

CAO Best Practices Guide: Governance

Advanced Director Training



Condominium Authority of Ontario

www.condoauthorityontario.ca

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Have a Question?

If you have a question about any of the information in this Guide, please contact us. We have a team available to answer any questions you may have.

This guide may be updated from time to time. You can access the most up-to-date version on the CAO website.

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Document Purpose

This Advanced Director Training Guide supplements CAO's Advanced Director Training Modules and serves to deepen participants' knowledge of issues affecting condominium living. This guide will cover condominium governance. The information, best practices, and tools found in this Guide can be used by any condominium board and may be of particular benefit to those that do not use professional condominium management services.

If you are looking for information regarding the corporation's annual legal requirements, please access the CAO's Annual Condominium Requirements Guide by clicking here.

This guide will be updated from time to time. To obtain the most up-to-date version, please visit CAO's website at condoauthorityontario.ca.

Part 1: Introduction

1.1 Defining Condominium Board Governance

A condominium corporation is a legal entity which represents the collective interests of the owners and involves shared ownership and responsibility for the common elements as well as collective decision making. The Condo Act gives condominium boards the authority to manage the affairs of the condominium corporation. To help facilitate this arrangement, condominium boards are elected by the owners of the units in the condominium corporation (the “owners”) to responsibly manage the affairs of the condominium corporation on behalf of all owners.

A condominium board is a group of individuals that are responsible for governing the shared ownership of their condominium corporation. Condominium boards are made up of three or more individuals known as directors. Condominium boards are legally bound by the Condo Act, as well as the governing documents of the condominium corporation, which include the declaration, by-laws, and rules. This means that the condominium board is responsible for directing the condominium corporation, ensuring that the condominium corporation’s legal obligations are met, and ensuring that the condominium corporation acts in the best interests of the owners.

The term “condominium board governance” refers to the processes by which the condominium board directs and controls the condominium corporation. This is very important as effective condominium governance is an essential part of a high-functioning corporation and a strong and vibrant condominium community.

While the Condo Act establishes the condominium board’s responsibilities, it does not always define how these responsibilities should be carried out. Therefore, condominium corporations should establish their own governance procedures, which will ideally be tailored to their own specific condominium corporation, while still in keeping with good governance best practices

Governance can be contrasted with condominium board operations (which will not be covered in depth in this Guide) which can be thought of as the day-to-day management of the condominium corporation, such as dealing with repair and maintenance work or handling day-to-day owner requests, for example, addressing an issue in the common areas. Importantly, the governance of the condominium corporation is solely the responsibility of the condominium board, with condominium managers being hired by some condominium corporations to help facilitate good governance.

1.2 The Four Foundations of Good Governance

The CAO has also developed a framework consisting of four foundational areas of good governance:

1. Developing Key Competencies of Good Governance, including:

    - Understanding the Legal Framework and the Standard of Care;
    - Developing and Implementing Good Governance Practices; and
    - Conducting Condominium Board Business Effectively.

2. Meeting the Standard of Care, including:

    - Financial Due Diligence;
    - Long-Term Sustainability – Reserve Funds and Risk Management;
    - Overseeing the Condominium Manager; and
    - Conflict of Interest Disclosure.

3. Establishing Proper Condominium Board Composition, including:

    - Determining the Right Structure: Size, Term Length, and Term Limits;
    - Understanding the Role of the President;
    - Understanding the Role of the Secretary;
    - Understanding other Officer Roles; and
    - Utilizing a Skills Matrix.

4. Maintaining Good Owner Relations, including:

    - Engaging and Informing Owners; and
    - Soliciting Feedback

You may wish to consider these four foundations while you read the Guide, as these topics will be reflected throughout.

1.3 The Condominium Corporation's Legal Framework

In addition to the Condo Act, condominium corporations must adhere to the declaration, by-laws, and rules, which are often referred to as the "governing documents" of the condominium corporation. These documents are instrumental in establishing how the condominium board must conduct condominium business and manage the affairs of the condominium corporation.

Taken together with the Condo Act, the declaration, by-laws, and rules outline the legal obligations of the condominium corporation and they exist in a hierarchy in the following order:

1. The Condo Act;
2. The declaration;
3. The by-laws; and
4. The rules.

The Condo Act is at the top of the hierarchy, and it applies to and regulates all condominium corporations in the Province of Ontario. The Condo Act lays out the requirements for each of the governing documents, how they are created and amended, and the requirement that they be consistent with the Condo Act. Not only do the governing documents need to be consistent and in compliance with the Condo Act, but also with any document higher in the hierarchy. For example, a condominium rule cannot contradict the condominium corporation's by-laws, declaration, or the Condo Act. Each governing document type has a different purpose and the requirements to amend each document also differ.

The declaration is one of the two legal documents (the other being the description) that creates a condominium corporation when registered with the Land Registry Office. The declaration is often considered the constitution of the condominium corporation and contains many important provisions. The declaration contains, among other information:

- The proportions, expressed in percentages, of the common interests allocated to each condominium unit.
- How much each condominium unit will pay for common expenses, expressed as a percentage.
- Which parts of the condominium corporation property are exclusive use common elements (e.g., balconies).

The by-laws set out various key aspects of how the condominium corporation will govern itself. The by-laws can be considered the administrative guide for the condominium corporation. The by-laws may contain:

- How directors are elected.
- How common expenses are collected.
- When/how the condominium corporation can borrow money.

Rules are established to help ensure owners and residents conduct themselves in a consistent manner in the community. The condominium rules will dictate what individuals on the condominium corporation property can and cannot do. The condominium rules may contain provisions related to:

- Restricting smoking, vaping and/or the growing of cannabis.
- Restricting short-term rentals.
- Limiting the number or size of pets allowed in the building.

Although not mentioned in the Condo Act, many condominium corporations also create policies which help to govern their condominium corporation through creating consistency in the way the board handles certain scenarios. Policies can be thought of as a repeating condominium board decision, not covered by the governing documents, which owners can expect the directors to follow. For example, directors may create policies which outline specifically how they will react to certain events, such as how they will deal with an owner acting in a manner that is non-compliant with the governing documents of the condominium corporation. Policies can be useful for directors as they can provide a roadmap to follow in specific situations, and useful for owners as they can let owners know what to expect in those situations. Importantly, a policy cannot contradict the Condo Act, or the declaration, the by-laws, or the rules of a condominium corporation. Additionally, a policy cannot replace what would normally be an item in the declaration, by-laws, or rules, as these documents have specific processes for additions and amendments. A common policy for condominium corporations to have is one which sets the hours of use for amenities, which can be changed from time to time by the condominium board.

As a best practice, a condominium corporation may wish to consider including a reference to the ability to and the restrictions associated with condominium policies in their by-laws. Doing so will ensure that the condominium board and owners understand what policies are and how policies may impact condominium living.

For more information regarding your condominium corporation's declaration, by-laws, rules, and policies, please click here.

1.4 The Ontario Human Rights Code

Condominium corporations in the Province of Ontario must comply with Ontario's Human Rights Code (the "Code"). This would also apply to any provisions in the condominium corporation's governing documents.

The Code is provincial law that gives everyone equal rights and opportunities without discrimination in specific social areas such as jobs, housing, services, facilities, and contracts or agreements. The Code's goal is to prevent discrimination and harassment due to 17 protected grounds. These protected grounds are:

- Age;
- Ancestry, colour, race;
- Citizenship;
- Ethnic origin;
- Place of origin;
- Creed;
- Disability;
- Family status;

- Marital status (including single status);
- Gender identity and gender expression;
- Receipt of public assistance (in housing only);
- Record of offences (in employment only);
- Sex (including pregnancy and breastfeeding); and
- Sexual orientation.

Not all unfair treatment and harassment is covered by the Code. The treatment or harassment must be based on a least one Code protected ground and take place within a social area to be protected under the Code.

Under the Code, you have the right to be free from discrimination in five parts of society, referred to as social areas, based on one or more grounds. The five social areas are:

- Accommodation (housing);
- Contracts;
- Employment;
- Goods, services, and facilities;
- Contracts; and
- Membership in unions, trade associations, or professional associations.

It is important for directors and condominium management to understand the Code to ensure that all staff, residents, visitors, and suppliers are treated accordingly.

For more information on Code protected grounds and social areas, please visit the Ontario Human Rights Commission's website by clicking here.

1.5 What Tools does the Condominium Board have to Govern the Condominium Corporation?

The tools that condominium boards can employ to govern the condominium corporation will be referred to in this Guide as governance practices. Governance practices are a specific instrument or method used to implement a governance related action or decision. When deciding to use a specific governance practice, a condominium board should determine how the practice will be implemented. The method that is used has major implications for the condominium board, including:

- The requirements that must be met for the practice to take effect;
- If the practice is legally enforceable under the Condo Act; and
- How the practice can be modified or removed in the future.

An overview of the various ways to implement governance practice is provided below. Condominium boards should note that each of

the implementation methods differs in purpose, implementation, and compliance requirements.

Amending your governing documents can support good governance by making changes to the way a condominium corporation functions that owners are supportive of. See below for more information.

Item	Best used when the proposed action….?	Concepts in Good Governance

By-Law	• Pertains to and primarily impacts:
	  ○ The condominium board
	  ○ Governance arrangements of the condominium corporation
	• Legally binding and/or would have a material / significant impact on the condominium corporation's financial position / value (e.g. borrowing money).
		• **Condominium Board size.** Section 27(2) of the Condo Act only requires condominium boards to have three or more directors but are subject to the by-laws of the condominium corporation. Three directors is a very small condominium board size and may inhibit the effectiveness of the condominium board, even for small condominium corporations. Some condominium corporations may already have increased the size of the condominium board considerably and may no longer require such a large condominium board (e.g., they previously self-managed but now contract for condominium management services). A by-law change to increase or decrease the number of condominium board members can help condominium boards become more effective.
		• **Periodic review of the by-laws.** By-laws evolve and change over many years, and often have been created in a piecemeal fashion by many authors. Adopting a by-law that requires the condominium board to review the governing documents from time to time (often every five years or so), will help condominium boards ensure that there is internal consistency within each document, and also that there is consistency between the declaration, by-laws, rules, and any condominium board policy and changes in the legislative environment.

		• **Specific borrowing** Section 56(3) of the Condo Act, which allows a condominium board to open a line of credit or other financing option to improve cashflow needs but which is not covered by a general borrowing by-law.
Rules	• Pertains to day to day matters of the condominium corporation. • Primarily impacts owners / occupants.	• **Safety requirements for the condominium corporation.** Outside events can impact condominium corporations in unexpected ways, including the ability of owners and tenants to safely navigate the condominium corporation's common elements and use the amenities as they regularly would. In cases such as these, rules can be created to ensure the safety of the owners and residents and allow condominium operations (e.g., condominium board meetings) to be conducted safely.
Policy	• There is a need for clarity, guidance and transparency of a decision-making process by the board. • The condominium board can modify or strike policies at any time.	• Condominium boards can develop policy(s) that provide guidance to its decision-making on governance-related topics, while retaining some degree of flexibility in how it carries out its business. Policies can be changed by the 'board of the day' if desired so it allows for more flexibility than for example a by-law change, however while the approved policy is in effect, condominium boards, owners, residents, and visitors should always abide by the policy**.** • Policy examples include: o **Diversity and inclusion.** The condominium board may wish to improve the diversity of its condominium board composition,

		and may consider setting out a process by which it will look for opportunities to factor diversity into, for example, selection of key suppliers, appointing interim directors to fill condominium board vacancies, and/or other condominium board activities. ○ **Rule enforcement.** The condominium board can make rules but the enforcement of them may not be subject to any particular standard or metrics. Some condominium boards may wish to create a reasonable policy around rule enforcement that will assist them in prioritizing enforcement actions and ensure transparency about why certain actions are taken. ○ **Director vacancies / appointments.** When faced with a vacancy on the condominium board, it can be difficult for a condominium board to know how to appoint a new director to fill the vacancy subject to Section 34 of the Condo Act, and how to communicate its decision to the community. It can be helpful to create a policy about how the condominium board will select a director to fill a vacancy, for example, that outlines the process by which the candidates were identified, selected and the criteria used to appoint the person. ○ **Privacy Matters and Protecting Information.** With increasing levels of security and technology available to condominium corporations, as well as the obligation under the Condo Act (Section 13.2 of O. Reg 48/01) to prevent unauthorized access, a best practice is to be proactive in developing a policy to collect, use, manage, retain, and protect owner information. Private

		or sensitive information includes, but is not limited to, owner contact information, security images, deliveries received, and more.

For more information regarding amending your condominium corporation's governing documents, please click here.

Part 2: Condominium Board Structure, Composition and Responsibilities

2.1 Basic Role and Responsibilities of Condominium Boards

To understand the unique features of condominium board governance over broader corporate governance, it is important to understand the requirements and responsibilities that the directors have to the owners under the Condo Act:

- Section 17 (1) states that the objects of the condominium corporation are to manage the property and the assets, if any, of the condominium corporation on behalf of the owners.
- Section 17 (3) sets out that the condominium corporation has a duty to take all reasonable steps to ensure that the owners, occupiers of units, the lessees of the common elements and the employees of the condominium corporation comply with the Condo Act, and the declaration, the by-laws and the rules of the condominium corporation.
- Section 27 (1) states that that the role of the condominium board is to manage the affairs of the condominium corporation.
- Section 119 (1) of the Condo Act requires that the directors and officers and employees of a condominium corporation, must comply with the Condo Act, the declaration, the by-laws and the rules.

Taken as a whole, these provisions lay out the general responsibilities of a condominium board. Effective fulfilment of these legal obligations under the Condo Act is of the utmost importance to ensuring good governance. It is important to remember that exceptions to the governing documents cannot be made with regards to individual owners or residents, including the directors.

Of particular importance is section 37 (1) of the Condo Act, which states that all directors and officers of the condominium corporation have a standard of care. This means that all directors must:

- Act honestly and in good faith; and
- Exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

What this means in practical terms will depend on each individual condominium corporation, however, there are several subjects that directors should focus on to help ensure they are meeting their standard of care, including:

- Financial due diligence;
- Long-term sustainability (e.g., Reserve Funds and Risk Management);
- Overseeing the condominium manager; and
- Conflict of interest disclosure.

Beyond the legal obligations, condominium boards are expected to play an instrumental role in helping communities achieve their optimum success as a strong and vibrant place to live. Effective condominium boards tend to perform a combination of important functions including acting as the:

- *Leader* of the condominium community;
- *Administrator* of the condominium corporation's business and compliance activities;
- *Referee* for minor issues or disputes arising between the condominium corporation, owners, or other parties;
- *Decision-maker* on topics facing the condominium corporation such as improvements, investments, major projects*;*
- *Employer* of condominium corporation personnel (if applicable); and
- *Information provider and educator* with regular communication regarding what is going on in the condominium corporation and condominium sector.

It is important for directors to understand that whether or not the condominium corporation engages a third-party condominium services provider (i.e., condominium management company) or employs an individual licensed condominium manager, the condominium board always has ultimate accountability for controlling and managing the affairs of the condominium corporation. Some of its duties may be delegated to a condominium manager, but the condominium board will always be accountable for making sure they get done in a timely and effective manner.

For more information regarding overseeing a condominium manager, please see the CAO's guide Overseeing Condominium Managers.



Taking the role and responsibilities of directors into account, good directors will:

- Always act in the best interest of the condominium corporation;

- Be curious and inquisitive about the information they receive;
- Ask questions or seek additional information where necessary;
- Speak up and raise any concerns at the time they have them;
- Be respectful and thoughtful with other directors, owners, and staff (if applicable);
- Be cognizant of and always follow what is written in the condominium corporation's governing documents;
- Carefully review the materials and reports distributed to them and to arrive at meetings prepared for discussion and decision making; and
- Keep all sensitive information and condominium board materials confidential.

2.2 Condominium Board Structure Requirements and Minimum Condominium Board Size

The Condo Act outlines several specific base requirements for the structure of condominium boards. For example, section 27 (2) of the Condo Act sets out the minimum number of positions on the condominium board as three. The purpose of these legislative requirements is to establish:

1. A minimum standard condominium board structure that all condominium corporations will use by default; and
2. The process and requirements by which condominium corporations can modify the structure of their condominium board.

Although the Condo Act establishes a baseline condominium board structure, the condominium board will need to find a structure that works best for their specific condominium corporation.

It is important to remember that there is no perfect or right size for a condominium board, and it can always be adjusted to fit the needs of the condominium corporation:

- The Condo Act does not specify a maximum number of positions on the condominium board.
- If the condominium board recommends to the owners that the condominium board size should be increased, and the community supports a by-law change, the number of positions may be increased under section 27 (3) of the Condo Act.
- Should the condominium board find that its needs no longer require a larger size or find that filling the condominium board's seats becomes problematic, the condominium corporation may also reduce a larger size to a smaller size under section 27 (3) of the Condo Act.

- Directors should be aware that the condominium corporation cannot reduce the condominium board size further than the minimum size of three director positions.
- It is a best practice for a condominium board to be comprised of an odd number of directors in order to avoid tied voting situations.

Condominium boards should be large enough to be able comfortably handle the requirements of the condominium community while also accounting for the fact that there will be turnover on the condominium board and any committees the condominium corporation may have. That being said, the size of the condominium board should never be so large as to become unwieldy and inefficient. To prevent this from happening, condominium boards should periodically ask some key questions related to its size:

- Do we have the right number of directors to effectively carry out our duties as a condominium board?
- If not, where do we fall short? Are there specific areas where we are not effective? Are all directors contributing equally today?
- How many directors do we think are needed for optimum effectiveness and efficiency? Will increasing the size cause confusion or governance challenges?
- What has been our past experience in director elections? Do enough potential candidates come forward to be elected and fill our existing seats?
- If we increase the condominium board size, can we expect unfilled vacancies? How will we handle any unfilled vacancies that might be created?



It is important to note that section 51(6) of the Condo Act requires that, if 15 percent of the condominium units in the condominium corporation are owner-occupied, no individuals other than the owners of the owner-occupied condominium units may elect or remove a director from one position on the condominium board. An owner-occupied unit refers to a condominium unit that is used for residential purposes and the owner of the condominium unit has not leased it within 60 days before the notice is given for the meeting to elect or remove a director.

2.3 Term Length and Term Limits

Another important factor in the condominium board's structure and ensuring good governance is to ensure that the condominium board has the right skills, perspectives and diversity of thought to make good decisions. To make sure the board continues to make good decisions, a governance practice encourages the concept of board renewal, which allows for director turnover and the introduction of fresh perspectives.

A technique employed successfully by many condominium boards is to implement appropriate by-law clauses related to term length for directors, and term limits:

- **Term length** refers to the number of years that a director may serve upon election by the owners. 31 (1) of the Condo Act establishes a maximum term length of three years.

  This section of the Condo Act also permits condominium corporations to reduce director term length if desirable. Any changes to term length require a by-law change. It is advisable to maintain a term length of two years minimum, which allows for continuity and effective condominium board operations, without introducing a risk of disruption or lost institutional knowledge that can sometimes occur when directors leave the condominium board.

- **Term limit** refers to the number of consecutive terms that a director may serve on the condominium board.

The Condo Act does not establish a maximum number of terms a director is allowed to serve for. However, a best practice suggestion is that this be specified in the condominium corporation's by-laws. It may be advisable for condominium boards to consider limiting director tenure to two or three terms maximum, in order to promote condominium board renewal, fresh thinking, and objectivity. Such a limit would require a by-law change. It also may be advisable to avoid the common practice of introducing a *'cooling off period'* during which a long-serving director completes their maximum terms, but is eligible for election to the condominium board and begin a fresh term(s), after a short period of absence (such as one year). Please note that it is important to consider each individual condominium corporation's situation before implementing these restrictions. This practice may not be appropriate for a condominium corporation which struggles to find individuals to run for the condominium board. Lastly, a condominium board should have directors that have different overlapping terms, to avoid an entire condominium board exiting at the same time.

It is essential that new directors be "onboarded" to their role which, on top of the mandatory director training provided by the CAO, should include directors becoming more familiar with the governing documents of the condominium corporation.

2.4 Officers of the Condominium Board

While the Condo Act requires that all condominium corporations have at least two officers (i.e., the condominium board president and secretary*)*, subject to the by-laws, the directors:

- Must, as required by section 36 (2) (a) of the Condo Act, elect a condominium board president from among directors elected by the owners.

- Must appoint or elect a secretary, as required by section 36 (2) (b) of the Condo Act, which may or may not be from among the directors on the condominium board.
- May appoint or elect a vice-president or other officers, as allowed by section 36 (2) (c) of the Condo Act.



While a condominium board may appoint any owner or an outside party to its offices (unless the corporation's by-laws specifically prohibit it), it is preferable to appoint only elected directors as officers of the condominium board.

2.4.1 Role of Condominium Board President

Although all condominium corporations are required to elect a director as president under section 36 (1) of the Condo Act, the legislation does not provide specific guidance on the duties and requirements of the role, so condominium corporations are free to define the role in the way they choose. For some, the by-laws may already outline the key responsibilities of the condominium board president, whereas for others, general guidance may be useful to distinguish the role from other director responsibilities. The office of condominium board president is considered the leader of the condominium board, and primary overseer of its affairs. Subject to any specific requirements in the condominium corporation's by-laws, the condominium board president should at a minimum:

- Collaborate with the other directors and the condominium manager to identify priorities for the condominium board;
- Work closely with the condominium manager, as the administrative officer of the condominium corporation, to develop the agenda for condominium board meetings, call condominium board meetings and ensure proper minutes of condominium board decisions are recorded;
- Chair the condominium board meetings, and set the tone for effective condominium board meeting discussion;
- Ensure that the condominium manager provides a report on operations and status of tasks assigned by the condominium board;
- Ensure that there is an onboarding and orientation process for new directors;
- Lead the condominium board in coming to a decision or resolution on important issues;
- Ensure a positive condominium board culture, providing opportunities for all views to be heard and valued;
- Ensure the implementation of all resolutions of the condominium board; and
- Ensure effective communications with owners.

This is a very important role in effective condominium governance and requires a combination of vision, integrity, diligence, and an effective leadership style.

2.4.2 Role of Condominium Board Secretary

The office of secretary is often considered the custodian or caretaker of the condominium corporation's decisions and records. The secretary performs many of the condominium board's administrative tasks and activities, related to record-keeping and giving notice of meetings.

The key duties and responsibilities of the secretary may be specified in the condominium corporation's by-laws. Subject to any specific activities outlined there, in general, the office of condominium board secretary should be responsible for:

- Ensure accurate and balanced recording of condominium board meeting minutes, which are presented in draft form for board approval;
- Work with the president to plan the condominium board's annual calendar and schedule of condominium board meetings; and
- Understand records and records requests so the condominium board and condominium manager can respond to these requests as required by the Condo Act.

Any director or other individual can be appointed to the office of condominium board secretary; however, the responsibilities of the office may be more naturally suited to individuals that offer appropriate professional competencies.

2.4.3 Other Officer Roles

Depending on the size, complexity and any special projects or issues facing the community, a condominium board may also wish to add additional officer roles. Such discretionary officer roles may increase the capacity and skillsets of the condominium board, which may be helpful in carrying out its duties and effectively managing the affairs of the condominium corporation.

Additional officer roles may be added at the discretion of the condominium board or through the condominium corporation's by-laws as allowed under section 36 (2) of the Condo Act. Commonly added officer roles include:

- **Vice President(s)**

One or more vice presidents may be appointed and can perform the duties of the condominium board president, when the condominium board president is absent or not available. The vice president may sign correspondence or execute

agreements on behalf of the condominium corporation as directed by the condominium board president, and if they have signing authority. Commonly, the vice president may chair a condominium board committee, or lead a special project or process, such as procurement or board director recruitment.

- **Treasurer**

Given the complexities of condominium financial obligations and annual requirements, many condominium corporations choose to add the officer role of treasurer. The duties of this role may vary by the needs of the condominium corporation and may be set out in the by-laws. In general, this office is responsible for:

  - Monitoring all financial transactions of the condominium corporation, including accounts receivable, accounts payable, investments and reserve fund accounts of the condominium corporation;
  - Working with the condominium manager (if applicable), condominium board committees, and external professionals as necessary to prepare a budget, analyze budget variances, and forecast the financial needs of the condominium corporation;
  - Supporting the condominium board in assessing the financial and other risks to the condominium corporation, and overseeing the implementation of appropriate financial risk mitigation strategies;
  - Leading any required analysis and making recommendations to the condominium board with regard to the financial arrangements needed to maintain and/or improve the condominium corporation's financial health;
  - Managing the bank accounts of the condominium corporation, and overseeing monthly transaction records; and
  - Acting as a signing officer for the condominium corporation.

Given the complexities of condominium finances, it is a best practice that condominium boards appoint a treasurer with the appropriate skills, experience and/or professional competencies to assist the condominium board in carrying out its duties. Such competencies might include a Chartered Professional Accounting ("CPA") designation, Chartered Financial Analyst ("CFA"), or expertise in financial investing. If the directors are having difficulty finding these skills within the condominium board, it may be prudent for the condominium board to appoint an individual who is not a director but has the skills and expertise to be a treasurer. This individual can act in a similar manner to a consultant for the condominium board as the individual will be lending their specific expertise on specific matters.

2.5 Developing a Skills Matrix

Many condominium boards recognize the critical importance of finding the right mix of skills, competencies, and attributes to effectively govern the condominium corporation. Hard to find skills may be difficult to acquire if condominium corporations do not actively search for them. With this in mind, it is essential that condominium boards take a proactive role in identifying the requisite skills for their condominium board and community well in advance of a condominium board election. A best practice is to use a skills matrix which thoughtfully prioritizes the skills desired across the collective members of the condominium board.

Condominium boards should consider a broad range of important skills and competencies when developing their own matrix. They should prioritize the specific skills and competencies, as personal qualities, that are needed now and in the foreseeable future. Please see below for a sample condominium board skills matrix.

Sample Condominium Board Skills Matrix

Desired Competency	**Director 1** ***President*** Term end date:	**Director 2** ***Secretary*** Term end date:	**Director 3** ***Director*** Term end date:	**Director 4** ***Treasurer*** Term end date:	**Director 5** ***Vacant***
Skills and Competencies:					
Legal experience					?
Accounting / bookkeeping	X			X	
Project management					?
Communications / PR / Marketing			X		
Risk management		X			
Strategic planning	X			X	
Knowledge of condominium operations	X		X	X	
Past Experience:					
Capital project					?
Procurement				X	
Governance	X	X			

Financial instruments / investing				X	
Diversity and Inclusion:					
Self-disclosed diversity	X		X		
Multi-language competency					?

In the simplified sample shown above, the condominium board has one vacant seat that needs to be filled (shown as the blue boxes under Director 5).

As a whole, the current condominium board composition appears to have enough financial skills, governance expertise, and may have reasonable diversity depending on the community's individual profile. To fill the vacant position, a condominium board may decide that its effectiveness may be increased by looking at a candidate with specific skills and competencies to fill gaps in the current composition (e.g., legal expertise, project management, capital project experience, and second language proficiency.)

It is a best practice for condominium boards to take a long-term view of condominium board composition and renewal. Even if condominium board elections are not expected for many months or even years, directors should try to recruit and appoint owners with the desired skills and experience. For example, to provide a proper level of oversight of the condominium corporation's finances, a condominium board should have a director with strong financial literacy, so recruiting such an individual is important for good condominium governance. This will also help to increase the pool of potential candidates for the next condominium board elections.

Part 3: Condominium Board Culture and Focusing on the Right Things

3.1 How Condominium Boards Conduct Business

One key area of good governance is being able to effectively conduct condominium business at condominium board meetings. It is a responsibility of the condominium board to conduct condominium business on behalf of the condominium corporation and to regularly discuss condominium corporation matters. "Condominium business" can be defined as how the condominium board makes decisions regarding governance responsibilities or how the condominium board

provides direction regarding the management of the condominium corporation's operations, including:

- Appointing new directors to fill a vacancy on the condominium board;
- Creating, modifying, or terminating contracts with vendors; and
- Making or approving changes to the common elements.

The Condo Act requires that condominium business only be conducted at a condominium board meeting where a quorum of the condominium board is present. Decisions should not be made over email or during conversations between condominium board meetings. Condominium business cannot be conducted by individual directors or the entire condominium board outside of a condominium board meeting. As such, holding consistent and effective condominium board meetings, and properly recording those decisions, are critical parts of having a well-run condominium corporation.

Condominium board meetings also must be called in a manner specified in the Condo Act, and in accordance with the condominium corporation's by-laws. Adequate minutes must be taken at condominium board meetings, and owners may request the minutes of condominium board meetings.

3.2 What do Effective Condominium Boards Talk About?

While there will always be a certain amount of operational and detail-level discussion by a condominium board, particularly for those that have chosen not to engage a condominium manager, effective condominium boards also create opportunities to stand back and consider the 'big picture' as it relates to the performance and future possibilities for the condominium corporation. Condominium boards are most effective when they promote robust discussions on meaningful topics and are willing to be honest with each other about any challenges facing their effectiveness.

3.3 Staying at the Right 'Level' for Condominium Board Discussion

All condominium boards are established to manage the affairs of the condominium corporation and have a long list of accountabilities and duties that they must carry out. It is important that condominium boards understand the importance of the oversight role of the condominium board. For example, many condominium corporations will have engaged a condominium manager or third-party provider to assist in carrying out its duties. In this case, the condominium board must provide oversight to ensure the condominium manager is carrying out their duties properly. Condominium managers are

often tasked with the day-to-day responsibilities of managing the condominium corporation's operations, but their tasks vary depending on what they are contracted to do by the condominium corporation. Although these tasks may be delegated to a condominium manager, the condominium board will always be accountable for making sure assigned tasks get done in a timely and effective manner.

This oversight role extends to all aspects of the condominium corporation. Other examples of notable areas of focus include the condominium corporation's financials and ensuring the long-term health of your condominium corporation, e.g., your condominium corporation's reserve fund.

For more information regarding your condominium corporation's financials, click here for the CAO Best Practices Guide: Finance.

For more information regarding your condominium corporation's reserve fund, please click here for the CAO's Guide to Ensuring Healthy Reserve Funds.

On some topics, such as issues related to a specific owner or unit, the size of the condominium corporation will challenge the condominium board to spend time in the details. For smaller condominium corporations with a modest number of units, the condominium board may find itself spending time on specific issues or owner-related concerns. However, as governance becomes more complex, and for large condominium corporations that have hundreds of units, it may be practically impossible for directors to deal with potentially hundreds of issues while also making strategic decisions to protect the long-term value of the condominium corporation.

When condominium boards are unable to make time for appropriate condominium board discussion and find themselves "in the weeds" of too many small issues, it may be time to reconsider the current condominium management approach, and condominium board structure, and ask itself whether a change is needed.

3.4 Asking the Right Questions

Some directors may not be certain about what appropriate governance level questions are. On any given topic, good governance level questions relate to:

- What plans have been put into place?
- What documentation is available? What analysis has been performed?
- What options or alternatives have been considered?
- What risks have been considered, and how will they be mitigated?
- What steps or process has been followed to date?
- How will the condominium board be kept informed?

After a decision has been taken on a particular issue or topic, it is also highly recommended that directors ask a series of follow-up questions to understand what

actions have been taken and confirm that the decision or instructions of the condominium board have actually been implemented in a timely manner.

3.5 Periodic Strategic Self-Evaluation

From time to time, it may be helpful to step back and for the condominium board to dedicate a few hours to answering some key strategic questions:

- As a community, where do we want to be in the future? What do we want our community to look like?
- How well are we doing? Where does the condominium corporation need to improve, including condominium board effectiveness?
- What issues have we failed to resolve? Why? Have we spent enough time and attention? Should we try something different?
- Do we have the right advice? Do we solicit the right advice in a timely manner, and do we always take the advice we have been given?
- What do we need to prioritize? Where do we need to invest?
- Are we addressing owner concerns? Are we meeting our obligations to the owners?
- Are we communicating enough with the owners?
- Are we welcoming new owners and residents and ensuring they understand the governing documents?

Please see Appendix A for a sample condominium board effectiveness self-assessment tool.

3.6 Conflict Resolution

While healthy debate and multiple viewpoints are encouraged, it is also possible that condominium boards may struggle to resolve a problematic situation or difference of opinion.

Conflict situations can emerge when there are:

- Directors with unhelpful personality styles that are not conducive to teamwork, compromise, or collaboration;
- Directors that hold a strong view on certain topics and may not have an open mind to consider new information;
- Directors that feel they do not have enough information, but feel pressured to make a decision too quickly;
- Directors that have a legitimate concern or complaint about the process being followed to come to a decision and refuse to ‘cave in’ to the majority; or
- Directors that do not take sufficient interest in their role.

Directors themselves have a role to play in managing disputes or conflicts on the condominium board. They may be reminded that they are ‘on the same team’ and should attempt to find a resolution that makes sense to all, and to maintain a level of respect and decorum during condominium board meetings.

It may also be helpful for directors to consider approaching new topics with a mindset of learning more about the topic and understanding the divergent points of view before making up their own minds. It is important for all directors to understand that once a decision has been made and approved at a condominium board meeting, that no individual director has the authority to reverse or change that decision in any way.

Q&A: Managing Difficult Condominium Board Situations

Question: I am the condominium board president in my condominium corporation and have been a long-standing director for several years. We have a tight knit condominium community with many strong professionals. Getting people interested in serving on the board has always been an issue, but we have managed to have a good group of directors -- until now.

A new owner was elected to the condominium board at our last AGM. He is a professional and seemed to be interested in serving the community, however we have only had a few meetings so far, and we are already experiencing problems.

First the new director demanded to see all the minutes from the past year or two of condominium board meetings, and also went to the office to examine the condominium records. He has voted against several proposals of management already and has been a bit harsh in his comments at condominium board meetings. He seems to think he knows more than everyone else. I’ve also heard from owners in the community that he is agitating for a particular issue which was already put to rest some time ago.

I am worried that the other directors will resign from the condominium board. I’m also worried about the impact this behaviour will have on our ability to get things done, and how the director will impact our culture as a community.

What can I do?

Answer: Working with new directors can be tricky. You are in a position to influence how this situation unfolds, namely because you are the condominium board president. Your role is all about leading the condominium board and managing difficult situations if they should arise.

While it’s true that it can be frustrating or discouraging to bring someone on that appears to be determined to undermine what the condominium board has been working so hard towards, consider the following:

- **Importance of director due diligence.** When joining a condominium board, it is actually a good practice for new directors to gain access to past condominium board and condominium records. They need to get up to speed on everything the condominium board has been dealing with recently, so they should be encouraged to review whatever they feel they need to make informed decisions. If the new director is performing their due diligence and playing an active role in the condominium board's work already, this can be a positive thing for the condominium corporation's governance effectiveness.
- **Benefit of a fresh set of eyes.** Personal style and behavioural quirks aside, new directors will often bring a fresh perspective. In some cases, they may want to revisit issues that the current owner community cares about even if the condominium board feels the matter is closed. It sounds like this director may be engaged and willing to invest time and energy into the condominium board's work.
- **Consensus should not be the goal.** While we do not want every decision of the condominium board to end in a split decision, disagreement or lack of consensus is not automatically a bad thing. Condominium boards that have healthy debate and discussion often come to better decisions.

If you are convinced that the new director is really a troublemaker or bully, you have a few options for dealing with it:

1. **Talk to them directly.** It would be a good idea for you to speak with the new director privately about their approach and comments. There is a fine line between performing due diligence, and bringing fresh thinking, and undermining the work of the condominium board.

   It can be helpful to point out where they jumped to conclusions or could have handled a situation differently. They should have the opportunity to understand your expectations for conduct at condominium board meetings, and address concerns raised to them. They could turn out to be an excellent condominium director if they better understand where they went wrong.

   It can also be helpful for you as condominium board president to demonstrate leadership and share with them what the condominium board's long-term vision is – and how they are an important part of the future.

2. **Put it in writing.** If the new director does not modify their behaviour after you discuss it with them, or if you have reason to believe that they have done things that truly undermine the fair application of the by-laws or similar infraction of their role as a director, you may be wise to put your concerns in writing to the new director. Clearly describe the issue(s) and what specific behaviour needs to stop. If necessary, engage the condominium corporation's lawyers.

3. **Code of Conduct / Code of Ethics.** You may also wish to consider the adoption of a Code of Conduct or Code of Ethics by-law for the condominium board.

This is a document signed by condominium directors that typically contains provisions about each director's standard of conduct – from confidentiality to interpersonal behaviour, to avoidance of conflict, to presenting a united front after a decision has been taken – a Code of Conduct can be a helpful tool to set clear expectations and bring them into line when their conduct is not acceptable.

For a sample Code of Ethics, please see Appendix C.

In the end, you should try to remember that this director has been elected to the condominium board fair and square by the community. They may have a personal style that rubs the other condominium board members the wrong way, but unless and until they have behaved in a manner that creates real problems, they are probably here to stay. It is important that the condominium board continue to apply the by-laws and rules fairly, and that extreme care is taken to avoid being swayed by one bully director. Differing opinions are to be welcomed and can lead to better decision making as long as all directors agree to abide by any decisions made by the majority of the directors.

3.7 Director Indemnification and Liability Insurance

As part of their position, directors are frequently required to make decisions on behalf of the condominium corporation. When doing so, directors are required by section 37 (1) of the Condo Act to, when exercising the powers and duties of a director, to act honestly and in good faith, and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Because of their authority in the condominium corporation, at times an individual may seek to hold a director individual liable for the choices they make as a director. Importantly, section 37 (3) of the Condo Act specifically states that a director will not be found liable for failing to act honestly and in good faith or failing to exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances, if the condominium board relies in good faith on:

- Financial statements that are prepared by an auditor, officer of the condominium, or condominium manager; or
- A report or the opinion of a lawyer, accountant, engineer, appraiser or other individual whose profession lends credibility to their report or opinion.

Additionally, section 38 (1) of the Condo Act allows the by-laws of a condominium corporation to provide that a director, as well as a director's heirs, executors,

administrators, estate trustees and other legal personal representatives are indemnified and saved harmless against:

- Any liability and all costs, charges and expenses that the director sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against the person for or in respect of anything that the person has done, omitted to do or permitted in respect of the execution of the duties of office.
- All other costs, charges and expenses that the person sustains or incurs in respect of the affairs of the corporation.

Being indemnified and saved harmless against the above noted costs means that directors cannot be held legally liable for them. Section 38 (2) states that no director will be indemnified by the condominium corporation in respect of any liability, costs, charges or expenses that the person sustains or incurs in or about an action, suit or other proceeding as a result of which the person is adjudged to be **in breach of the duty to act honestly and in good faith**. This means that if a director has been judged to have breached the duty to act honestly and in good faith, the indemnification (i.e., protection from legal liability) no longer applies.

It is highly recommended that condominium corporations create and pass a director indemnification by-law if they do not already have one. It is also recommended that a condominium corporation should seek legal advice when creating such a by-law.

It is important to note that section 39 of the Condo Act states that if the insurance is reasonably available, a condominium corporation must purchase and maintain Directors and Officers Liability Insurance (frequently known as “D&O insurance”). This insurance will not apply if the director has not been acting honestly and in good faith.

3.8 Director Disclosure and Conflicts of Interest

In the course of a director’s term, there may be potential for conflict of interest to arise. If you or a director you are aware of may have a conflict, there are important factors to consider. Section 29 (2) (f) of the Condo Act states that directors have a continuous disclosure responsibility throughout the duration of their term. The specifics of these requirements are laid out in section 11.10 of Ontario Regulation 48/01. These disclosure statements must be current as of the time the director provides them, and these statements must be disclosed in writing. If a director fails to disclose this information (“the interest”), they immediately cease to be a director. **Disclosure requirements under the Condo Act and Ontario Regulation 48/01 are outlined in Appendix B.**

One of the disclosure requirements under section 11.10 of Ontario Regulation 48/01 is the requirement to disclose if a director has, directly or indirectly, a material interest in a contract or transaction or proposed contract or transaction which the condominium corporation is a party. Importantly, section 40 of the Condo Act provides additional

obligations for directors regarding this disclosure requirement. A director cannot be present during a condominium board meeting, vote, or count towards quorum on a vote with respect to a contract or transaction, or proposed contract or transaction that a director has interest in and had to disclose under section 40 of the Condo Act. See below for more details:

Disclosure Statement Requirements	• They must disclose in writing to the condominium corporation the nature and extent of the interest. • If the contract or transaction or the proposed contract or transaction which involves the purchase or sale of real or personal property by the condominium corporation that the seller acquired within five years before the date of the contract or transaction or the proposed contract or transaction, the director must disclose the cost of the property to the seller, to the extent to which that information is within the director's knowledge or control.
Timing of Disclosure	• This interest must be disclosed at the condominium board meeting at which the contract or transaction or the proposed contract or transaction is first considered; or • If the director is not interested in the contract or transaction or proposed contract or transaction when it is first considered, the interest must be disclosed at the first condominium board meeting after the director becomes interested; or • If the director becomes interested in the contract or transaction after it is entered into, the interest must be disclosed at the first condominium board meeting held after the director becomes interested; or • If the contract or transaction or the proposed contract or transaction is one that in the ordinary course of the condominium corporation's business would not require approval by the directors or owners, the interest must be disclosed at the condominium board meeting held after the director becomes aware of the contract or transaction or the proposed contract or transaction.

Lastly, section 41 of the Condo Act states that an officer of a condominium corporation who is not a director and who has an interest in a contract or transaction in which the condominium corporation is a party or a proposed contract or transaction to which the condominium corporation will be a party, must disclose in writing to the corporation the nature and extent of the interest. This disclosure must come at the first condominium board meeting held after the officer becomes aware of the contract or transaction or the proposed contract or transaction. Much like section 40, the disclosure is only required if the interest is material, although if there is any doubt it is best to err on the side of caution and declare the conflict. The condominium board must enter this disclosure into the meeting minutes at the meeting the disclosure was made. Again, like section 40, if the contract or transaction or the proposed contract or transaction involves the purchase or sale of real or personal property by the condominium corporation, that the seller acquired within five years before the date of the contract or transaction or the proposed contract or transaction, the director must disclose the cost of the property to the seller, to the extent to which that information is within the director's knowledge or control.

Q&A: Director in Potential Conflict of Interest

Question: I am a new director on my condominium board and was surprised to learn at a recent condominium board meeting that one of the condominium corporation's key suppliers is partly owned by another director.

Is this ok or should I be concerned?

Answer: Director conflict situations are tricky. While not ideal, there are many circumstances where conflicts can be effectively managed by the condominium board. Sections 29 (2) (f),and 40 of the Condo Act, as well as section 11.10 of Ontario Regulation 48/01, outline director conflicts of interest and set out the processes by which directors are required to disclose their "interest".

If you are in conflict, or if you believe another director is in conflict, it is recommended that you determine whether:

- *The conflict is material* (e.g., does the director have a 'material interest' in the supplier company?) If it is unclear whether an interest is 'material', as a best practice, its always best to err on the side of caution and disclose all potential conflicts, as soon as an individual becomes aware of them.
- *The conflict has been appropriately disclosed in writing, and documented by the condominium board* (e.g., has the director written to the condominium corporation formally disclosing their interest in the supplier company? Was that done at the appropriate time? Was this discussed at a condominium board meeting and documented in the minutes?)
- *The conflicted director has been (and continues to be) effectively removed from situations in which their financial interest may influence their judgement or*

objectivity (e.g., has the condominium board implemented processes to recuse the director from discussions and decisions related to the renewal of the supplier's contract? What about setting the budget allocated to that particular service in the coming year?)

If not done voluntarily by the director, the condominium board should request that the conflicted director remove themselves from the meeting during any discussion or decision on the matter, and that the minutes reflect when they were absent from that portion of the meeting.

In the event that you are absolutely sure the director has a conflict and has not disclosed a material interest in the manner required by the Condo Act, it is recommended that you speak privately with your condominium board president about your concerns and urge them to discuss the need for disclosure from the director in question, and the potential that the director may have already ceased to be a director as a result of not disclosing the conflict. If that discussion is not successful, you could also raise the issue during the next condominium board meeting to alert the other directors. Although it may be awkward to discuss with the individual present, this is an important fiduciary responsibility for the condominium board and individual directors and should be addressed. The condominium board should consider speaking with the condominium corporation's lawyer to obtain advice.

Part 4: The Importance of the Condominium Corporation's By-Laws

4.1 Your Condominium Corporation's By-Laws

As discussed previously, your condominium corporation's governing documents are instrumental in establishing how the condominium board must conduct condominium business. One of these governing documents is the condominium corporation's by-laws. By-laws set out various key aspects of how the condominium corporation will govern itself. A well developed set of by-laws are integral to a well governed condominium corporation.

4.2 By-Laws Best Practices

It can be prudent to consistently review the condominium corporation's by-laws to ensure that the by-laws are best serving your condominium corporation. For example, if your owners have expressed a desire to expand the number of directors on the

condominium board, the condominium board may want to adopt or amend a by-law which does so. It is important to review your by-laws every few years or after significant changes to the Condo Act to ensure that they are compliant with the current version of the Condo Act. It can also be prudent for condominium boards to study other condominium corporation's by-laws so as to consider whether some of these concepts would be applicable and/or helpful for the condominium corporation.

For example, here are some elements of one or more by-laws that your condominium corporation should have:

Concepts that Should be Included in a Condominium Corporation's By-Laws	**What it Does and Why it is Beneficial**
Code of Ethics	Outlines a code of ethics that your directors must adhere to beyond what is in the Condo Act. This creates a higher standard of behaviour for a condominium board. **For an example of what a code of ethics by-law might look like, please see Appendix C of this Guide.**
Director Indemnification	Protects a condominium corporation's directors from certain legal liabilities.
Regulating Owners' Meetings	Allows the condominium board to prescribe a method of condominium meetings which best suits the condominium corporation.
Additional Director Qualification Requirements	Provides director qualification requirements which may be stricter than what is found in the Condo Act. For example, these requirements might stipulate that a director must be an owner in the condominium corporation. An additional example is a provision which states that a director is disqualified for not adhering to a code of ethics.
Standard Unit Definition	Defines what a standard unit is for the purposes of repairs and insurance, i.e., what specifically in the condominium unit the condominium corporation is required to repair and insure. This gives condominium corporations more control of their insurance costs and obligations. This may help protect the condominium corporation from unnecessary costs.
Electronic Meetings and Voting	Allows condominium corporations to hold owners' meetings telephonically or electronically as well as vote telephonically or electronically. It may be useful for

	condominium corporations who have had success during the COVID-19 pandemic holding telephonic and electronic meetings and wish to continue to do so after the COVID-19 pandemic is over without interruption. Additionally, it can be useful for condominium corporations who wish to prescribe in detail how to conduct these meetings fairly and up to the standards of the directors and/or owners. Meeting structures should allow attendees to easily vote, participate, and take part in the meeting. Please note that an electronic meeting and voting by-law will be necessary to conduct telephonic and electronic owners' meetings after December 31st, 2021.
Insurance Deductible	Section 105 (3) of the Condo Act allows the condominium corporation to pass a by-law which renders an owner liable if they cause damage to the common elements of the condominium corporation or other units within the condominium corporation. The amount they will be liable for is the lesser of the cost of repairing damage or the deductible of an insurance policy. This is useful for limiting potential costs to the condominium corporation.
Leasing Common Elements of the Condominium Corporation	Necessary for condominium corporations who plan on leasing out portions of their common elements.
Director Remuneration	Allows the condominium corporation to provide condominium directors legal and transparent remuneration. This is an important by-law if the condominium corporation is involved in a situation, such a legal dispute, wherein director involvement and support is well over and above what is usually expected for a condominium board member.

4.3 Passing or Amending Your Condominium Corporation's By-Laws

The by-laws of a condominium corporation cannot be unilaterally amended by the condominium board rather, by-laws are passed, amended, or repealed by the condominium board but require approval from the owners. The process is as follows:

- A new, proposed change, or repeal of a by-law will be adopted by the condominium board at a condominium board meeting.
- The condominium board will then submit the new by-law for approval of the owners by calling an owners' meeting. In the Notice of Meeting, they will include information on the by-law.
- At the owners' meeting, the proposed by-law will be put to a vote. Depending on the type of by-law, either the approval from the owners of the majority of the units in the condominium corporation or the majority of owners present at the owners' meeting is required for approval. For more information on specific voting requirements for by-laws, please click here.
- Section 56 (10) of the Condo Act states that a copy of the by-law must then be registered with the Land Registry Office to become enforceable.

For more information regarding passing and amending by-laws, please click here.



Please note that your condominium corporation may want to seek legal advice before passing or drafting by-laws for your condominium corporation.

Part 5: Condominium Risk Management

One of the condominium board's important responsibilities is to anticipate and manage potential risks to the condominium corporation. While there are many specific duties and requirements of the condominium board, all of these activities can be seen as ways that a condominium board can satisfy an overarching obligation to manage and mitigate risks to the corporation and its owners.

Risk management is one of the techniques that many condominium boards use to assist in systematically understanding and identifying what could go wrong in their condominium community and allow them to establish a process for planning for strategic choices and negative future events. Some of the key elements of risk management as it pertains to the work of condominium boards are outlined below.

5.1 Key Steps in Risk Management

Effective risk management involves five key steps:

1. Identifying risks facing the condominium corporation;
2. Assessing the identified risks for their likelihood and impact;
3. Responding to risks to decrease either their likelihood or impact (or both);

4. Monitoring the internal and external environment for changes to risks; and
5. Systematically (e.g., on a quarterly basis) reporting and communicating about risk within the condominium board, with the condominium manager, and with its key service providers.

These steps provide a solid foundation for developing a condominium corporation's approach to formal risk management.

5.2 Timing

As a best practice, the condominium board should establish a risk management cycle or process which will commence annually at a specific time, e.g., the beginning of a new fiscal year, prior to the annual budgeting process to allow for cost considerations associated with any risk mitigation decisions such as installation of enhanced security equipment.

5.3 Risk Management Process

Each of the five steps in the risk management process are explained in more detail below:

1. **Risk Identification**
   Risk management typically begins with the condominium board spending time as a group to brainstorm about the potential risks the condominium corporation faces. As risks are identified, they should be described succinctly and specifically. Each risk identified should be added to a list of risks that the condominium board maintains, known as a *risk register*. Risks may arise from various circumstances facing the condominium corporation, and/or in policies, procedures and practices related to:

   - Financial management, including investing;
   - Physical environment including security and safety;
   - Building mechanicals and infrastructure;
   - Personnel and employment matters;
   - Legal and governance matters including potential litigation;
   - Technology and data including cyber threats;
   - Community or owner-specific practices;
   - Contractor safety violations;
   - Insurance coverage;
   - External factors, such as legislative change, municipal changes; and

- Other matters facing the condominium corporation.

2. Risk Assessment

Once the condominium board has identified its list of potential risks, it should agree on which are the most relevant risks facing the condominium corporation. To do this, it may wish to select a subset of the list of risks and should work to assess the likelihood and impact of those risks. The condominium board should then look closely at risks where there is a high likelihood and high impact based on the assessment.

3. Risk Response

Once the condominium board has identified and assessed risks, it must also decide what to do about those risks and determine an appropriate risk response.

Boards typically apply one of the four risk management responses to address each potential risk. The four response types are common across many organizations and sectors, and in most cases, the condominium board should endeavor to *reduce the risk*, as many risks cannot be avoided or insured.

Avoid	A condominium board may choose to *avoid* the risky activity, and eliminate the chance that the risk will materialize. Common risk avoidance techniques may include: • Carefully following all relevant by-laws and enabling legislation, which is the best defense against fines, penalties or litigation; • Cancelling or deferring a major project, or significantly changing its scope, to eliminate the risk.
Transfer	A condominium board may choose to *transfer* the risk to a third party. Common risk transfer techniques may include: • Obtaining insurance coverage for all or part of the risk (which transfer the risk to an insurance company), such as Director and Officer insurance for condominium board members; special coverages such as flood protection, business continuity, or cyber-risk. • Ensuring contracts contain appropriate protections, such as indemnity clauses, 'hold harmless' clauses, or other provisions in its contracts;

	• Implementing investment strategies (such as hedging) which would offset losses in financial investments by taking an opposite position in a related asset.
Reduce *(or Mitigate)*	Of all four risk response types, *reducing or mitigating the risk* is the most common approach. A condominium board may choose to *reduce* the risk by reducing the probability of it occurring, and/or the impact that it would have if the risk were to materialize. The reduction or mitigation approach should be applied to most *high-impact, high-likelihood risks* identified by the condominium board, with a goal of reducing the risk to zero if possible. Common risk reduction techniques may include: • Selecting a high-quality service provider for condominium management services; • Ensuring that the condominium board has the right professional skills to carry out its duties, particularly in legal matters and financial management; • Implementing strong procurement policies, processes and practices to ensure that the condominium corporation's vendors and suppliers are appropriately vetted; • Developing selection criteria that will allow the condominium board to choose the best value bid for a particular project, which may not necessarily be the lowest bid; • Implementing a preventative maintenance program for building equipment and infrastructure; • Implementing strong project management practices (such as identifying a project manager to work on behalf of the condominium corporation) to ensure that major projects stay on time and on budget, to an acceptable level of quality; • Implementing occupational health and safety protocols for employees of the condominium corporation.
Accept	Another common approach to risk management is for the condominium board to *accept* a risk. Condominium boards are often faced with many more risks than they can reasonably insure or respond to, without skyrocketing maintenance fees. The condominium board will need to find a balance between the potential costs that could arise from a known

	risk scenario, and the expense involved in insuring against it or otherwise reducing it. In this type of risk response, the condominium board is acknowledging that any losses resulting from the risk will be borne by the corporation itself, and/or its owners. This approach may also be referred to as *self-insurance*. Additionally, any losses that exceed existing insurance coverage are considered to be retained or accepted risks. Examples of when a condominium board might accept a risk could include: • Deciding not to purchase special insurance for a potential risk (such as an extreme weather event), because the risk is too small to justify the cost of the insurance premium. • Purchasing a lower amount of insurance coverage for a known risk, and accepting that if actual losses exceed the insurance limit, the resulting costs would not be covered by the insurance company. The excess risk is therefore accepted by the condominium board. • Implementing low common element fees, knowing that if an unusual event were to occur (e.g., unforeseen common element expenses; losing a lawsuit against the condominium corporation), owners may be required to pay a special assessment to cover excess costs.

4. Risk Monitoring

The condominium board, through the condominium manager or an assigned director will need to actively manage the risk. This involves evaluating whether the risk response has been appropriately implemented, and if its attempts to reduce the risk have been successful.

All risks must be actively monitored to determine whether the plan the condominium board has created is working, and to monitor changes to the underlying risk. Changes may be required to impact the risk response required by the condominium board.

In general, the same individual or group that created the response plan should monitor the risk.

5. Risk Reporting & Communicating

If the condominium manager or director that has been monitoring a risk notices a change, they should communicate it to the condominium board on the status of the risk register items and measures to address the risk. This could happen if the risk is materializing, if it is no longer relevant, or if it has become more or less likely or impactful on the condominium corporation.

At least on an annual basis, the condominium board should evaluate their approach to risk management and consider whether its risk management approach is effective. Some questions a condominium board can ask to evaluate its risk management effectiveness include:

- Does the condominium board have clarity into the greatest risks and uncertainties to the condominium corporation?
- Does the condominium board periodically review the list of risks and determine if it is still accurate and complete?
- Does the condominium board know which of its risks are becoming more, or less, likely or impactful?
- Does the condominium board create sufficient time during meetings for the condominium directors to discuss risk?
- Do condominium directors feel as though they understand risks already identified? Do they understand and agree with the response plans?
- Has the condominium board established roles, responsibilities, and accountabilities around all aspects of risk management?
- Have any risks materialized that were not previously considered? Have any materialized where a condominium's response plan failed?

The process of risk management should be considered an ongoing cycle. It is not an exercise that is performed once and set then aside. It is an active component of the condominium board's important work to oversee risks to the condominium corporation and protect the interests for all owners to respond to evolving changes in the condominium.

For more information on risk identification, mitigation and monitoring, please click here to view CAO's Issue Management Best Practice Guide.

Part 6: Transparency and Maintaining a Positive Relationship with Owners

6.1 Keeping Owners Informed of Board Decisions on their Behalf

While the Condo Act gives the condominium board the authority and several legal requirements for overseeing the affairs of the condominium corporation, condominium boards also play a critical role in nurturing a strong and vibrant condominium community. A key way to achieve this is to remember that the condominium board governs the condominium corporation on behalf of all owners, and therefore, a key responsibility of the condominium board is to ensure transparency.

Effective and proactive communications will keep owners informed of the business of the condominium corporation and will allow them to see how the condominium board is working in their best interests.

6.2 Owners' Meetings

The following best practices are designed to help resolve common issues that challenge a condominium board's ability to conduct effective owners' meetings. Before adopting any of these best practices, condominium boards should consider the unique challenges facing their condominium corporations and determine if a specific best practice will effectively address their issue.

1. Steps to Take Prior to an Owners' Meeting

Condominium boards should follow a consistent protocol for organizing and holding owners' meetings. Prior to an owners' meeting, it is important to:

- Review your governing documents, specifically the condominium corporation's by-laws, to determine requirements for holding owners' meetings which are specific to your condominium corporation (e.g., who chairs the owners' meeting, etc.).
- If you have a condominium manager, discuss with them how responsibilities for holding an owners' meeting will be allocated and clearly discuss expectations for calling and holding an owners' meeting.
- Create a plan for how minutes will be taken at the owners' meeting.
- Make sure that the important details about owners' meetings are confirmed in advance. Only items noted in the Notice of Meeting can be voted on.
- To hold an owners' meeting, the proper notices must be sent out by specific deadlines. Make sure that notices and required documentation are sent out on time (e.g., the Preliminary Notice of Meeting and the Notice of Meeting). For more information on the different types of notices and their deadlines,

click here. You may also refer to the CAO's Condo Calendar App here for information regarding AGM notice deadlines.
- Set aside a realistic amount of time for all discussions to be had and for owners' questions to be answered.
- Consider having an informal rehearsal with the directors and/or the condominium manager.

2. During the Owners' Meeting

During the owners' meeting also consider the following:

- Confirm whether the owners' meeting has quorum at the outset of the owners' meeting.
- Confirm the necessary voting threshold before each vote.
- Ensure that adequate minutes of the owners' meeting are taken.
- Throughout the owners' meeting, facilitate owner participation and encourage and answer questions from the owners.

6.2.1 Town Halls/Information Sessions

It is important to note that neither Town Halls nor Information Sessions are referenced in the Condo Act. In fact, the Condo Act references only two types of meetings: condominium board meetings and owners' meetings (e.g., annual general meetings). Under the Condo Act and regulations, these meetings come with a number of legal procedural obligations that the board must follow.

Owners attend meetings with the expectation of discussing and conducting condo business which, under the Condo Act, can only be conducted at an owners' meeting. As such and to avoid confusion, a condo corporation should hold owner's meetings anytime the corporation is seeking owner input. In a case that came before the CAT- Rafael Barreto-Rivera v Metropolitan Toronto Condominium Corporation No. 704 2018 ONCAT 11 – the central issue was related to confusion when the board indicated that a meeting had been an "information session" rather than an owners' meeting. Following the requirements for owners' meetings provides clarity and consistency for both owners and condominium boards.

Q&A: Engaging Owners Appropriately on Governance Topics

Question: I recently joined my condominium board because I did not understand how decisions were being made. The condominium board has not been proactive in

communicating with owners regarding key issues and decisions. This has been a concern raised at previous owners' meetings.

Now that I'm on the condominium board, how can I encourage the other board members to increase engagement with owners, and increase the condominium board's transparency? Some directors are worried that owners might impact the condominium board's decision-making process and slow down important initiatives.

Answer: While the Condo Act provides condominium boards with the authority to oversee the affairs of the condominium corporation, condominium boards exercise this authority on behalf of the condominium corporation which is owned by all of the owners. This means that owners have a right to:

- Express their views;
- Raise concerns on any topic;
- Attend owners' meetings;
- Share their concerns with condominium board members or other owners; and

The condominium board should always proactively communicate with owners and provide full transparency. When owners are kept informed and understand the process or basis for decisions, this improves owner relations and owner satisfaction with the condominium board.

6.3 Enhancing Communications with Owners

Your condominium board may wish to consider opportunities to increase communications and engagement with owners through techniques such as:

- Speaking directly with concerned owners to better understand their needs and concerns;
- Soliciting feedback from the community about the condominium board's effectiveness and transparency;
- Establishing committees where owners can participate and become more involved. It may be helpful to establish a Terms of Reference for committees, outlining the purpose of the committee and/or how input will be provided to the board;
- Sharing relevant documentation prior to owners' meetings such as previous meeting minutes or financial summaries;
- Increasing the condominium board's visibility, presence, and communications overall, such as through articles or blog posts on the condominium's governance and condominium board, newsletters, or informal social events which help to build positive relationships; and/or

- Issuing a regular newsletter (e.g., quarterly) with important updates and information regarding the condominium corporation, including important dates, financial information, the status of ongoing or upcoming projects, dates for upcoming owners' meetings, community events, etc. Distributing a newsletter ensures that owners are informed and also demonstrates to owners that the condominium board is taking proactive steps to keep owners informed. Remember that these measures should be taken in addition to the legally required notice that condominium corporations must provide for owners' meetings.

For more information regarding notices of meetings, please click here.

6.4 Forming Committees of Owners

Many condominium corporations organize groups or committees of owners or residents to help the condominium board accomplish various tasks on behalf of the condominium board. The Condo Act does not establish any legal requirements for condominium committees nor does the legislation mention whether condominium corporations should have committees at all. This means that condominium corporations are free to create committees with their own specific roles, responsibilities, and membership. To be most effective, condominium corporations should establish in writing the structure, responsibilities and roles of a committee before establishing a committee. This document is called a Terms of Reference. This document should include:

- Purpose and specific objectives of the committee;
- Scope of the committee (including any items that are clearly out of scope for the committee);
- Committee structure and composition (for example the term of the committee, required condominium board representation, etc.)
- Committee member responsibilities and roles, including those assigned to the Committee Chair, and members-at-large;
- Key activities or an expected workplan to be undertaken by the committee;
- Voting and quorum requirements and procedures;
- Authorities of the committee (for example, confirming that the committee is a decision-making versus recommendation-making body? Will the committee be allocated a small budget? What recommendations should the committee make to the condominium board?);
- If the committee is to be allocated any small budget and for what purpose (i.e., the social committee); and
- Establish scope of type of recommendations that the committee can make to the condominium board.

A condominium board can establish committees at a condominium board meeting, however, depending on the nature of the committee, the condominium board may want to call and hold an owners' meeting for the purpose of obtaining input from the owners.

Committees can be of particular use for self-managed condominium corporations, as they can allow the owners to take an active role in the running of the condominium corporation, taking some of the pressure off of the condominium board. In some cases, committees can be created in lieu of having to add additional members to the condominium board to handle the workload. This can be helpful for condominium corporations as some individuals may not have interest in becoming a director but will take part in a committee.

These committees can benefit a condominium corporation in several ways, including:

- Allowing owners and residents to support the condominium board in governing the condominium corporation;
- Determining new policies for the condominium corporation as required;
- Periodically reviewing and proposing potential updates to the governing documents of the condominium corporation as required;
- Expanding how owners and residents interact with and contribute to their condominium community; and
- Encouraging individuals who may be interested in becoming a director or taking a leadership role in the condominium corporation.

Depending on the reason the committee was created by the condominium board, committees are also classified by the length of time they will remain active:

- **Ad hoc committees** are established to address a temporary need or a specific task and will generally be dissolved when the committee is no longer needed, e.g., a committee being utilized to organize a one-time social event, or a committee which was created to investigate an ongoing issue within the condominium corporation.
- **Permanent committees** are created to address long term and/or continuous condominium matters, e.g., a gardening/condominium beautification committee which continuously seeks to improve the aesthetic of certain aspects of the condominium corporation.

It is critical to remember that committees of any kind must operate within the governing documents and should not have decision-making powers. To avoid confusion and liability, the condominium board must retain the ultimate decision-making authority. If a condominium corporation has any concerns regarding the legal liability or indemnification of condominium committees or for non-directors who serve on condominium committees, they should seek the advice of a legal professional.

In some cases, owners may feel the need to form their own interest groups that are similar to committees but are “unofficial” in that they were not established by the condominium board. It is important to remember that in many cases, the formation of these groups signals that these individual owners feel their voices are being ignored. It is important that the condominium board listens to these individuals, but also remembers that they should not receive special treatment (i.e., their views should be

given the same weight as any other owner) because they have formed an interest group. If they have formed in response to a certain specific issue, a condominium board can consider offering to bring them in as an ad-hoc committee to help solve the issue they were mobilizing for.

Q&A: Committees That Lose Sight of Their Purpose

Question: I am a condominium board president and have a number of strong directors and passionate owners involved in the condominium's governance arrangements.

Recently one of the board committees established to plan social events has been working on a few topics and discussing issues that are not aligned with the purpose of the committee. Some of the committee members are frustrated, whereas others are getting riled up and starting to complain to the condominium board.

What should I do?

Answer: The Condo Act does not contain any requirements or guidelines for committee structure or mandates. As a result, the only guidance that can be found is in the corporation's by-laws, and/or in the committee's Terms of Reference. The Terms of Reference for the committee should clearly lay out the committee's workplan and scope and is the place to begin to resolve the issue. The committee must operate in alignment with the goals, objectives, and requirements of the condominium board and the governing documents.

A few techniques may be helpful to keep the committee from losing sight of its purpose:

- You should review the committee's Terms of Reference and meet with the committee chair to discuss whether 'scope creep' is happening and describe the concerns that are arising.
- It is very important that you try to listen and learn as much as possible about the issues that the committee members perceive to be serious, and why they have begun to venture outside their scope. There could be a misunderstanding of the committee's objectives and expected work, however if there are matters to be clarified, such as confirming the committee's scope or refining its purpose, those changes should be made in the Terms of Reference and re-approved by the condominium board.
- Ideally, the committee chair will assist and fully support you in aligning the committee's work with the work of the condominium board and assist in clarifying any topics or areas of confusion with its members.
- If the committee chair does not appear to be sympathetic to the condominium board's concerns, or is actively working against the condominium board, it may

be necessary for you as condominium board president to begin attending committee meetings, and/or for the condominium board to replace that individual as committee chair.
- It should also be made clear to the committee chair and committee members that the committee is not a decision-making body. It may be the group that investigates a topic, performs analysis, and brings a recommendation or proposal to the condominium board however it cannot commit or bind the condominium corporation and act on behalf of the condominium board.

In addition to the above, it is always helpful to ensure at least two directors sit on condominium board committees, and attend all meetings, to avoid confusion and facilitate alignment with the condominium board's workplan.

It is also advisable to limit the number of seats on condominium board committees. While it is a positive action to include owners in the condominium's governance, it can become unmanageable if committee sizes are too large. Limiting the number of seats, and adding term lengths and/or term limits, if necessary, will help to avoid situations in which the committee chair struggles to manage competing opinions and can focus the attention of the committee on its core work.

If the committee's scope or activities continues to be a serious problem, the condominium board may be forced to dissolve it altogether, by resolution at a future condominium board meeting.

6.5 Encouraging Participation at Owners' Meetings

It is important that owners feel engaged with their condominium community and take the time to attend owners' meetings, such as the condominium corporation's AGM. Consistent and comprehensive communication with your owners has many benefits, among them the idea that owners may feel more engaged and involved with the condominium corporation, and thus more likely to take part in owners' meetings.

Electronic meetings and hybrid meetings can be an effective tool not only to hold meetings safely, but also encourage participation from individuals who would not normally be able to physically attend an owners' meeting. An "electronic meeting" can consist of either videoconferencing or teleconferencing. Videoconferences use online video and audio software that allows multiple people to interact concurrently. Many videoconferencing platforms have the 'Raise Your Hand' option, in addition to allowing people to type text into a chat section. Teleconferences allow attendees to call into a meeting, where they can hear and speak to the other attendees but cannot see them. Teleconferences can be a more accessible form of meeting for those who do not have access to a computer or are visually impaired. Hybrid meetings are held at a physical

location, while allowing some owners to attend in-person, and others by proxy or through telephonic or electronic means.

The convenience of these options might encourage individuals to participate who have not participated previously.

For more information on conducting electronic meetings, please see the CAO's owners' meeting guide which can be accessed by clicking here.

6.6 Collecting Owner Feedback

As a best practice, condominium corporations should consider establishing a consistent method for collecting feedback from the owners. By utilizing a consistent method for collecting feedback, directors can get insights into how well they are actively and effectively addressing the issues facing the condominium corporation, engaging and communicating with owners, or whether owners and residents feel they are being treated with courtesy and respect.

Feedback should be collected at least annually in advance of or following the AGM to inform the work of the condominium board in the coming year. This feedback can also be utilized to help find individuals who like to become a director at some point.

Please see Appendix D for a sample owner feedback tool.

6.7 Responding to Owner Requests for Records

All condominium corporations are required to create and keep adequate records. You can find a list of the types of records that all condominium corporations must keep under section 55 (1) of the Condo Act and section 13.1 (1) of Ontario Regulation 48/01. Under the Condo Act, current condominium unit owners, purchasers, and mortgagees are entitled to access and/or request copies of the condominium corporation's records. Owners, purchasers and mortgagees can request access to / copies of those records by using the mandatory Request for Records form.

Records can be divided into two categories: core, and non-core records. Core records are the condominium corporation records that are defined as a core record under section 1 (1) of Ontario Regulation 48/01. Examples of core records include the condominium corporation's governing documents (i.e., the declaration, by-laws, and rules), the record of owners and mortgagees, the minutes from condominium board and owners' meetings from the last twelve months, and the budget for the current fiscal year. Non-core records are all condominium corporation records that are not defined as a core record under section 1 (1) of Ontario Regulation 48/01. Examples of non-core records include the condominium corporation's reserve fund study, most financial

records, and the minutes of owners' meetings and condominium board meetings that were held more than a year ago.

While proactive communications can reduce the need to formally request records, access to records is an important way for owners and other individuals to exercise their right to examine information about the condominium corporation. As such, records requests should be taken very seriously and must be responded to within the timelines established under Ontario Regulation 48/01.

To avoid records requests becoming a source of tension between owners and condominium boards, it is helpful to establish a consistent process for responding to records requests. All directors should be knowledgeable regarding what is required from condominium corporations during the records request process, and in addition, as a best practice, at least one director should be tasked with ensuring that records are being adequately maintained and that records requests are responded to appropriately.

The CAO offers an extensive suite of resources to assist condominium owners and condominium boards with understanding records and the records request process. To access these resources, please click here.

Appendix A: Sample Condominium Board Self-Evaluation Questionnaire

For each assessment listed below, please circle the appropriate number on the scale:

Question	**Scale** where 1 = strongly disagree and 5 = strongly agree				
Condominium Board structures, role and responsibilities					
1. I believe the condominium directors are adequately onboarded to the condominium corporation's unique history and complexities.	1	2	3	4	5
2. The condominium board is the right size to be effective (not too big or too small).	1	2	3	4	5
3. The condominium board has the right committee structures through which it effectively manages the work of the condominium board.	1	2	3	4	5

4. In my opinion, the directors on the condominium board appropriately reflect the diversity of the condominium community that it represents.	1	2	3	4	5
5. In my opinion, the condominium board has the right skills and competencies to be effective and efficient in its role.	1	2	3	4	5
6. I understand and am comfortable with my role as a director.	1	2	3	4	5
Management Oversight, if applicable					
7. To my knowledge, the condominium board appropriately oversees the work of the condominium manager.	1	2	3	4	5
8. The condominium manager provides the condominium board with the right information, at the right time.	1	2	3	4	5
9. As a director, I believe the condominium manager is a strong contributor to the success of the condominium corporation.	1	2	3	4	5
10. As a director, I receive the right level of detail from the condominium manager* to understand how the condominium corporation's affairs are being managed.	1	2	3	4	5
11. In my opinion, the condominium manager* is effective and timely in their correspondence and requests from owners and residents.	1	2	3	4	5
12. I believe that the condominium manager consistently and fairly enforces its governing documents.	1	2	3	4	5
13. The condominium manager adequately creates and updates condominium corporation records, such as meeting minutes and financial statements.	1	2	3	4	5
Condominium Board Processes and Procedures					
14. The condominium board has a process in place to confirm that the condominium corporation is in compliance with <u>all</u> mandatory requirements of the *Condo Act, 1998,* and other requirements such as filing of tax returns, employee remittances, etc.	1	2	3	4	5
15. The condominium board has a process in place to elect new directors.					

16. The condominium board has a process in place to appoint directors to vacant positions.					
17. I believe the condominium board follows the right processes to enable good governance.	1	2	3	4	5
18. I believe the condominium board has the right processes to come to good, informed decisions in a timely manner.	1	2	3	4	5
19. To my knowledge, the condominium board has most of its processes and procedures written down.	1	2	3	4	5
Community Engagement					
20. In my opinion, the condominium board treats all owners and residents with courtesy and respect.	1	2	3	4	5
21. In my opinion, the condominium board engages with owners in a timely and appropriate manner.					
22. In my opinion, the condominium board runs positive and engaging owners' meetings.					
Risk Oversight					
23. The condominium board discusses risks on a regular basis.	1	2	3	4	5
24. The condominium board has already developed an emergency management and preparedness plan.	1	2	3	4	5
25. To my knowledge, the condominium board meets with its external auditors and other financial advisors at least once per year.	1	2	3	4	5
26. As a director, I have an in-depth understanding of the latest reserve fund study and the condominium board is taking appropriate action to ensure the condominium corporation is appropriately funded for the future.	1	2	3	4	5
27. As a director, I have a good sense of the well-being of the condominium property, including where repairs may be needed, and the current status of the common elements.	1	2	3	4	5
28. I feel the condominium board has effectively managed and resolved most disputes that occurred **in the past 12 months** between the condominium corporation and owners.	1	2	3	4	5

29. As a director, I feel the risks facing the condominium corporation are significant.	1	2	3	4	5
Condominium Board culture					
30. I am comfortable sharing my opinion at condominium board meetings.	1	2	3	4	5
31. Condominium board meetings generally feel well-organized to me.	1	2	3	4	5
32. The condominium board president is balanced in their comments and provides appropriate leadership to directors.	1	2	3	4	5
33. I have a good relationship with other directors.	1	2	3	4	5
34. I am enjoying my term on the condominium board.	1	2	3	4	5
35. I plan to serve for an additional term, if available to me as per the condominium corporation's by-laws.	1	2	3	4	5

In your opinion, what are three strengths of the condominium board?

In your opinion, how could the condominium board improve its effectiveness?

In your opinion, what should the condominium board be focused on next year?

Any additional comments on the board's effectiveness?

Scoring

It is helpful to protect the confidentiality of director comments and responses if one director volunteers to score the assessments.

There is always room for improvement, however condominium boards should dedicate a portion of a subsequent meeting to discussing the feedback and understanding where improvements can be made.

It is a leading practice to tally up the scores in each subsection, look at how the condominium board performed on each question, and identify the top 3 items (as well as the weakest subsection) to focus on for future condominium board development initiatives.

Appendix B: Disclosure Requirements

This section of the Guide will go over a director's disclosure requirements under section 29 (2) (f) of the Condo Act. It is important to remember that these disclosure statements must be current as of the time the director provides them, and these statements must be disclosed in writing. If a director fails to disclose this information, they immediately cease to be a director.

If the spouse, child or parent of the director or if the child or parent of the spouse of the director is a party to any legal action to which the condominium corporation is a party.	
Disclosure Statement Requirements	• A statement which describes the nature of the conflict of interest (the "interest"). This statement must include the name of the spouse, child or parent and a brief general description of the legal action, unless the director has already provided information to the condominium board.
Timing of Disclosure	• If the director becomes aware of the interest prior to becoming appointed/elected, the interest must be disclosed within 30 days of the director's appointment/election to the condominium board. • If the director becomes aware of the interest on or after the day they are appointed/elected to the condominium board, the interest must be disclosed within 30 days of the day the director becomes aware of the interest.

If an occupier of a unit that the director or the director's spouse owns, or that the director occupies with the occupier, is a party to any legal action to which the condominium corporation is a party.	
Disclosure Statement Requirements	• A statement which describes the nature of the interest. This statement must include the name of the occupier and a brief general description of the legal action unless the director has already provided this information to the condominium board.
Timing of Disclosure	• If the director becomes aware of the interest prior to becoming appointed/elected, the interest must

	be disclosed within 30 days of the director's appointment/election to the condominium board. • If the director becomes aware of the interest on or after the day they are appointed/elected to the condominium board, the interest must be disclosed within 30 days of the day the director becomes aware of the interest.

If the director has been convicted of an offence under the Condo Act or its associated regulations within the preceding 10 years.	
Disclosure Statement Requirements	• A statement which describes the nature of the interest. This statement must include a brief general description of the offence unless the director has already provided this information to the condominium board.
Timing of Disclosure	• If the director is convicted prior to becoming appointed/elected, the interest must be disclosed within 30 days of the director's appointment/election to the condominium board. • If the director is convicted on or after the day they are appointed/elected to the condominium board, the interest must be disclosed within 30 days of the day the director becomes aware of the interest.

If the director has, directly or indirectly, a material interest in a contract or transaction or proposed contract or transaction to which the condominium corporation is or will be a party to, in a capacity other than as a director or officer of the condominium corporation or as a purchaser, mortgagee, owner or occupier of a unit.	
Disclosure Statement Requirements	• A statement which describes the nature of the interest and extent of the interest.
Timing of Disclosure	• If the director is, as of the date of the condominium board meeting, interested in the contract or transaction or the proposed contract or transaction, the interest must be disclosed at the condominium board meeting at which the contract or transaction or the proposed contract or transaction is first considered; or • If the director does not have an interest in the contract or transaction or proposed contract or transaction as of the date of the condominium

	board meeting mentioned above, but begins to do so after that date, the interest must be disclosed at the first condominium board meeting after the director becomes interested; or • If the director becomes interested in the contract or transaction after the condominium corporation enters into it, the interest must be disclosed at the first condominium board meeting held after the interest begins; or • If the contract or transaction or the proposed contract or transaction is one that in the ordinary course of the condominium corporation's business would not require approval by the directors or owners, the interest must be disclosed at the first condominium board meeting held after the director becomes aware of the contract or transaction or the proposed contract or transaction.

If the director has, directly or indirectly, a material interest in a contract or transaction to which the developer or a developer affiliate is a party, in a capacity other than as a director or officer of the corporation or as a purchaser, mortgagee, owner or occupier of a unit.	
Disclosure Statement Requirements	• A statement which describes the nature of the interest and extent of the interest.
Timing of Disclosure	• If the director becomes interested in the contract or transaction prior to becoming appointed/elected, the interest must be disclosed within 30 days of the director's appointment/election to the condominium board. • If the director becomes interested in the contract or transaction on or after the day they are appointed/elected to the condominium board, the interest must be disclosed within 30 days of the day the director becomes aware of the interest.

Any disclosure obligations set out in a by-law of the condominium corporation passed on or after the day subsection 52 (2) of Schedule 1 to the *Protecting Condominium Owners Act, 2015* comes into force.	
Timing of Disclosure	• Within the time set out by the by-law.

Appendix C: Code of Ethics

I, the undersigned, have consented to act as a director of _____ ("the condominium corporation") and I agree to comply fully with this Code of Ethics during my term.

1) Conflict of Interest

I, as a director of the condominium corporation, do not possess any conflict of interest with respect to any matter that could be, or seen to be, harmful to the condominium corporation. Upon becoming aware of any such conflict, I will immediately disclose this matter to the rest of the condominium board. My duty as a director will be to the condominium corporation, and I will not use my position as director to further my own or any individual's interests.

2) Conduct:

I will conduct myself in an appropriate manner in dealings with any individuals I encounter while conducting the business of the condominium corporation, as well as when attending meetings of the condominium corporation. During meetings, I will follow along and listen with what is being said and comply with the format of the meeting, if any. Although I may not agree with all decisions of the condominium board, I will support these decisions when discussing them outside of the condominium board.

3) Standard of Care

I will exercise the standard of care under section 37 (1) of the Condo Act, which means that I will act honestly and in good faith, and I will exercise the care, diligence and skill that a reasonably prudent person would exercise as a director of the condominium corporation.

4) Confidentiality

I will never divulge, to any individual, confidential information obtained in my capacity as a director of the condominium corporation. If I am unsure whether a matter may be divulged, I will choose to err on the side of caution and not discuss or disclose any information related to that matter.

5) Acknowledgement: I agree to comply with all provisions of the director's code of ethics, the governing documents of the condominium corporation, and the *Condo Act, 1998*.

Date _____

Director Signature _____

Appendix D: Condominium Board Performance – Owners' Assessment

I am a (circle one): Owner / Resident **Date**:

_____

The number scale on this assessment represents the following:

1 Strongly Disagree	**2** Disagree	**3** Neutral	**4** Agree	**5** Strongly Agree

For each assessment listed below, please circle the appropriate number on the scale:

Assessment	Scale				
1. The condominium board actively and effectively addresses issues facing the condominium corporation.	1	2	3	4	5
2. The condominium board treats all owners and residents equally and with courtesy and respect.	1	2	3	4	5
3. The condominium board efficiently manages the condominium corporation's finances.	1	2	3	4	5
4. The condominium board holds informative and productive owners' meetings.	1	2	3	4	5
5. The condominium board adequately responds to correspondence and requests from owners and residents.	1	2	3	4	5
6. The condominium board repairs and maintains the common elements of the condominium corporation.	1	2	3	4	5
7. The condominium board consistently and fairly enforces the *Condo Act, 1998*, and the condominium corporation's declaration, by-laws and rules.	1	2	3	4	5
8. The condominium board adequately creates and updates condominium	1	2	3	4	5

	corporation records, such as meeting minutes and financial statements.					
9.	The condominium board successfully resolves disputes that occur between the condominium board and the owners.	1	2	3	4	5
10.	The condominium board complies with all the requirements of the *Condo Act, 1998*, and the condominium corporation's declaration, by-laws and rules.	1	2	3	4	5
11.	I would like to serve on the condominium corporation's board of directors.	1	2	3	4	5
12.	I would like to volunteer in one or more of the condominium corporation's committees (if applicable).	1	2	3	4	5

In the space below, please provide any additional feedback, comments or suggestions you have for the condominium board.