

## WHAT CONDO DWELLERS ARE READING



# APATHY LEADS TO RACKETEERING, MONEY LAUNDERING AND GRAND THEFT

Hundreds of residents unable to vote because of a bomb threat. Accusations of ballot-tampering and bribery. These were some of the problems confronting the largest homeowners association (HOA) in Florida. Owners were harassed with threats of foreclosure and code violation fines. Despite this, directors were re-elected after certifying its own results. Soon after, a secret budget meeting was held after which the board implemented a

**CONTINUED PAGE 6 ...**

## FROM THE EDITOR .....

Apathy among condo owners is the greatest threat to condominium communities. Too many fail to pay attention until too late.

**Apathy Leads to Racketeering, Money Laundering and Grand Theft**, our feature article, looks at how apathy in the largest homeowners association in Florida led to a massive increase in monthly fees, theft of millions of dollars and deterioration of their home as community directors operated without oversight.

If you think this can't happen in your community, think again! Nothing protects a condominium community where there is apathy. No laws or protections are enforced where owners are unaware of problems or unwilling to take action.

Owners cannot simply vote for directors then fail to look closely at what is happening between elections without consequences.

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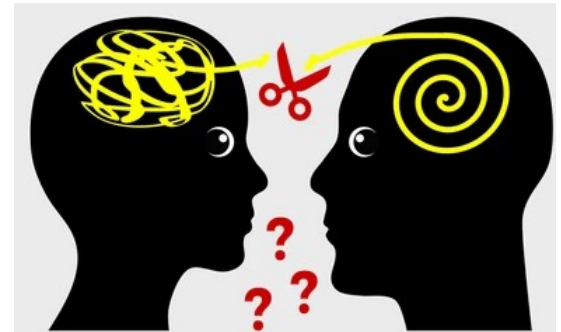
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## MISUNDERSTANDING THE CONDO AUDIT

Audited financial statements provided to condo owners are misunderstood to their peril.

Some view audited financial statements as an indication that their corporation is in a strong financial position. Yet nearly every condominium corporation that has had a special assessment or experienced financial difficulties has likely delivered to owners recently audited financial statements accompanied by an opinion letter delivering an unqualified or clean report.



How can a condominium corporation deliver audited financial statements with a clean opinion letter yet be in financial difficulty? This is one of many questions asked by readers after **Toronto Condo News** published [Condominium Corporation Audits](#) which offers a general understanding of the condominium corporation audit. This article provides clarity.

The Condo Audit exists solely to ensure compliance with the Condo Act. This has nothing to do with the overall financial condition of the condominium corporation.

### Understanding the Condo Audit

The Canadian Institute of Chartered Accountants (CICA) has published [Accounting and Auditing Guidelines for Canadian Corporations](#). This 52-page document is followed by accountants who conduct condo audits. It suggests accounting principles, and audit and reporting practices to be applied to Ontario condominium corporations.

The condo audit has become routine to the extent that the CICA document includes a checklist for auditors to follow. This checklist tends to remain static while technologies, financial systems and

**CONTINUED PAGE 4 ...**



## MISUNDERSTANDING THE CONDO AUDIT... CONTINUED FROM PAGE 3

people change. Individuals who are intent on hiding or accessing corporation funds can more easily do so when they understand how the audit is conducted. While this static checklist offers benefits, the big drawback is that some condo boards can remain compliant with the Condo Act and receive a favourable audit while failing to ensure their corporation is in a strong and sustainable financial condition.

For a condo owner concerned about the financial stability of their corporation, the Condo Audit generally fails to consider longer term financial trends. It puts faith in an accepted reserve fund study and financial plan, either of which can be flawed, without an in-depth analysis.

***For a condo owner concerned about the financial stability of their corporation, the Condo Audit generally fails to consider longer term financial trends. It puts faith in an accepted reserve fund study and financial plan, either of which can be flawed, without an in-depth analysis.***

**Project Funding Disagreements**

There is a disagreement among condo auditors about when expenditures can be funded through the reserve fund. This can allow condo boards latitude and broad discretionary authority about how to fund major projects. This discretion at times results in expenditures from the reserve fund for which funds have not been set aside.

Here we provide examples, some based on actual experiences, of what we consider to be best practices for which there may be disagreement among auditors and actions by condo boards:

- Annual patching or paving repairs to parking should be a general operating expense.
- Electronic display monitors are added during an elevator refurbishment project. Elevator refurbishment costs are included in the reserve

fund study but not the display monitors. The monitors should be a general operating expense.

- Recent changes to the elevator safety code have increased the cost of elevator modernization by an estimated \$20,000 to \$25,000 per elevator. If your elevators are to be updated in the next few

years and this specific work is not reflected in the reserve fund study, there is likely a financial shortfall that needs to be addressed.

- Upgrades to support electric vehicle charging systems should be a general operating expense and not a reserve fund expenditure. (The Condo Act clearly states this is an allowable reserve fund expenditure. We disagree.)

Re-paving a large portion of the parking area should be a considered a major repair and replacement expense paid out of the reserve fund.

- Party room renovations are funded through the reserve fund. The reserve fund study may not have included funding for furniture. Upgrading or downgrading the quality of renovation furniture, fixtures, flooring or artwork from what is anticipated in the reserve fund study, while reasonable, impacts on the reserve fund balance. When funded solely through the reserve fund, there are no controls on how much can be spent. When upgrades are funded through operations rather than the reserve fund, there are more restrictions on limits of expenditures without seeking approval of owners. All "enhancements" to common areas

**CONTINUED PAGE 5 ....**

## MISUNDERSTANDING THE CONDO AUDIT... CONTINUED FROM PAGE 4

should be an addition, alteration or improvement of common areas not funded through the reserve fund.

- Conversion of paved space to a playground or landscaped area should be considered an addition or alteration to the common elements not paid for through the reserve fund.
- Conversion of a common area to another use should be considered an addition or alteration to the common elements not paid for through the reserve fund.
- Converting a grassy or paved area to interlocking bricks would be an improvement not funded through the reserve fund.

When a condo board allocates expenditures to a reserve fund and not previously set aside these funds, the reserve fund gets depleted yet this may not be apparent for many years until major expenditures are necessary. When it becomes more apparent this has occurred, there can be a dramatic increase in condo fees or a large special assessment to ensure funds are available for necessary expenditures.

### Reserve Fund Adequacy

A reserve fund is declared adequate by the auditor when it complies with the Condo Act. This means there is a current reserve fund study and condo fees are at a level deemed appropriate given the future expenditures in the study. Adequate from an accounting perspective presumes that a reserve fund study was conducted in an unbiased manner and using reasonable estimates. In practice, a reserve fund may not be adequate if interest or inflation assumptions are incorrect or unreasonable. Timing of future expenditures may have been adjusted by request of a condo board and impact on condo fees. Certain large expenditures may have been omitted from the

reserve fund study to lower future anticipated expenditures. The condo audit does not delve in any of this.

While upgrading a building's infrastructure to support electric vehicle charging systems is an allowable reserve fund expenditure according to the Condo Act, this approach utilizes funds set aside for other purposes. The reserve fund becomes inadequate unless replenished in some way.

In short, a reserve fund deemed adequate by the auditor may not actually be adequate to ensure it has the funds necessary to pay all of its anticipated expenditures.

### Selection of Auditor

Condo owners are required to approve of the board's recommendation of auditor for the coming year. They are allowed no further input to the selection of an auditor nor do they have access to the auditor's report. The only information available to owners are audited financial statements and the quality of any presentation made by the auditor at the annual general meeting.

Condo owners are not provided with sufficient information to make an informed decision when approving any recommendation for auditor.

The Condo Audit remains an important part of condominium governance. It offers limited value in understanding the financial stability of a condominium corporation, and its value should not be overstated.



## APATHY LEADS TO RACKETEERING, MONEY LAUNDERING AND GRAND THEFT... CONTINUED FROM PAGE 1

300 to 400 percent increase in monthly maintenance fees.

If you think this can't happen in your community, think again! Apathy among condo owners is the greatest threat to condominium communities. Too many are unconcerned about how their community is being managed and how funds are being utilized opens the door for dishonest condo directors and condo boards. Problems escalate when nobody is watching the decision makers.

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Apathy is a contagion that grows in condominium communities. It begins with owners comfortable with having someone else manage their home. They fail to read and understand documents. Then they fail to show up at meetings. In short, there is little to no oversight over those elected to manage the community and finances.

Once elected and without owners paying attention, directors find it "convenient" to look the other way when one director has a conflict of interest. They fail to provide details of expenditures or useful financial information to owners. They may choose to, and see no negative consequence of, ignoring laws or governing documents. After all, if nobody is watching over them, why not ignore something to save time or effort!

Board members "do their best" but things constantly go wrong and systems don't get repaired. No financial oversight means money is unavailable

for necessary expenditures or is improperly used. Nobody wants to be accusatory even when something doesn't pass the smell test.

These are all signs of apathy. When owners or directors look the other way on minor infractions, this leads to increased boldness. Individuals interested in lining their own pockets get elected as directors and find it easy to obtain financial benefits

from serving. They may justify this as reasonable in return for their efforts. As time passes, their boldness grows as do financial losses to the community.

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Less than a year later, two board members and two former board members of this 18,000-resident community were charged with stealing \$2 million from the HOA. At least \$3.4 million in missing funds are unaccounted for.

This has been a seven-year battle that began with four people fighting the board and breaking through the apathy to show owners they were being exploited and taken advantage of. Owners then coalesced and took action in 2022 after their chaotic election. Owners suspected fees were being stolen by the board after they stopped holding public meetings and ignored by-laws. Justice for the Hammocks, the group of residents, complained to the state agency that oversees HOAs and the state attorney's fraud investigators. They held a recall election but two-thirds of the ballots were thrown out by the board. Hammocks Community Association was placed

***Apathy among condo owners is the greatest threat to condominium communities***

***Problems escalate when nobody is watching the decision makers***

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## APATHY LEADS TO RACKETEERING, MONEY LAUNDERING AND GRAND THEFT... CONTINUED FROM PAGE 6



under the supervision of a receiver who undertook an investigation which uncovered major fraud and theft by a board that failed to hold a public meeting in four years. The annual budget had increased from \$4 million to \$13 million without any explanation for how the money was being spent. Despite these higher expenditures, amenities were deteriorating.

Investigators uncovered a fraud whereby board members used HOA cheques and credit cards from 55 bank accounts to pay for work by shell companies or vendors that never occurred. Money was funneled back to the board for their personal use.

More than 200 cheques were written to a company run by the former HOA president and treasurer's husband. Both were charged with racketeering, money laundering and grand theft. Allegedly, the

money was used to renovate their house, buy a truck and build a home in Colombia.

This was not the first time the former HOA president had been charged. In April 2021, she was charged with stealing \$60,000 US from 2016 to 2018. Funds were used to pay a private detective to spy on rivals in the community.

The board was known locally as the "Gallego Mafia." About \$825,000 in HOA fees were used to pay for Gallego's defense lawyers.

Nothing protects a condominium community where there is apathy. No laws or protections are enforced where owners are unaware of problems or unwilling to take action. The best protection for any community is to understand their governing documents including the Condo Act, and to be prepared to take action when they are not adhered to.



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# PIC POWER: KEEPING CONDO OWNERS IN THE KNOW

The Condominium Act requires Ontario condominiums to regularly send a Periodic Information Certificate (PIC) to owners, within 60 days after the end of the first and third quarter of the condominium corporation's fiscal year. This semi-annual reporting certificate became a legal requirement in 2018, following major reforms to the Act in 2017.

The PIC was introduced to increase communication between condominium boards and unit owners. The Condominium Authority of Ontario (CAO) has set out specific form and requirements for the PIC to ensure owners are continually kept apprised of financial, legal, and other matters that are the responsibility of the property manager along with the board of directors. Effectively, it's a regular, structured snapshot of the financial health and governance of their corporation.

Despite being in place for over five years, PICs are often only provided with a cursory effort. They are commonly relegated to the bookkeeping

department of the property management company to complete, with insufficient scrutiny by the board or condominium managers - viewed by some just as a semi-annual nuisance form to be filed.

However, according to the Act, PICs are part of the corporation's core records and fundamental to the ongoing daily operation of the condominium. The corporation is responsible for the preparation and accuracy of the PIC. If it fails to comply with this obligation, it could potentially face applications for compliance orders from unit owners and penalties from the Condominium Authority Tribunal (CAT).

Despite its value and importance, the PIC is a poorly designed form. Some of the questions are vague (e.g. what constitutes the "annual contribution to be made to the reserve fund" for Section 4, page 5 of the form), leaving too much leeway in its preparation, and doesn't require specific disclosure of special assessments nor anticipated significant capital expenditures (e.g. same section goes on to require listing "the anticipated expenditures to be made from the reserve fund in the current fiscal year..." - yet most major projects span multiple years).

Echoing a July 2023 [Toronto Condo News](#) article, "the PIC is of little value in understanding the financial state of your condominium corporation." It's time to remedy this and empower condominium owners with relevant, accurate information.

To do so, I call on:

**CONTINUED PAGE 9 ....**



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## FAILURE TO PAY FEES

With condo fees and special assessments expected to increase, some will be surprised to find that failing to pay these fees can result in foreclosure.

The condominium corporation has many rights incorporated in their governing documents. These rights are agreed to by a buyer before the purchase of a condominium is finalized.

One of these rights is to collect assessments and condo fees. When assessments and fees are not paid, the condominium corporation has the right to initiate a lien, and possibly foreclose against the unit, regardless of its mortgage status.

A condo mortgage typically requires that the unit be insured, taxes are paid, and the mortgage holder be current in payment of condo fees and assessments. When fees and assessments are not paid, it is likely the owner is in violation of their mortgage agreement. The mortgagee, typically a bank, may choose to pay outstanding fees to retain their

ownership of the condominium. Defaulting on the mortgage can result in loss of the home to the bank or other financial institution.

Continuing to not pay condo fees and assessments leaves the condominium corporation with no option but to file for a lien against the property, and possibly initiate foreclosure actions, to collect money due to them.



### PIC POWER: KEEPING CONDO OWNERS IN THE KNOW... CONTINUED FROM PAGE 8

1. The CAO to review and update the PIC form, as well as providing condominiums with guidelines on completing these forms (and if needed, add regulations).
2. Directors to scrutinize their semi-annual PIC forms - while clearly the responsibility for preparing PICs resides with the condominium manager, the ultimate responsibility lies with the board and the absence thereof puts the corporation at risk (boards need to implement a

more structured review and approval process of their PIC filings).

Bruce Young, CPA, CA, CEA is an advisor and founder of [Collective Agreement](#). He applies a pragmatic, strategic perspective to help those dealing with disputes and matters prone to litigation optimize outcomes. **Toronto Condo News** thanks Bruce for his assistance with this article.



## RECOGNIZING A GOOD CONDO BOARD

There are few requirements or prerequisites for serving on a condo board other than what might be specified in the governing documents. These include a minimum age and not in arrears or litigation with the corporation. A professional history or relevant experience as an engineer, business manager, lawyer, accountant, architect or designer can be helpful, even desirable.

Some desire to sit on the condo board for personal, self-satisfying or professional reasons. Their focus is personal benefit rather than improving or maintaining the community. An owner-landlord, for example, may prioritize low condo fees over everything else to make their rental business more profitable.

So, what makes a condo board good?

### Professional Respect

Every board member, and those interested in serving, should at minimum have read and are able to understand their governing documents, and can apply reasonable judgment in making decisions. There should be a basic intelligence and ability to analyze problems. There is no need to be an expert on any subject. Directors are expected to seek the expertise and guidance of professionals - lawyers, accountants, engineers, insurance brokers - before making decisions.

The board, and individual directors, should be able to communicate, collaborate, trust and work with the management professionals they employ as

partners to achieve goals.

A lack of respect for other opinions creates an ineffective and unprofessional environment.

### Bad Boards and Complacency

Even well-intentioned boards can become complacent. A "bad board" takes the easier route by deferring changes to the status quo or "passing the buck" to future boards rather than make difficult or unpopular decisions.

Bad boards, and directors, have a "this is the way we have always done it" mentality. They are resistant to new ideas.

A "bad board" fails to understand, or acknowledge, that keeping fees at the same level for years is not beneficial. While this is appealing to some owners, it is the cause of a future financial crisis and countless problems before this point is reached.

A condominium corporation is a business. Those unable focus on operating the business for the benefit of owners and doing right by them should not be on the condo board.



## GREAT PEOPLE WITH AWESOME INTENTIONS



Great people with awesome intentions often burn themselves out and don't deliver.

A community we manage had the developer set up an "Advisory Committee" while under declarant control.

One of the committee members wanted to keep costs low so he volunteered to handle all of the irrigation issues himself as well as fertilization and shrub trimming. That way they could hire a cheap landscaper to mow, edge and blow. He also volunteered to coordinate volunteers to clean the clubhouse so the paid cleaners were let go.

He really had good intentions.

When the community got turned over, he was elected to the Board and continued his focus. However, he couldn't keep up with the sprinklers and frequently had bouts with upset homeowners. The volunteer cleaners consistently dropped the ball. Shrubs weren't trimmed how owners wanted, when they

wanted.

Many owners started treating him like crap. This great man resigned from the Board yesterday, just a couple months after being elected. Now the community has to build a budget based on actually paying for the things he was doing, which will likely mean increases in assessments.

Here's my advice for Board members wanting to go

**CONTINUED PAGE 12 ....**

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## LONELINESS IS ON THE RISE

Toronto is one of the loneliest places in Canada according to a Toronto Foundation report, with residents reporting high levels of depression and anxiety. Residents are withdrawing from communities and from each other. They are interacting and volunteering less, having fewer friends and fewer close relationships with family members.

High-rise condominium communities became less welcoming during the pandemic. Many closed their common area spaces and discontinued social activities. Today, many communities have yet to re-engage with residents as they did pre-pandemic.

The pandemic changed the way we live. People got used to being on their own. More adults reported symptoms of anxiety disorder.

The Foundation wants to encourage residents to start reaching out again by taking advantage of free activities in the city, volunteering, organizing neighbourhood events or attending a cultural event.

The foundation has partnered with Volunteer Toronto to provide micro-grants to help residents jump-start activities in their neighbourhoods.



### GREAT PEOPLE WITH AWESOME INTENTIONS... CONTINUED FROM PAGE 11

above and beyond such as this gentleman; Don't do it!

Find the best professionals you can to handle needed services. Set assessments at levels to cover



quality work. Be a great decision maker for your Association, not a great "doer." People tend to appreciate a great community more than your extra efforts and labor to keep costs low.

Don't allow being a Board member to dominate your whole life.

Reprinted LinkedIn post by David McConkie, IAMHOA.com

## SECRET VOTING, PROXIES AND QUORUM

Recent changes to the Condo Act affect voting, proxies and quorum for condominium corporations.

### Individual Votes to Remain Secret



Regulations now specify that any portion of a ballot or proxy identifying a specific unit does not have to be disclosed.

### Proxies

Proxies must use a prescribed form provided by the Condominium Authority of Ontario (CAO). No other forms are allowed. After an election, ballots and proxies must be retained for at least 90 days. If the condominium receives written notice of litigation - actual or contemplated - relating to the election during this period or before they have been destroyed, these records of the corporation must be retained until the litigation is resolved. The records can be destroyed if no litigation is commenced within six months of written notice of litigation being received.

### Quorum

Owners' meetings, including the annual general meeting, require 25 percent of owners to be present for quorum and for votes to be valid. If this threshold is not achieved after two attempts, quorum is reduced to 15 percent of units entitled to vote for subsequent attempts. A higher level may be required to achieve quorum if specified in a corporation by-law.

## TOO MUCH NOISE

How much noise is too much?

The level of noise one is expected to tolerate is subjective, and buildings transmit noises differently because of how they are constructed. Establishing a single standard of acceptable noise may not be possible.

Condominium declarations that address noise do so in a vague manner. They may include a statement similar to "a unit resident is not permitted to create a noise or nuisance which may disturb, or unreasonably interfere with, the comfort or quiet enjoyment of the units or common elements by others."

When someone plays their music or watches television so loud that it is heard in other units or common areas, this may be considered "reasonable" because residents are not entitled to demand absolute silence.

The Condominium Authority Tribunal partially addresses this in one case where they state "Noise which may be tolerable or expected during the day, may be intolerable and a nuisance in the overnight hours when people are asleep."

Determining what types and level of noise is considered acceptable must be determined on a case-by-case basis.





## THE PERSUASION PLAYBOOK

Ever found yourself navigating the tricky waters of a condo or coop board with that one steadfast but hesitant volunteer? Picture this; a decision hangs in the balance, and despite the collective will of the board, this one individual assumes/possesses the power to halt, delay, or even stop progress. It's the classic tale of one person holding the reins, creating a dilemma that echoes throughout the entire boardroom. Let's unravel the challenges of breaking through the hesitation barrier for the greater good of your owners.

Let's dive into the art of persuasion, a skill that'll turn those hesitant nods into confident approvals, ensuring your coop or condo community thrives.

1. **Understand the Board's Responsibilities:** A coop or condo board's primary responsibility is to look after the operations and financial well-being of the building and make decisions on behalf of the

building's owners, with a crucial component being to protect, maintain, and enhance property values.

2. **Understand Their Concerns:** Before launching into your pitch, take a moment to understand the reservations of your fellow board members, especially that one steadfast but hesitant volunteer. The new generation of board members envisions more than just quick fixes;

**CONTINUED PAGE 15 ....**

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## THE PERSUASION PLAYBOOK... CONTINUED FROM PAGE 14

they seek a brighter and greener future for their communities.

3. **Show empathy:** by asking "why" and "if" questions to delve deeper into their concerns. Are they worried about finances, resident satisfaction, or legal compliance? Tailor your approach to address these specific concerns, fostering a sense of understanding and collaboration.
4. **Data Speaks Volumes:** Equip yourself with data-backed arguments. Numbers don't lie, and they can provide a solid foundation for your proposals. Whether it's cost savings, environmental impact, or improved safety measures, make sure your pitch is grounded in concrete data.
5. **Emphasize the Collective Benefit:** Remind board members that decisions aren't just about individual units but the entire community. Highlight how proposed changes benefit everyone collectively – from increased property values to a stronger sense of community.
6. **Highlight the Expert Consensus:** Leverage expert opinions and industry best practices. Whether it's an architect's recommendation for safety upgrades or an environmental consultant's insights into sustainable practices, presenting a united front of professionals can be highly persuasive.
7. **Address Potential Concerns Proactively:** Anticipate objections and address them before they become roadblocks. Demonstrating that you've thought through potential challenges shows preparedness and instills confidence in your proposals.

Ready to transform your board into a powerhouse of decision-makers? Incorporate these persuasive techniques into your next meeting, and watch your ideas take flight.

***"In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing."***

**— Theodore Roosevelt**

Remember, you've got this! Happy persuading!

[TINA LARSSON](#) is co-founder and co-owner of [The Folsom Group](#), New York City's leading co-op and condo business consultancy.



## STATUS CERTIFICATE RED FLAGS

A status  
certificate  
provides

information about the financial status of a residential unit and the condo corporation necessary to make an informed decision when considering the purchase of a condominium.

This approximately six-page document should be read by the prospective purchaser and their lawyer. Accompanying this certificate are other documents pertaining to the condominium corporation which can comprise 100 pages or more. This entire set of documents is the status certificate package.

A status certificate can only be relied on by the requesting individual and is only accurate as of the date issued. Older status certificates may not include the most current information.

Here are some items that should be looked at and may be identified by a real estate lawyer after reviewing a status certificate.

### Board Vacancies

Paragraph 4 of the status certificate provides the names of the officers and directors of the corporation. Vacancies can be a sign of problems, dysfunctional board or poor succession planning.

### Common Expense Arrears

Arrears by the current owner are disclosed in Paragraph 5 of the status certificate. These should be addressed prior to closing on the purchase.

FORM 03  
STATUS CERTIFICATE (UNDER SUBSECTION 54(3) OF THE CONDOMINIUM ACT, 1998)  
Condominium Act, 1998

Name of condominium corporation: \_\_\_\_\_  
Condominium Corporation No.: \_\_\_\_\_

States as the "Corporation" certifies that as of the date of this certificate:

Intended for a common element condominium corporation.

If the Corporation is a common element condominium corporation, change all references in this certificate to terms in Column 1 to reference to the terms in Column 2:

Column 1	Column 2
UNIT:	Common Element in the Corporation
UNIT OWNER:	The owner of a common element in the Corporation

General Information Concerning the Corporation:

1. Mailing address: \_\_\_\_\_
2. Address for service: \_\_\_\_\_
3. Name of property manager: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone number: \_\_\_\_\_
4. The directors and officers of the Corporation are:  

Name	Position	Address for service	Telephone Number

Common Expenses:

If the Corporation is also a common element condominium corporation:

8. The owner of Unit \_\_\_\_\_ Level \_\_\_\_\_ Suite number \_\_\_\_\_ (Address: \_\_\_\_\_) is registered in the Land Registry Office for the Land Titles (or Registry) Division of \_\_\_\_\_.

If the Corporation is a common element condominium corporation:  
 The owner of the common element in the Corporation started in \_\_\_\_\_ (Ground description, or as set out in Schedule D in the declaration, of the portion of land to which the common interest in the Corporation is attached), registered in the Land Registry Office for the Land Titles (or Registry) Division of \_\_\_\_\_, is known as the "Parcel".

(Strike out whichever is not applicable:  
 is not in default in the payment of common expenses.

### Condo Fees Substantially Higher or Lower than Anticipated

Current monthly condo fees are identified in Paragraph 6 of the status certificate. Low fees can signify the corporation is not saving enough in their reserve fund or not undertaking necessary and preventative maintenance. Very low condo fees can be a sign that prior and current condo owners are expecting future owners to subsidize their costs for maintaining the home.

**CONTINUED PAGE 17 ....**

## STATUS CERTIFICATE RED FLAGS... CONTINUED FROM PAGE 16

### Anticipated Common Fee Increases

Paragraph 12 of the status certificate identifies any knowledge or circumstances known by the corporation that may result in increases in common fees except those relating to budgetary increases. If anticipated increases are noted, you can ask for details.

### Reserve Fund Balance does not Match with Reserve Fund Study

Paragraph 13 of the status certificate states the balance of the reserve fund. This is money set aside by current and prior owners to pay for future major repairs and replacements of the common elements. This should be consistent with a reserve fund study completed every three years. If the numbers don't match, inquire as to why. A major project may have recently been completed which will be reflected in the next reserve fund study.

### Ongoing Legal Proceedings

Paragraphs 18 to 22 of the status certificate address any lawsuits involving the corporation. Litigation represents potential expenses for legal fees, damages or costs owing by the condominium corporation. This can require increases in common fees or a special assessment.

### Unauthorized Alterations

Paragraph 23 of the status certificate identifies if there have been additions, alterations or improvements to the common elements made by the owner which will become the responsibility of the prospective purchaser. These may require additional insurance or other responsibilities depending on the terms of any agreement. If alterations are unapproved, the future purchaser may be required to remove them.

### Insurance Deductibles, Standard Unit

Paragraph 26 requires the corporation to certify that they have all policies of insurance required by the Condo Act. This does not replace insurance that owners are required to purchase for protecting their personal items and unit improvements, and to pay the corporation's insurance deductible. A separate certificate or memorandum of insurance for each of the current insurance policies must be provided with the status certificate package. Each certificate or memorandum should include the insurance deductible. A high deductible means that the corporation is self-insuring more repairs which can lead to unbudgeted expenses and increased costs for owners.

### Cautions in Audited Financial Statements

The status certificate package includes additional documents, one of which is audited financial statements, as shown in Paragraph 33 of the status certificate. The auditor is required to state an opinion and any reservations about the financial statements which could signify poor or improper record keeping, or other concerns.

### Building Restrictions

The condominium's declaration and rules may include restrictions on how you can use the unit or common elements. There may be restrictions on pets, leasing, operation of home businesses and noises that may be unacceptable to some potential purchasers.







## NEW ELEVATOR COMPLIANCE COSTS – CLARIFICATION

Ontario has adopted the latest version of the elevator safety code as reported by [Toronto Condo News](#) in [New Elevator Compliance Costs](#) in February 2024.

In this article we wrote:

“Included in the code are major changes to the emergency phone inside the elevator.”

“This affects all new and modernized elevators since August 1, 2022. The phone must still be answered 24 hours a day as before, but the operator must now be able to see if a passenger is inside the elevator if no one in the elevator is able to communicate with the operator.”

“This one-time expense is estimated to be in the range of \$20,000 to \$25,000 per elevator.”

**Toronto Condo News** reached out to TSSA for clarification after receiving inquiries from readers. According to a TSSA spokesperson, the new rules “affect new

and modernized elevators since August 1, 2022.” “These new elevator safety standards have been mandated by the Technical Standards and Safety Authority (TSSA) and apply to all newly installed elevators. Upgrade work on existing elevators may also be affected, depending on factors including the timing of the design submission and the nature of alterations.”

Consult with your elevator consultant or contractor before embarking on any elevator modernization project to determine if these new elevator safety standards apply to your project.

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# PRACTICAL WAYS TO RECYCLE, REUSE AND REDUCE



There's no quick fix to climate change. No cure exists, only better management of our resources. We can choose to be part of the problem or part of the solution. Building residents, some of whom may feel their individual actions are useless or not worth their effort, need to participate in building-wide initiatives.

### Recycle

Recycling occurs in many ways that can prevent items that don't decompose from ending up in landfills and oceans. It allows our waste products to be turned into something else.

Sorting is the responsibility of those who create waste. Individuals failing to do so increase costs for others. Communities can tighten up their practices, and enforce compliance by residents, thereby reducing the community's environmental impact.

In high-rise communities, some don't want to participate. They throw plastic bottles, paper products and glass into the same container as trash because it is convenient. It can be a perpetual struggle to deal with a handful of building residents who throw everything into the nearest bin rather than sorting their trash.

Friendly reminders are seldom effective. Owners can be put on notice that failure to sort trash incurs costs they will be required to pay. Security cameras can be used to identify those who fail to break down boxes before discarding them, and those who fail to sort their trash. They can be charged added costs

of having someone manually sort through trash and recycling, or added pickup costs for improperly sorted trash.

### Reuse

Many items that can not be recycled can be reused. All it takes is putting these items where others can find them.

A table can be set up for hard goods such as dishware, glasses and pottery. Another area for kitchen equipment such as pots, pans and appliances. For books, a bookshelf is ideal. Separate boxes for electronic (computer) equipment and clothing can address much of what remains.

### Reduce

Finally, there are opportunities for high-rise communities to reduce their energy use. Replacing lights with LED lighting is one of the easiest efforts, particularly when they include sensors that automatically turn off lights when an area is not in use.

Green roofs, including vegetation, are good but white roofs can be better.

In practice, condominium corporations are not sufficiently altruistic for this to be effective. They tend not to undertake energy reduction initiatives unless mandated to do so. They don't want to spend money, and increase condo fees more than absolutely necessary, so delay changes until forced

**CONTINUED PAGE 20 ....**



## TAKING A STAND ON SMOKING CANNABIS

Legalization of cannabis (marijuana) has had unfortunate consequences in condominium and other high-rise communities. Cannabis is yet another cause of odour, smoke and conflict in communities where smoking is allowed.

It has become a question of whose rights are a priority. Is it your right to enjoy clean air in your home? Or is it your neighbour's right to smoke cannabis – or tobacco – in their home without regard to how it affects others?

While condo boards have the right to take a stand on this matter, many choose not to do so. Condo boards have been given the authority to address this matter. They can prohibit smoking in their building and within a distance from the building. They can allow or disallow smoking in units, and ensure residents take measures to prevent smoke and odour leaving the unit and entering other units

or common areas.

It comes down to a condo boards' willingness to ensure peaceful enjoyment of your unit.

In communities with rules, by-laws or a declaration that prohibits or restricts smoking which is not being enforced by the condo board, residents and owners have recourse through the Condominium Authority Tribunal (CAT) which can require a condo board to enforce their governing documents. When smoking is allowed, residents bothered by smoking may have no recourse but to reside elsewhere.



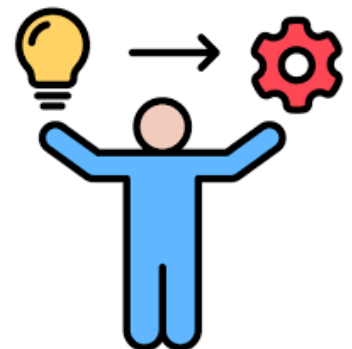
### PRACTICAL WAYS TO RECYCLE, REUSE AND REDUCE... CONTINUED FROM PAGE 19

to do so by some other event such as a leaking roof.

Some communities are sufficiently aware to ensure sinks, toilets, and other water-using appliances are working properly, not wasting water and not unnecessarily increasing water bills. Electricity use concerns are less in communities with unit metering systems where owners pay for the electricity they use.

Other options for reducing energy use include

better insulated windows and re-designing HVAC systems. Adding over-cladding or covering of exterior walls with insulation reduces the energy necessary to heat in winter and cool in summer.





# PREPARING FOR THE ANNUAL GENERAL MEETING



Preparing for an annual general meeting (AGM), online or in-person or hybrid, begins with the board of directors and condominium manager.

### Pre-Planning

The board should meet at least one month prior to the AGM to decide on communications to owners, what will be reported at the AGM, and the condominium manager's role and responsibilities. Determine who will chair the meeting and who will take minutes. These roles should not be undertaken by the same individual. The chair should have a script or template detailing what to say and do. The minute taker should be clear on what to include in the minutes.

Invited attendees to the AGM may include the corporation lawyer if there are declaration, by-law or legal issues to address. An engineer may be desirable if there are major projects to address.

Documentation for the meeting includes an agenda, notice of meeting, audited financials, chair template, minute template, and a list of owners that identifies units thirty or more days in arrears. At the meeting, access to the budget and reserve fund study will likely be helpful. Owners should read any materials provided in advance of the meeting, and have a list of questions for which answers are desired.

### Beginning of the Meeting

Remind attendees that the AGM is for corporation business, and not a time to address individual concerns. Encourage owners to address personal concerns at another time. Some communities

provide time for these concerns immediately after the AGM is complete which allows uninterested parties to leave if they so choose. Unit-specific questions should be followed up on within days of being presented. Audited financial statements should be presented by the auditor to convey that their statements are independent of the board.

The chair should maintain control of the meeting by keeping to the agenda. They should be assertive, confident and speak in an even-tone. Speakers at the AGM should avoid raising their voice, sounding submissive or passive-aggressive.

### End of the Meeting

Stay on schedule. Don't allow the AGM to run longer than scheduled. This is discourteous to those taking the time to attend. Invite attendees to remain if they want to discuss or hear "other business". Consider an after-meeting social event with beverages and snacks to encourage participation in the AGM and after-AGM program.

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## IN PRAISE OF E-BIKES

From reducing emissions to lower cost, ease of use and more enjoyable transportation, e-bikes offer greater value for local transit.

For the resources needed to produce one sedan, we can produce 100 e-bikes. Electric bikes require about 1/100th of the nickel, lithium, electricity and cobalt needed for an electric car.

An e-bike is a bicycle with a motor allowing its rider to travel up to 32 km (20 miles) per hour which is much faster than the 5 to 7.5 km (8 to 12 miles) per hour speed with just pedal power. An electric cargo bike makes it easy to take kids to the library, swimming pool or for ice cream, and transporting groceries from the supermarket.

Saving resources is just one reason to embrace e-bikes. Not everyone has the stamina, knees, heart and physical skill to navigate distances or hills without the assist available from an e-bike. Many don't have a driver's license or car.

E-bikes provide easy navigation that bypasses cars stuck in traffic or forced to park a distance away from their destination. Even in the hottest of weather, e-bike riders stay comfortable with a steady breeze in their face and no air conditioning.

The majority of trips are less than 5 km (3 miles) which can be too far for walking but easy with an e-bike. There is no need to spend \$100 filling up a tank with gas, oil changes or costly vehicle servicing.

With greater numbers choosing not to get a driver's

license or own a car, e-bikes are a smart choice. Most cost between \$1,400 and \$7,000.

The Light Electric Vehicle Association states that the most popular electric vehicle sold in the United States for 2023 was the e-bike (790,000 projected) rather than the electric car (652,000 projected).

After 100 years building a transportation infrastructure for gas-powered vehicles, Toronto is focusing more on public transit and dedicated lanes for cyclists. While this infrastructure continues to be built, high-rise communities have been slow to adapt. Few communities offer a safe location for guests to park e-bikes, or to store bikes or e-bikes. Many communities do not allow them to be transported on elevators or in hallways making safe storage impossible.



## SOLVING THE NO PARKING DILEMMA



Why would someone purchase or rent in a building without parking?

With minimum parking space requirements for high-rise residential buildings being abolished, this question is increasingly being asked by developers, buyers and renters. This dilemma confronts those who rely on an automobile for transit and choose to live in a high-rise building.

Eliminating the requirement to include parking spaces in high-rise residential communities is estimated to reduce the cost of condominiums in Toronto by \$48,000 to \$160,000 according to AltusGroup's 2021 Canadian Construction Cost Guide.

One new high-rise community in the Annex has what they believe to be a solution providing an answer to this question. One of their amenities is a fleet of electric vehicles for residents to use for local day trips or longer excursions. Residents in Bianca Condos have access to two Tesla model 3's, one Nissan Leaf, and eight e-bikes. A system is in place to provide additional vehicles should demand increase. Vehicles are

reserved and accessed using an app on their smartphone.

Residents can pay-as-you-go or purchase a monthly subscription that costs about \$400. There are no additional costs for vehicle maintenance, insurance or electricity.

There are many reasons to buy or rent in a community without parking spaces if there is good access to an automobile at low cost when it is needed. Access to electric vehicle rentals addresses numerous challenges. Condominium prices and rents are reduced. Carbon emissions are reduced and fewer vehicles appear on the roads. Reducing parking and vehicle requirements by half, providing convenient access to on-demand transportation and lowering housing costs can be a popular and sustainable long-term solution.

### What is Toronto saying about Toronto Condo News?

"Great publication.

I look forward to the issues and I save them on my iPad for future reference."

"I think it is important for all condo owners to know this information."

"I really appreciate your excellent choice of stories; they are uncannily right on the mark as to the interests of condo owners and directors."



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## THE TIMES THEY ARE A CHANGING

The 1970s were a time of social upheaval. Vietnam was the popular war of that period and the cold war with the USSR was ongoing. We struggled with racism and discrimination. Wealth disparity and poverty were widespread and blamed on capitalism. Today we are concerned about Russia, Ukraine, North Korea and China. Capitalism is still blamed for wealth disparity and poverty. Nuclear war is still a threat.

Nearly everything else has changed. Our population has more than doubled while animals go extinct and climate change brings us more severe storms, drought, fires and melting.

Today's threats are different and possibly more concerning. What differs is our response.

In the 1970s, the baby boomer generation was actively seeking solutions. They felt they could change the world for the better – and were successful in many ways. They learned how to succeed while trying to do good. Today we have a generation unwilling to get involved. They focus on working from home in pyjamas, playing with pets and retiring early. They borrow unheard of amounts of

money for paying exorbitant amounts to become homeowners, and to fund an unaffordable lifestyle without a way to repay the debt. They demand government support while seeking high salaries and work-life balance. Changing the world for the better is not high on their list.

We have lost our way. Materialism has become more important than idealism. We are envious of those who have more and less willing to work toward improvement. We have forgotten what it took for us to achieve the level of success we currently enjoy, and are less willing to do what is needed to maintain our current standards. Today's youth entertain themselves with Spotify, Snapchat, Facebook, TikTok and YouTube rather than spend time working toward improvement.

This will not end well.







## ACCESS TO THE SUPERINTENDENT

Where I can get information on what if any legislation there is for signage on the building superintendent's door in our condo? Our new superintendent doesn't want residents to attend their unit to request service. The Board has removed the sign and hours of work off the superintendent's unit door.

Is there any legislation governing the superintendent, their working hours and signage relating to this? The CAO doesn't know of any legislation. I am wondering if it is under the Building Code or the Fire Code of Ontario.

Any assistance would be appreciated.

D. B.



### Response from Toronto Condo News

We are unaware of legislation pertaining to signage on a building superintendent's door.

The situation you describe is not uncommon. Your description suggests that your board is choosing to at least partially combine the roles of management and superintendent.

The superintendent is an employee of the condominium corporation. The individual in this role reports to the condominium manager, if there is one in the building, or the condo board. Their role is to maintain common areas of the building. Interactions or dealings with building residents and owners is at the direction of management.

Accommodation may be provided to the superintendent, and they may serve as the main contact in the event of an emergency. It is not appropriate for residents to knock on the door of their home. If the superintendent does have an office, this may not be accessible to building residents.

The management office, if there is one, is where residents go if they require assistance or information. Some communities may only provide a telephone number to an off-site office. Self-managed communities may not have an office or contact number.

I hope this provides some clarity as to the role and obligations of the superintendent in a condominium building. Please refer to the following articles in the [Condo Archives](#) for more information:

- [Chain of Command – Condominium Managers and Superintendents](#)
- [The Superintendent](#)
- [Live-In Superintendent – Letter to the Editor](#)



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