

OUR CONDO EXPERTISE

THE ROLE OF CONDO DIRECTORS

PRACTICAL ADVICE, CREATIVE SOLUTIONS, COST EFFECTIVE





BEST PRACTICE TIPS

- 1. Become familiar with the Condominium Act and your Corporation's documents
 - These set out all your responsibilities and powers
- 2. Complete mandatory training and attend educational seminars, including Community Associations Institute (CAI Canada) and Canadian Condominium Institute courses and seminars
- 3. Read industry publications
- 4. Disclose direct or indirect conflicts of interest
- 5. Abide by a code of ethics
- 6. Maintain confidentiality of board information
 - When in doubt, confirm with the rest of the board whether information is confidential
- 7. Prepare for, attend and actively participate at board meetings
- 8. Use professionals as needed and rely on their opinions
 - Do not "shop around" for preferable opinions
 - Do not finagle the reserve fund study
- 9. Make the decisions that need to be made, even if controversial or unpopular (e.g. special assessments)
- 10. Seek approval for decisions where necessary
 - Approval for changes to common elements, services or assets unless exempt from notice or a vote under Section 97 of the Condominium Act
 - No approval required: special assessments, budget, reserve fund

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BEST PRACTICE TIPS CONTINUED

- 11. Develop a communication strategy
- 12. Directors direct, managers manage
- 13. Try to avoid litigation
 - Litigation can be costly for both sides even if you win, you are rarely fully recompensed
 - Courts want to ensure that corporations act reasonably there may be cost implications for those that do not
- 14. Do not levy penalties or fines against owners. The Corporation can only recover costs incurred in carrying out its responsibilities
- 15. Ensure your by-laws and rules are up-to-date
 - Good by-laws and rules are effective enforcement tools
- 16. Respect democracy
 - Board members have a right to dissent on a vote, but the majority rules
 - Present a unified board
 - Do not go "rogue"
- 17. Remember that you are all volunteers
- 18. Conduct yourself with a view to the best interests of the Corporation
 - Try to avoid an "us vs. them" mentality
 - Do not use director's position for personal gain
 - Remember that your Corporation is a community



DIRECTOR'S DUTIES

s. 17(1) - Manage the property and assets of the Corporation on behalf of the owners s. 17(2) - Control, manage and administer the common elements and assets of the Corporation

s. 17(3) - Take all reasonable steps to enforce compliance with the Condominium Act, declaration, by-laws and rules

Delegate day-to-day executive responsibilities to the condominium manager, who works under the board's supervision.

MANDATORY EDUCATION

Every condo director elected or appointed after November 1, 2017 must take a mandatory education course within six months of joining the board. Check your Corporation's by-laws to see whether there are further educational requirements.

Director training is aimed at ensuring directors know their obligations and can provide good governance for the community. If a director does not complete the required training within six months of joining the board, they will immediately cease to be a director.

DISCLOSURE REQUIREMENTS

Prior to becoming a director, a person must disclose information relating to the following:

- 1. Any legal action involving the Corporation to which the person, their family or an occupant of their unit is a party;
- 2. Prior convictions under the Condominium Act within the last 10 years;
- 3. Conflicts of interest with the Corporation or declarant;
- 4. Common expense arrears greater than 60 days;
- 5. Ownership and residence in the Corporation

Check your Corporation's by-laws to determine whether there are additional disclosure requirements.

Candidates for election to the board must make disclosure:

- at the same time as notifying the Corporation of their intention to run for the board, if the notice is provided by the date specified in the preliminary notice
- at the meeting, if notice is provided after the date specified in the preliminary notice.

If a person is being appointed to the board, disclosure must be provided before being appointed or by the time specified in a by-law. This information must be in writing and signed.



STANDARD OF CARE

A fiduciary responsibility to act in the best interests of the Corporation and the owners as a whole (duty not owed to individual owners)

s. 37(1) - Objective standard of care

Acting honestly and in good faith

- Exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances
- Actions may be compared against other Corporations, not just other directors of your corporation
- s. 37(3) Reliance on professional opinions
 - Give all information required for professional to adequately assess the situation
 - Base decisions on professional opinions
- s. 38 Indemnification
 - Directors are not indemnified if they have breached the duty to act honestly and in good faith
 - Directors and officers liability insurance will not cover those breaches

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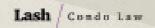
We are committed to helping our clients make informed decisions and create strategies to successfully resolve condo issues.

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