expedited services for an additional fee.

Ensure your Status condition takes into account these timelines



How to order

Lawyer (will arrange through the management company or Board of Directors if self managed)

Management Company (many companies now provide online service through the website/conduit)

Condo Fees & Budgets



Condo Fees / Budgets



'Why are the Condo Fees so high?'

- Key pointers that will impact a fee:
 - Zero based budget (Revenue equal the expected expenses)
 - Proportionate shares (described in Schedule D of the declaration)
 - Fiscal year ends
 - Age of Property
 - Type of Condominium
 - Number of Units (Economy of Scale)
 - Unit boundaries
 - Maintenance & Repair obligations

Condo Fees / Budgets

'Why are the Condo Fees so high?'

• Components of an Operating budget:

Revenue:

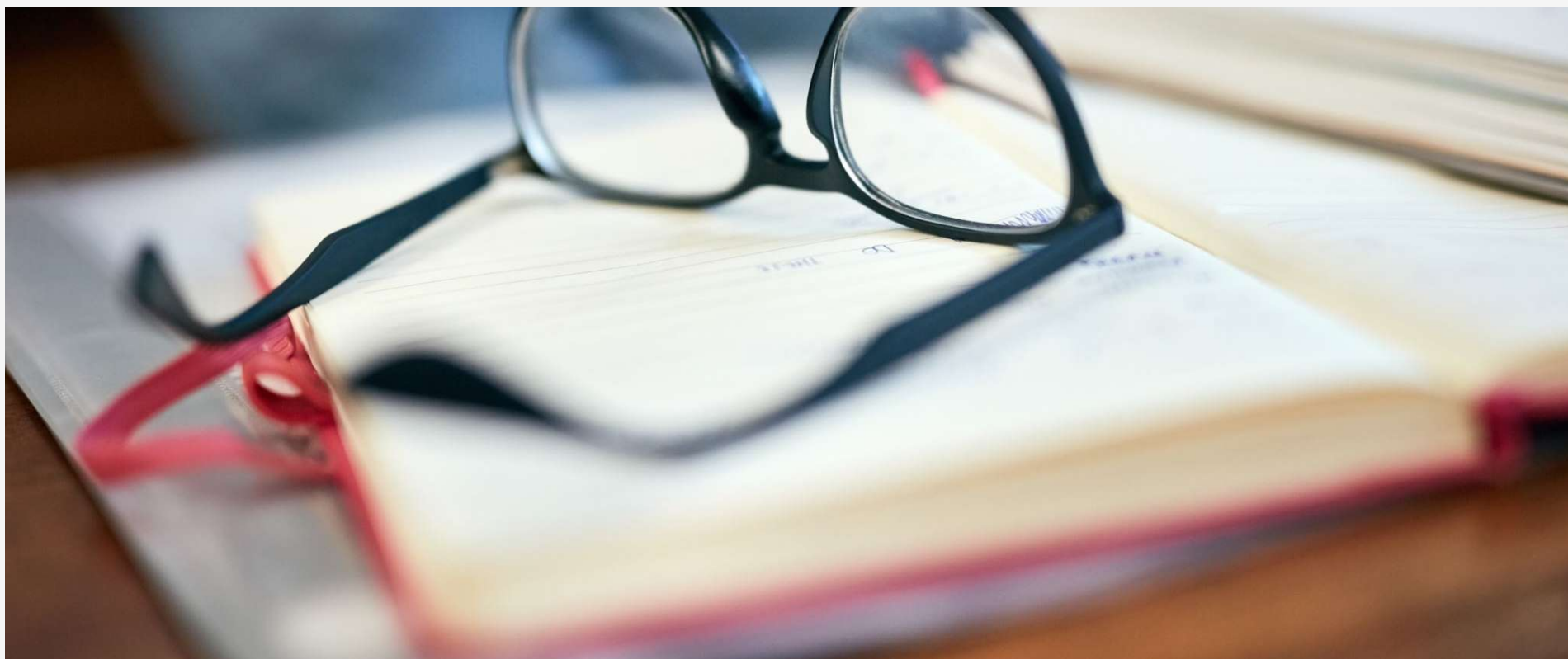
- Common Element Fee
- Parking
- Storage

Expenses:

- Contracts (i.e. Snow, Landscaping, Cleaning, Irrigation)
- Landscape/Snow Extras
- Repairs & Maintenance
- Resources (Electricity, Gas, Water)
- Administration (Administration fees, Insurance, CAO)
- Professional Fees (Management, Audit)
- Reserve Fund Allocation

• Reserve Budget

Reserve Fund Studies



Reserve Fund Studies

What is a Reserve Fund Study

- determines how much money needs to be in the fund to ensure the major repairs and replacements can be paid for in the future.
- Projection of expenses on common elements items and inflation over 30 years
- Study must be prepared by a specialist, like an engineer.
- The board of directors approves the study, then informs owners of the results of the study through the Notice of Future Funding

Class of Study / Timing

- Class
 - Comprehensive
 - Class 2 (site visit)
 - Class 3 (no site visit – update)
- Timing
 - Every 3 years

Contribution to the Reserve

- Separate fund
- New Construction
- After the first year

What's new

The “*Less Red Tape, Stronger Economy Act*” (Bill 91) received royal assent June 8, which will amend the Condo Act and will come into effect on October 1, 2023. [Until then, these measures continue to be permitted by the temporary schedule)

- permit condos to hold virtual or hybrid meetings;
- permit voting to be done electronically; and,
- facilitate how notices and other documents are sent to owners.

The above will be allowed without the requirement of passing a by-law, but corporations will be able to tweak or restrict the above to meet their needs.

Also...

- ACMO is lobbying for the change in price for status certificates from \$100 to \$500 with a 3 year price review.
- ACMO issued a press release May 29, and the media is picking up the article on the shortage of Condominium Managers.
- 1.5 million homes in 10 years, including a large number of new condos.
- 2,543 general license holders manage more than 12,400 condo corporations, representing 950,000-plus units throughout Ontario.
- ACMO says an estimated 3,333 general license holders are required to manage the current inventory of units in Ontario. To relieve the shortfall, the province's 1,638 limited license holders handle some daily administration tasks;

Questions



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