

Condo managers take up the slack

Bernie Winter, ACCI, FCCI

MOST CONDOMINIUM CORPORATIONS IN ALBERTA HIRE A professional management company to help them handle their daily business.

It allows the board of directors -- condo owners elected by their fellow owners as unpaid volunteers -- to contribute to the decision-making process without being on call 24 hours a day, seven days a week.

The larger the condominium, the bigger the demand on the board's time.

So, what does a condominium manager do? They're responsible for carrying out the duties outlined in the management agreement between the condominium corporation and the management company.

The terms and services in these contracts can vary from condominium to condominium.

Some corporations have a strong volunteer base in their owners, allowing them to opt for partial management -- such as help administering finances only.

Others prefer to contract for full management, with the management company handling the entire administration and operation. It can include preparing tender packages for tradespeople, allowing the board to choose contractors.

Other management company duties can include providing up-to-date information on condominium legislation; supervising contractors for such services as landscaping, elevator and mechanical maintenance; handling phone calls and correspondence; attendance at board and annual meetings; assisting the accounting firm with the annual audit, and providing guidance on the annual operating budget; and preparing monthly financial statements and reports for the board of directors.

The condominium manager becomes the party that executes the directives of the board, as well as relaying the questions, concerns and comments of the unit owners back to the board. The board, in turn, advises the manager about what action to take.

Some contracts enable the manager to make decisions within the guidelines of the contract and the bylaws of the corporation without having to bring every item to the board.

Most condominiums with a full service management contract rely on the management company to handle typical day-to-day calls.

Let's take a look at how this relationship works, using the request for documents by owners, purchasers or mortgagees as an example (although this is the process for all types of items commonly requested).

It begins with a board of directors being elected by the owners of the condominiums. Once the board is in place, they inherit all contracts entered into by the previous board, including the management contract.

The contract will state that the manager will enforce policy as set by the board.

The Condominium Property Act allows a condominium corporation the right to charge a reasonable fee for reproducing documents.

As the board members are volunteers, they prefer to have the manager automatically handle this request.

The new board passes a motion at a board meeting giving the management company authority to duplicate corporation documents at a charge set by the board.

www.condo-check.com

Red Deer Phone (403) 309-0378 Fax (403) 722-2156 brlavis@telus.net

Calgary Phone (403) 509-2462 Fax (403) 509-2251 IC, 1640 - 16 Ave NW, Calgary AB T2M 0L6 condocheck@shawbiz.ca

This amount is typically retained by the management company as the cost for providing this added service to the owners.

The manager usually would reproduce the documents without having to come to the board each time for permission.

If the condo corporation's bylaws give such authority to the board, the policy-setting process can apply to everything from approving pets, to the installation of satellite dishes.

These are matters a board of directors must manage in compliance with the bylaws.

But because the vast majority of owners cannot commit 20 hours a week to the total operation of the condominium, contracting a professional manager is necessary and beneficial.

Electing or appointing the property manager to sit on the board is not advisable as they are then negotiating and supervising their own contract.

The bottom line is that it is the board members who are responsible for giving the proper direction to the property manager, ensuring the management company is fulfilling its contract.

The board of directors has a fiduciary responsibility to the owners of the condominiums and is liable for the operations of the corporation.

Errors and omissions insurance is mandatory under the Condominium Property Act for this reason. Although there is no capacity in the Act for policing the actions or non-actions of a condominium board, owners can expect a board to act reasonably, in good faith, and in the best interest of the condominium as a whole.

Remedies to an owner who suffers damages when a board is not performing from a best effort perspective vary depending on the degree of the damage.

It is important that board members keep themselves up to date on condo legislation, their own corporation bylaws, and the terms of the management agreement itself.

Each board member holds the liability for the decisions of the corporation -- and this liability is typically not passed on to the manager or management company when something goes wrong.

The Canadian Condominium Institute, South Alberta Chapter, offers courses for board members and owners so they understand their role and responsibility. I strongly urge each condominium to annually budget for at least two board members to take these courses.

After close to 30 years in this business, I maintain that a good qualified condominium manager is worth his or her weight in gold.

It is the board who selects and enters into the contract with the professional manager and it is the board who negotiates the terms of the agreement.

If a manager is not performing in the best interest of the condo owners, it is the board who is responsible for dealing with this through renegotiating, not renewing or terminating the agreement.

The condo owners cannot petition to terminate any contract entered into between a condominium corporation and a contractor, and this applies to the management contract.

The owners are responsible for informing the board members of problems, questions or concerns so that the board can stay up to date with the service being provided by the management company.

When looking to hire a professional manager, look for companies that hold memberships with the Canadian Condominium Institute -- and for property managers that hold designations such as ACCI (Associate of the Canadian Condominium Institute) and CCM (Certified Condominium Manager, for those who meet the standards of the Association of Condominium Managers of Alberta).

These designations require property managers to have completed courses, pass exams, and complete criteria that include a number of years of experience and compliance with a code of ethics.