Condominium Property Act Review

Consultation Analysis Report

June 2013

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Explanatory Notes

This Report contains the findings of the Condominium Property Act Review consultation survey. Based on overall stakeholder support, the proposals are grouped into the following three categories:

1. ***Very high support, straightforward proposals***

   These proposals received very high support, many over 90%, across all stakeholder groups. They are generally straightforward proposals that will produce win-win outcomes. Where there were follow-up questions, a summary of stakeholder comments is also provided.

2. ***High support proposals requiring further analysis***

   These proposals received high support, but require further refinement through research and possible consultation with key stakeholders. Where there were follow-up questions, a summary of stakeholder comments is also provided.

3. ***Low to moderate support proposals requiring further analysis***

   These proposals received mixed support across most or all stakeholders groups. Respondents expressed dissenting views on the issues and corresponding proposals. A written commentary summarizing general observations and key themes from stakeholder responses is included for each of the proposals.

A summary of key findings from the **'Additional Comments'** section of the consultation survey is found at the end of this Report.

Category 1: Very High Support, Straightforward Proposals

Survey Question 1: Fair Dealing

Should the Act define "fair dealing" and expand the concept to indicate that all parties involved in the condominium, including the developer, unit owners and board members, must deal fairly with one another?	
Total Number of Responses	3135
Percentage of Positive Responses	94.6%

Follow-up Question:

What other changes would you recommend on the concept of "fair dealing"?

Stakeholders' Comments:

Respondents considered fair dealing a motherhood issue, but many expressed doubts that the concept could be satisfactorily defined. Many emphasized that all parties in condominium, including unit owners and board members, should be required to deal fairly with one another. There are suggestions that the definition of fair dealing could be based on, or harmonized with, the one in the Real Estate Council of Alberta Rules.

Key Comments

- "Deal fairly" is a very ambiguous term. Developers should have the obligation to deal fairly as they are the most knowledgeable and are in the business so should be obliged to work to a higher standard. Buyers and condo board members need to have their obligations spelled out much more clearly and not be subjected to such an ambiguous requirement.
- Fair dealing is intuitively clear but legally vague. I would include other parties such as management companies handling the affairs of the condominium if relevant to this section.

Survey Question 2: Disclosure to Buyer

Should the Act require developers to prepare a proposed operating budget and provide it to buyers?	
Total Number of Responses	3167
Percentage of Positive Responses	97.9%

Survey Question 5: Buyer's Right to Cancel

If a buyer receives an incomplete set of documents from the developer, should the buyer have until the 10th day after the remaining documents are provided to cancel?	
Total Number of Responses	3207
Percentage of Positive Responses	95.51%

Follow-up Question:

Are there any other changes that you feel would better address a buyer's right to cancel a purchase agreement?

Stakeholders' Comments:

Most stakeholders considered that potential buyers should receive the required documents to make an informed decision, and that 10 days was the minimum needed to examine documents and/or obtain legal advice. There was some concern that this could be used to allow purchasers to escape a bad bargain on a technicality.

Key Comments

- The developer knows what is required, and they shouldn't be selling units until they have all of their paperwork in order. So, yes, the period should begin once the buyer receives all of the documentation. If they get it on the last day, then they don't have time to review it and make a sound decision.
- Sometimes your lawyer cannot review the additional documents in the time left to decide to cancel or not.
- If a purchaser is misled or does not have all the relevant facts, then the purchaser should be entitled to escape the contract. However, purchasers often use the failure to provide documents or immaterial omissions to escape contracts because the market has changed.

Survey Question 8: First (inaugural) Meeting of Owners

It is proposed that the developer hold an inaugural meeting of the unit owners within 30 days after the condominium plan is registered and the first AGM to be held within 15 months of that first meeting. Would this change make it easier to understand when the first board is to be elected and when the first annual general meeting is to be held?	
Total Number of Responses	2964
Percentage of Positive Responses	90.3%

Survey Question 9: Condominium Fees (contributions)

Should all unit owners, including developers, be required to pay condominium fees at the same time in substantially completed condominium phases?	
Total Number of Responses	3146
Percentage of Positive Responses	94%

Survey Question 12: Parking Stalls

Should visitor and disabled parking stalls be designated as common property in the condominium plan?	
Total Number of Responses	3204
Percentage of Positive Responses	94.5%

Survey Question 13: Authority to Recall Board Member

Should the Act give owners the right to recall a board member?	
Total Number of Responses	3393
Percentage of Positive Responses	90.6%

Survey Question 14: Method for Recalling Board Member

If you agree that the Act should give owners the right to recall board members, should it also say how this must be done?	
Total Number of Responses	3180
Percentage of Positive Responses	93.9%

Survey Question 15: Extraordinary Meetings

Should the Act require all boards to call extraordinary meetings if a certain number of owners ask for them?	
Total Number of Responses	3383
Percentage of Positive Responses	92.3%

Survey Question 20: Denying an Owner the Right to Vote

Do you agree that an owner's or mortgagee's right to vote should be denied if there are unpaid contributions or unpaid court orders or judgments obtained by the corporations?	
Total Number of Responses	3409
Percentage of Positive Responses	88.7%

Survey Question 32: Corporation Oversight of Unit Repairs

If the owners are responsible for repairing the damage to their units, should the corporation have the right to ensure that the repairs are done in a timely and proper manner?	
Total Number of Responses	3343
Percentage of Positive Responses	91.1%

Survey Question 34: Return of Corporation's Records

Do you believe it is reasonable to require condominium managers to return the corporation's records within 30 days?	
Total Number of Responses	3527
Percentage of Positive Responses	93%

Survey Question 36: Fees for Documents Held by Condominium Manager

Should condominium managers be allowed to charge the condominium corporation a fee for copying documents they keep?	
Total Number of Responses	3426
Percentage of Positive Responses	8.1%

Survey Question 42: Termination of Management Contracts

If you believe the Act should deal with management contracts, should these contracts contain provisions allowing early termination?	
Total Number of Responses	1728
Percentage of Positive Responses	96.3%

Follow-up Question:

If your answer to 42 is "yes", how much notice should be given when terminating a condominium management contract that has a term longer than one year?

Stakeholders' Comments:

Most considered that either party should be able to terminate the contract early with reasonable notice.

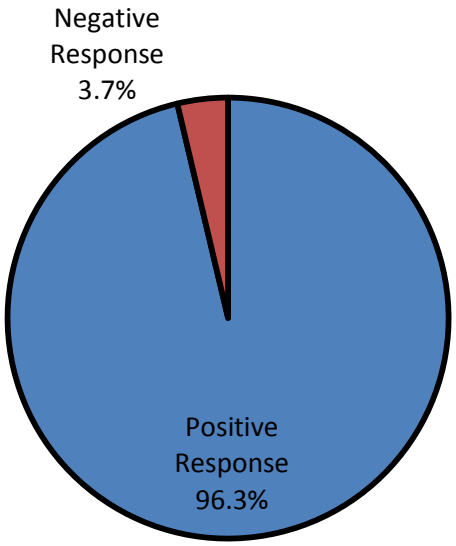
Key Comments

- There are many reasons to terminate a contract. Reasonable notice should be all that is required. The Management contracts should always carry provisions for termination for cause and termination without cause.
- There should be an option to terminate the contract at least annually, and this should fall within a defined number of months after an AGM. This allows new Boards to extricate themselves from arrangements made by prior boards (and Owners who object to a choice of property manager to elect a new board that will reflect their wishes).
- It must be for cause not whim. It costs money and loss of continuity to keep changing contracts, especially if boards change frequently.
- Nothing is certain in life. A change in ownership or change in staff of the manager may change the relationship with the Condo Board. Either party should be allowed to terminate a contract with no less than 30 days notice in writing.
- This would help make managers more accountable and minimize complacency.
- If property owners have an irresolvable difference with their employee, they should have the right to terminate a contract prematurely providing the two parties have agreed upon a form of early termination compensation
- Our property management company assigned a new property manager to our building. She was 21 had no experience and no training. She did everything wrong and quit after 6 months. It took us a year after that to be able to fire our property management company. We had 3 managers in one year.

Category 2: High Support Proposals Requiring Further Analysis

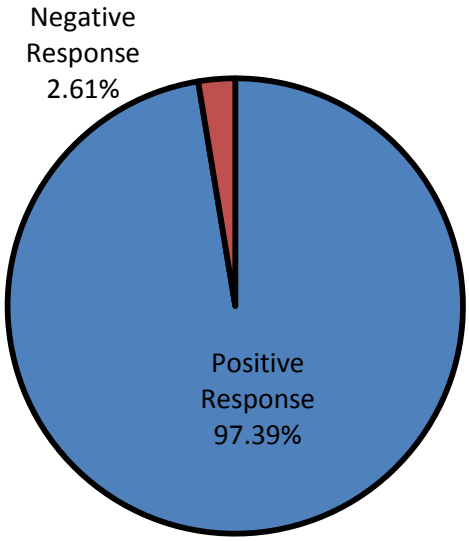
Survey Question 3: Disclosure to Buyers

Do you think the Act should include consequences for developers who misrepresent the initial condominium fees to buyers?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	162	96.3%
Business Associations	5	100%
Condominium Corporations	691	95.8%
Condominium Owners	1976	97.6%
Development/Construction	18	88.9%
Government	11	100%
Insurance	14	100%
Legal	40	75.0%
Other	260	96.2%
Property Management	97	84.5%
Total Responses	**3274**	**96.3%**



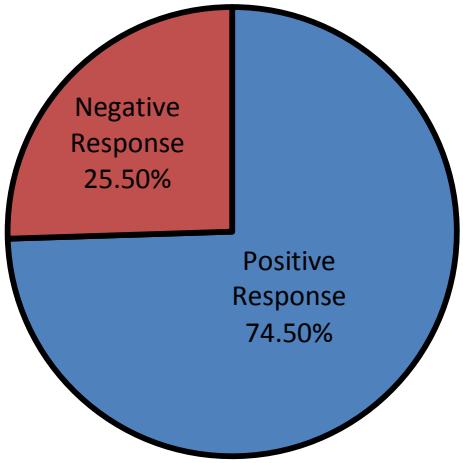
Survey Question 4: BAR for Converted Condominiums

Should a Building Assessment Report (BAR) be prepared and provided to buyers of a converted condominium?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	164	95.7%
Business Associations	5	100%
Condominium Corporations	645	97.3%
Condominium Owners	1870	98.0%
Development/Construction	17	94.1%
Government	12	100%
Insurance	13	92.3%
Legal	35	85.7%
Other	242	95.65%
Property Management	95	97.8%
Total Responses	**3109**	**97.39%**



Survey Question 16: Video or Teleconference Board Meetings

Do you think the Act should allow board members to attend board meetings by video or teleconference?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	161	86.3%
Business Associations	5	80%
Condominium Corporations	755	75.9%
Condominium Owners	2104	71.7%
Development/Construction	19	79%
Government	11	81.8%
Insurance	13	69.2%
Legal	36	86.1%
Other	267	76.8%
Property Management	101	89.1%
Total Responses	**3361**	**74.5%**



Stakeholders' Comments:

There was fairly strong approval for this proposal at 74.4% of all stakeholders. Highest approval came from the property management sector at 89.1% and lowest from insurance at 69.2%. However, the next lowest approval came from condominium owners at 71.1%. Many owners and boards were keen to be allowed to use modern technology to overcome the problems with finding enough residents to attend board meetings in person. Others were concerned that the practice would lead to many part-time residents on the boards, pointing out that there are times when it is essential for a significant number of board members to be present. Some would prefer in-person meetings to be mandatory for certain types of meetings or when certain issues are being discussed.

An even larger number of stakeholders provided their concerns if the board did not meet in person.

Key Comments

- Encourage board members to be actual residents and not absentee owners. Board members need to be local in order to properly understand corporation issues.
- I own a condo in Hawaii where there are many part-time residents. Meetings have been held via teleconference for decades and it works well.
- Condo owners are often people who travel for work. If we did not allow this, getting quorum would be difficult.
- Board meetings-yes. But when holding and AGM with many people in attendance, in-person meetings should be mandatory.
- Good enough for court and big businesses.

- The technology is widely available and very affordable. It would allow persons who, because of business or personal commitments, cannot attend meeting in person. It would enable the Property Manager to have more time to prepare and present material. Meeting would not be restricted to the typical early evening of a working day constraints. The rules would need to be clearly defined: e.g. there will always be a designated physical meeting place at the property location, adequate to accommodate all members if required, the physical meeting place will be equipped with the basic tools for teleconferencing at board expense. And if members choose to teleconference, that is at their own personal expense. They will also have to meet quality-of-communications standards.

- A corporation should be free to decide that distance meetings do not work for them. In that regard, I would recommend wording similar to sections 114(9), etc. of the Alberta Business Corporations Act.

Follow-up Question:

What would your concerns be if the board did not meet in person?

Stakeholders' Comments:

An even larger number of stakeholders responded to this question than to the previous one. Chief among their concerns were problems with lack of observable body language, the problems with identification and possibility of fraud, costs, difficulty in keeping records, older generation problems with technology, and general technical difficulties.

Key Comments

- I have been on a board that wanted to do business by e-mail. This does not work as bullying has become an issue and there is really no way to control it. It also does not allow for healthy discussion prior to a vote.

- Absentee owners could control the board effectively running the property as a giant rental.

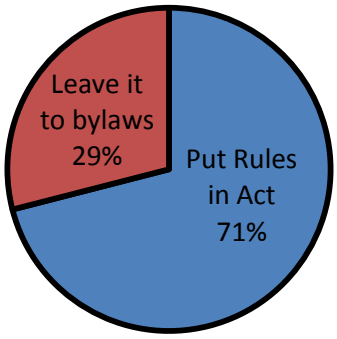
- Teleconferencing is not face to face and it may be difficult for people to grasp the meaning behind the conversation if you cannot see the individual talking. Depending on the telephone equipment you have it can be hard to hear what everyone is saying especially if the majority are in a large boardroom and the phone is not in the middle of the desk. Additional microphones may be needed at an extra cost to the company. Teleconferencing is not a great system to use if the meeting participants are expected to brainstorm or ask lots of questions as they cannot see each other and therefore it is harder to work together or think of creative solutions to problems. It is also not ideal for sales pitches or negotiations. Controlling who is speaking, interruptions and speaking over each other is a common problem with a large number of people on a teleconference. Unless you have a strong chairperson that will mute certain speakers it may be unwise to use teleconferencing for large numbers

- For video conferencing, everyone attending the meeting must have the equipment at their desk or be situated in a conference room where it is available. A reliable and fast link must be in place to allow for good quality sound and visuals. This is an additional cost to the equipment itself which is also expensive. The quality of the camera and how far it can be angled may mean that participants are not be able to see everybody and / or the presentation material.

- I think some of the board should always meet in person. In fact, we have board working meetings in between board meetings to handle the items in the building that physically need to be looked at and brainstormed. My concern would be an investor-dominated board that overruled owners in the building trying to make their building better. If you care about the building you should be willing to show up to meetings. Allowing teleconferencing should be at the discretion of the board instead of requiring boards to allow this.

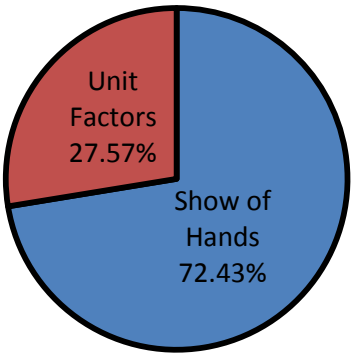
Survey Question 17: Minimum Notice Periods for General Meetings

Should the Act set minimum notice periods for all general meetings, or should notice periods be dealt with in the bylaws of each corporation?			
Stakeholder Group	**Total Number of Responses**	**Putting the Rules in Act**	**Leaving it to bylaws**
Business/Industry	165	73.9%	26.1%
Business Associations	5	100%	0%
Condominium Corporations	757	64.9%	35.1%
Condominium Owners	2129	73.3%	26.7%
Development/Construction	18	83.3%	16.7%
Government	11	100%	0%
Insurance	13	92.3%	7.7%
Legal	36	58.3%	41.7%
Other	267	73%	27%
Property Management	100	62%	38%
Total Responses	**3389**	**71%**	**29%**



Survey Question 18: Show of Hands Voting

Should the Act allow "show of hands" voting or should the Act continue to require votes to be conducted by unit factor count?			
Stakeholder Group	**Total Number of Responses**	**Show Of Hands Voting**	**Unit Factors Voting**
Business/Industry	163	72.4%	27.6%
Business Associations	5	60%	40%
Condominium Corporations	758	77.4%	22.6%
Condominium Owners	2126	70.4%	29.6%
Development/Construction	19	63.2%	36.8%
Government	10	80%	20%
Insurance	12	66.7%	33.3%
Legal	36	72.2%	27.8%
Other	265	71.3%	28.7%
Property Management	99	80.8%	19.2%
Total Responses	**3379**	**72.5%**	**27.6%**



Stakeholders' Comments:

Show-of-hands voting was chosen by 72.3% of the total number of stakeholders. Business associations gave the lowest approval at 60% while property managers had the highest approval rate at 80.8%. Condominium corporations and owners came in at 77.4% and 70.4% respectively.

From the comments it would seem that, despite the 72.3% approval, stakeholders are actually considerably divided over this issue. Some argued that a person's right to vote in municipal and other government elections does not vary according to their net worth or the property they own, so unit factors should have no place in weighting condominium owners' votes. Others point out that the condominium association is a corporation and that voting should follow shareholder rules. There is also confusion as to whether the show of hands would be for one vote per unit or one vote per registered owner (as the defining question 19 has not yet been asked). Many considered one vote per registered owner grossly unfair to single owners, while some thought the ability for all to vote would increase participation at meetings.

Key Comments

- If the units are not equal, then voting by unit factor is best.
- Too much room for miscounting with show of hands, and as long as unit factors are used for assessments, it stands to reason that the votes should be weighted accordingly.
- We use "show of hands" for informal votes, but for cases where the decision is divided, we use ballots. I have a feeling that "show of hands" would still be used whether or not it's allowed, but that it might be abused if it was formally recognized. In our condo, any owner could protest a "show of hands" vote, and request a ballot.

- Should allow show of hands for ease of operation but when there are serious issues to be decided it should by unit factor - no question.

- Having been a board member, I was NOT aware that show of hands was not valid (which our property management company insists on using). A condo complex is a cooperative and so I feel each owner should have ONLY one vote (one weight). Unit factors are appropriate for determining condo fees as bigger units use more resources - however, they should not have more influence than their neighbours on overall matters.

- Show of hands is not a good way to handle a meeting, especially if the Chairman does not know if the person voting is there as a friend to listen, or a registered Owner or Proxy holder. A Registered person would be given a Ballot.

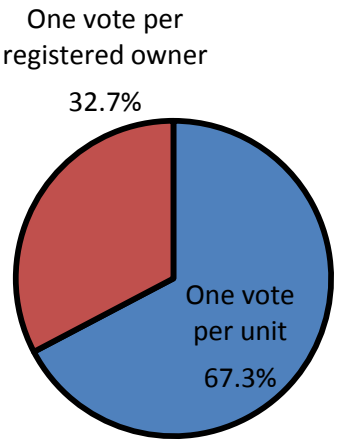
- Show of hands is fine as long as the vote is not for Special Assessment or addition/deletion to the property.

- Show of hands is a breach of the privacy and confidentiality of each unit owner. I believe show of hands should not be permitted for these reasons to ensure individual rights are protected. Better ways of voting include voting by email or fax which would keep everything confidential and allow the property manager to retain records and handle the vote in a professional manner (i.e. with ongoing voting tally audits by RECA to ensure compliance with the Real Estate Act of Alberta).

Survey Question 19: One Vote per Unit vs. One vote per Registered Owner

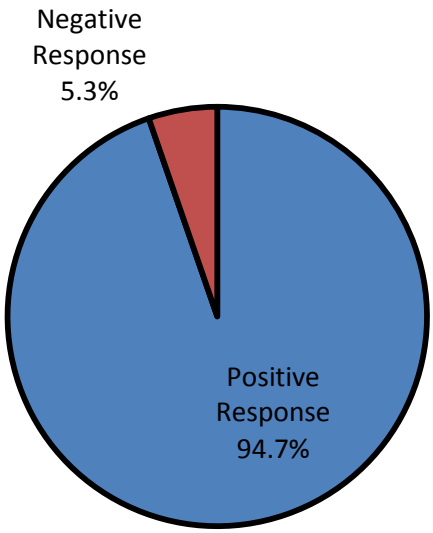
If voting by "show of hands" is allowed in the Act, should the vote be counted by units (i.e., one vote per unit) or by owners (i.e., one vote per registered owner)?

Stakeholder Group	Total Number of Responses	"One Vote Per Unit"	"One Vote Per Registered Owner"
Business/Industry	155	71%	29%
Business Associations	5	100%	0%
Condominium Corporations	711	70.6%	29.4%
Condominium Owners	2016	64.4%	35.6%
Development/Construction	18	55.6%	44.4%
Government	9	66.7%	33.3%
Insurance	11	45.5%	54.6%
Legal	31	83.9%	16.1%
Other	258	69.4%	30.6%
Property Management	93	83.9%	16.1%
Total Responses	**3202**	**67.3%**	**32.7%**



Survey Question 33: Requirements for Condominium Managers

Should there be formalized, industry-wide minimum requirements for knowledge, competencies and standards of practice for all Alberta condominium managers?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	167	94.0%
Business Associations	5	100%
Condominium Corporations	783	94.0%
Condominium Owners	2239	95.4%
Development/Construction	19	100%
Government	12	91.7%
Insurance	23	100%
Legal	38	84.2%
Other	312	94.2%
Property Management	104	88.5%
Total Responses	**3702**	**94.7%**



Stakeholders' Comments:

There was high overall support for this suggestion. Highest support came from condominium owners (95.4%); lowest from the legal sector (84.2%). Property managers were 88.5% in support.

There was some confusion as to what is presently covered in the Real Estate Act. Property managers reported meeting colleagues who did not have the knowledge to be in the business. Many owners were surprised that such standards were not already in place and were very much in support of formal competency requirements. Board reported several instances of property managers who were not aware of the legislation or of the corporation's bylaws, or who simply ignored them.

Key Comments

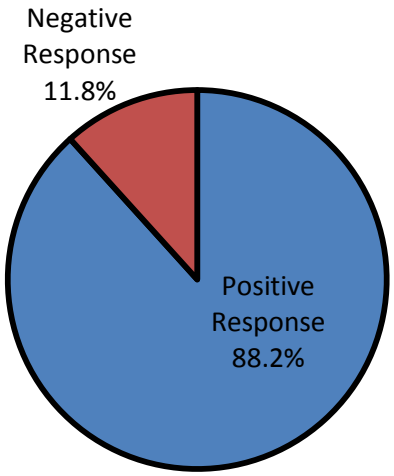
- Industry standards can only equalize the playing field and have more educated persons. Self governance through RECA would be preferred.
- Like any other industry, it is important to have competent, educated people in place to manage these properties and the large amount of money that is collected through condo fees. Furthermore, adding some standard of practice might help with the turnover rate of property managers. In two years at my condo, we saw approximately 5 different property manager changes. This is not only disruptive to the condo boards but also leaves a negative impression about the stability (or instability) of the property management company.
- I'm a Property Manager and even I'm shocked and embarrassed by some of the lack of knowledge of my industry colleague. Just this morning, I was speaking with a lawyer friend who had a case against a Corporation for something totally cut-and-dried, that the

manager and Board had mishandled. Very terrible and a waste of time for everyone. I wish there was some sort of requirement of competency specifically for Condominium Managers, and I don't mean the little educational requirements that RECA puts out from time to time that mostly have nothing to do with our industry. I'd rather see us split from RECA with a better self-regulating body in charge of what we do.

- There should be exemptions for "self managed", where owners are managing small developments. I have seen some very well "self managed" situations, where it is just not practical or necessary to employ third party help.

Survey Question 39: Maximum Term of Management Contracts

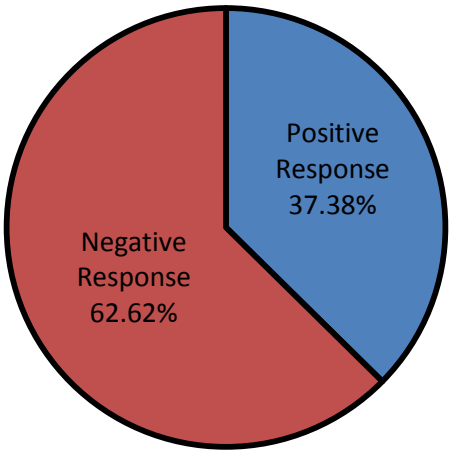
Should there be maximum allowable terms for condominium management contracts?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive responses**
Business/Industry	89	88.8%
Business Associations	4	100%
Condominium Corporations	360	89.2%
Condominium Owners	1288	88.1%
Development/Construction	10	90%
Government	5	60%
Insurance	10	80%
Legal	16	81.3%
Other	181	87.9%
Property Management	19	79%
Total Responses	**1917**	**88.2**

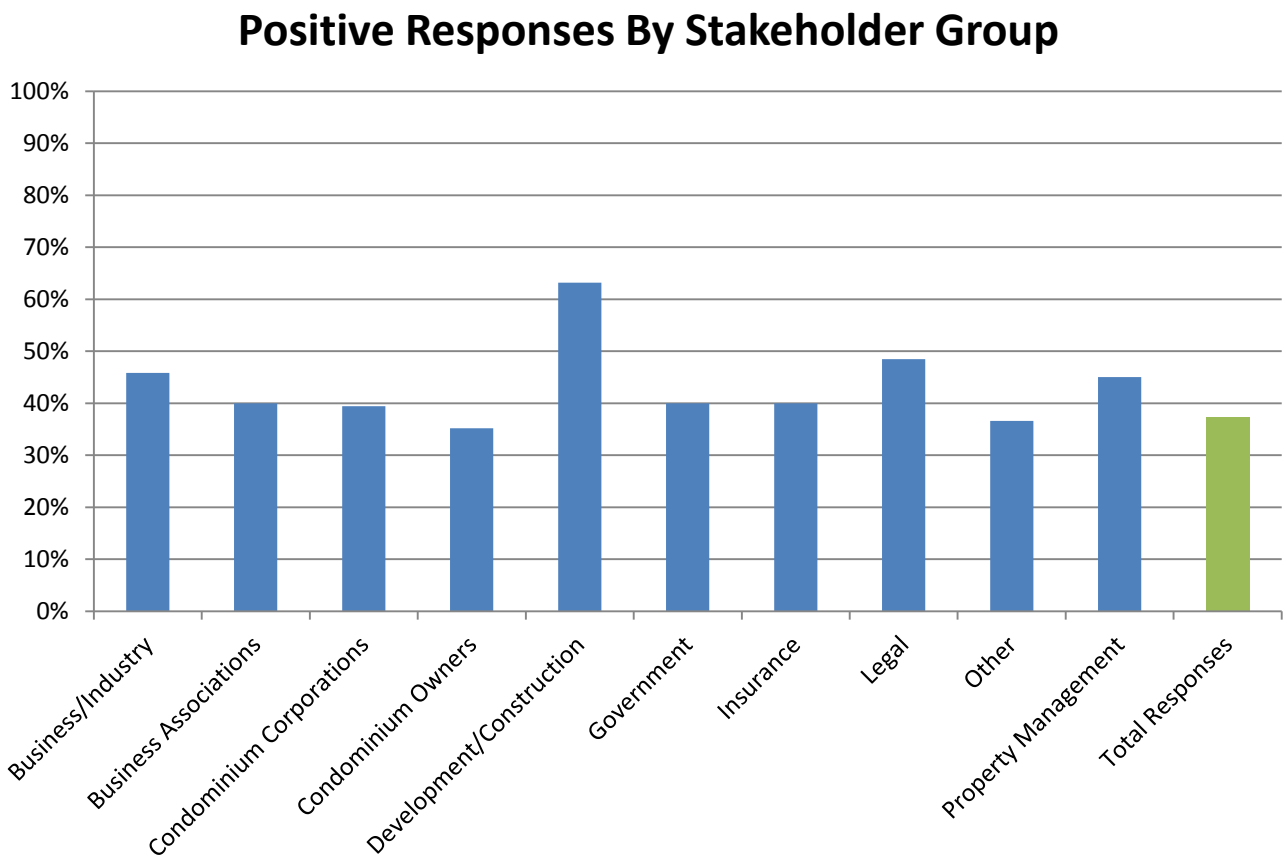


Category 3: Low to Moderate Support Proposals Requiring Further Analysis

Survey Question 6: Protection of Buyer's Deposits

Do you think that the current version of the Act adequately protects buyer's deposits?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	153	45.8%
Business Associations	5	40%
Condominium Corporations	574	39.4%
Condominium Owners	1694	35.2%
Development/Construction	19	63.2%
Government	10	40%
Insurance	10	40%
Legal	33	48.5%
Other	224	36.6%
Property Management	80	45%
Total Responses	**2713**	**37.38%**




Positive Responses By Stakeholder Group
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Business/Industry
Business Associations
Condominium Corporations
Condominium Owners
Development/Construction
Government
Insurance
Legal
Other
Property Management
Total Responses

Stakeholders' Comments:

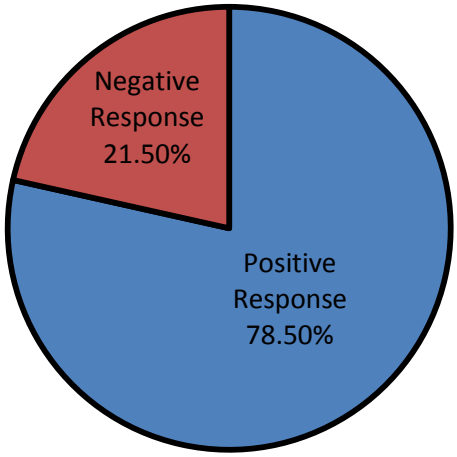
Only 37.4% of all stakeholders considered buyers' deposits were adequately protected. The highest positive responses came from the construction/development, legal, and business/industry sectors (63.2%, 48.5%, and 45.8% respectively). Condominium owners responded most negatively, at 35.2%.

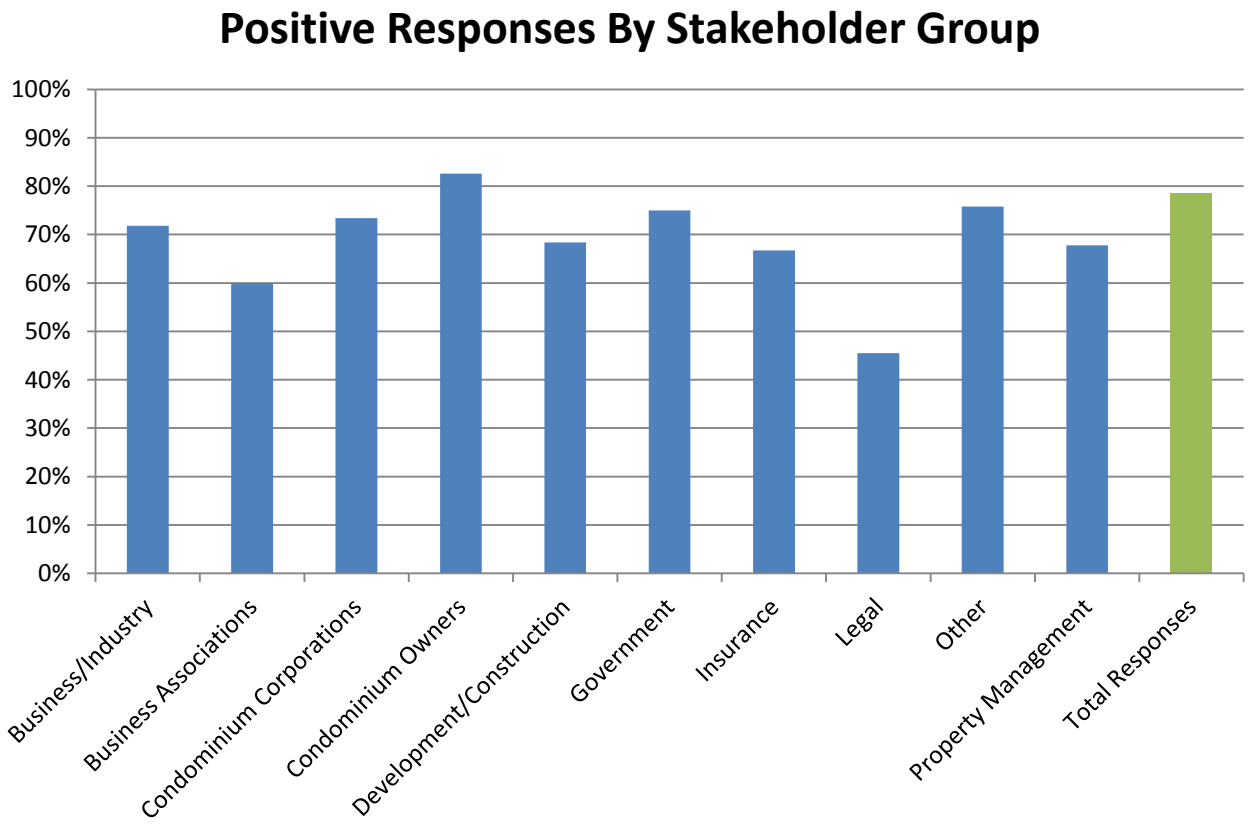
Key comments

- I am not sure if the Act provides adequate protection or not.
- My father worked for a condominium developer in finance and they regularly breached their 'trust' accounts, using funds from one property to fund another. When he raised the issue he was rebuffed and subsequently left the company. This is evidence that policing of trust accounts is not robust enough.
- I have personally acted for a client who lost a significant portion of a number of deposits which were permitted to be released to the developer from trust pursuant to a deposit protection program. The developer went bankrupt and the warranty provider only grudgingly paid the deposits back but all the legal fees of forcing the issue were borne by the purchasers and deducted from the deposits they received back. The deposit of a non-defaulting purchaser should be 100% protected and not subject to partial loss to recover it in such a situation.
- Deposit insurance should be mandatory for developers.
- Deposits should be protected in full. Maximum time can cause projects to fail completely causing damage to industry and home buyers.
- There was one project in Calgary where the developer went under CCAA protection for almost two years and the pre-sold buyers deposits were not held in trust and even though they had a right to claim through the monitor of the CCAA proceedings they were not refunded their deposits and are being sued by the developer for damages.

Survey Question 7: Construction Completion

Do you feel developers should be given a set maximum amount of time to complete a project?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	156	71.8%
Business Associations	5	60.0%
Condominium Corporations	620	73.4%
Condominium Owners	1818	82.6%
Development/Construction	19	68.4%
Government	12	75.0%
Insurance	12	66.7%
Legal	33	45.5%
Other	244	75.8%
Property Management	87	67.8%
Total Responses	**3006**	**78.5**





Stakeholders' Comments:

Total support was 78.5%. Highest support came from condo owners (82.6%). Lowest support was from the legal sector at 45.5%, followed by business associations (60%) and the insurance sector (66.7%).

While this proposal was generally supported, there were some concerns that rushed jobs would lead to poor quality of work and that delays may be outside the developer's control. Buyers spoke of extra costs involved when projects are finished late or not at all, and of the problems of living in unfinished projects. There were suggestions that contracts should be required to specify a reasonable completion date, beyond which a buyer could cancel.

Key comments

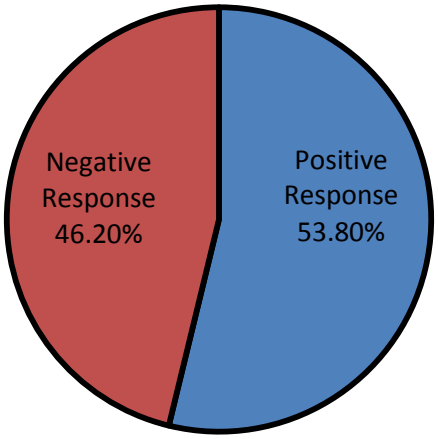
- This is difficult because delays may be a result of circumstances that the Developers have no control of. I'm not sure what would be the best way to protect buyers from delays. If you put too much pressure on the Developers my concern is that the workmanship would suffer or the Developer walks away from the project, leaving the Buyers with nothing (has happened in the past).

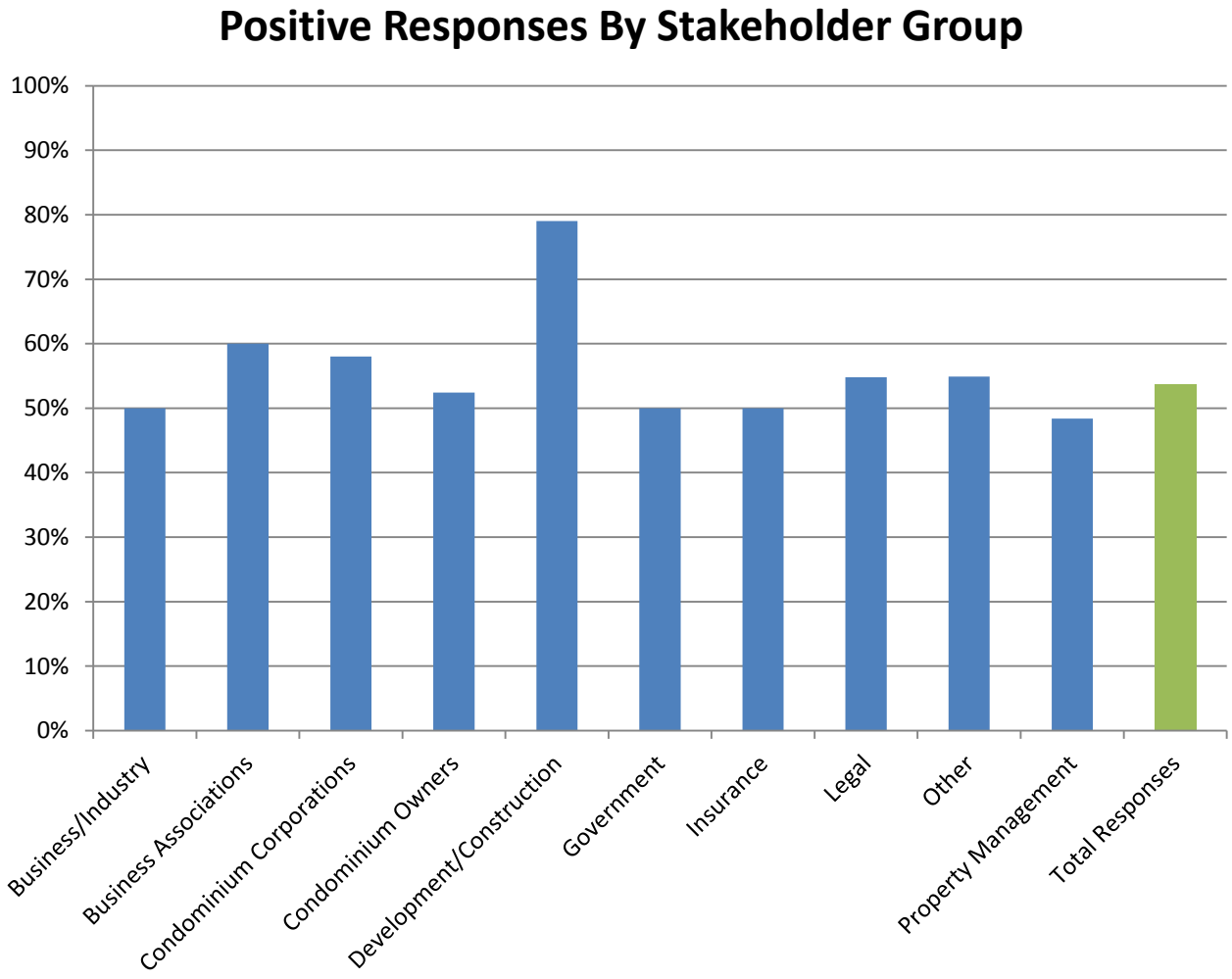
- There needs to be a set period of time, once a deposit is made by a future owner to once the project is completed. People need to make plans based on firm dates.

- I do not think the maximum amount of time to complete should be legislated, however, I think it should be a requirement of the purchase contract that it specify a completion date. That way, the developer can choose a reasonable completion date and the buyer goes into the contract with eyes wide open.

Survey Question 10: Project Documents

Should the list of documents that developers must give to a condominium corporation be changed?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	144	50%
Business Associations	5	60%
Condominium Corporations	607	58%
Condominium Owners	1688	52.4%
Development/Construction	19	79%
Government	10	50%
Insurance	14	50%
Legal	31	54.8%
Other	224	54.9%
Property Management	91	48.4%
Total Responses	**2833**	**53.8%**





Follow-up Question:

What documents do you feel should and shouldn't be provided to the corporation?

Stakeholders' Comments:

Stakeholders were divided on this issue, with a total support of 53.8%. Highest support came from development/construction (79%), lowest (48.4%) from property managers.

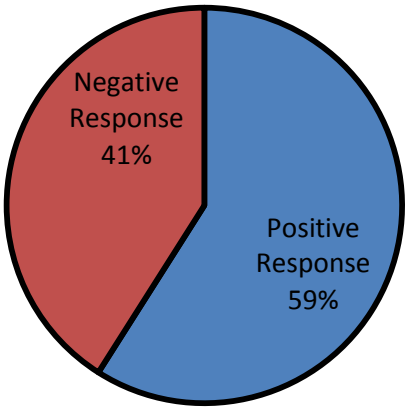
Comments suggest there is great confusion among all stakeholders on what documents must be provided under the present legislation. Many responders stated that they felt unable to respond positively because of this. Of those who did respond, the great majority wanted copies of the as-built drawings added to the requirements and gave examples of problems that they have had due to the lack of drawings. Some mentioned that document filing was also a problem and suggested a central filing system for condominium documents.

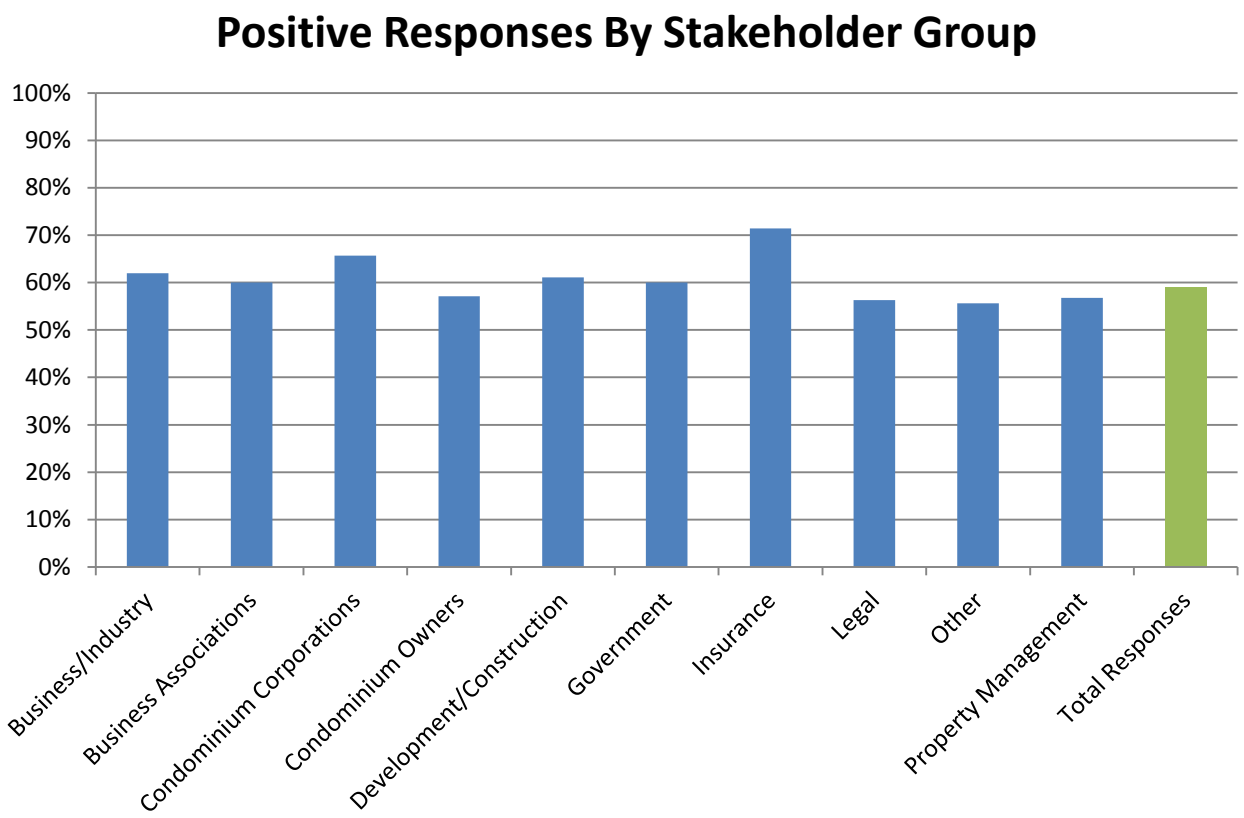
Key Comments

- As a former Property Manager I see the need for "as built" electrical, plumbing and heating system documents. In our building we pay additional time for trades people every time they visit, as we do not have "as built" plans. Survey plans are necessary - now 12 years later our building needs to assure some Owners of the "limited common property" boundaries. Full structural drawings are necessary when undertaking repairs. We have a roof deck patio area - what is the floor load? Warranties are a must. Specifications for carpets, lighting, paint colors & brands would be very helpful.
- Doing up proper drawings should be a mandatory requirement and should not add to the cost like you are suggesting. I am a former owner of an engineering company and there is no way this would add the percentage to the project cost that you are suggesting
- There should be legal consequences for developers NOT turning over documents. We spent in excess of $35,000 to get new drawings so that we could fix the MAJOR problems the builders and developers left us to deal with.

Survey Question 11: Value of Project Documents

Would you be willing to pay more for your condominium unit if documents such as structural, mechanical, and as-built drawings were required to be provided to the corporation by the developer?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	150	62%
Business Associations	5	60%
Condominium Corporations	635	65.7%
Condominium Owners	1824	57.1%
Development/Construction	18	61.1%
Government	10	60%
Insurance	14	71.4%
Legal	32	56.3%
Other	241	55.6%
Property Management	88	56.8%
Total Responses	**2922**	**59%**





Stakeholders' Comments:

Stakeholders almost unanimously agreed that such drawings were essential information and should be provided to the corporation: they were divided only on who should bear the cost. Of the total, 59% were ready to pay for the documents, with the highest support coming from condominium corporations at 65.7% and the lowest from the legal sector at 56.3%. Many who identified themselves as associated with the construction or development industries strongly questioned the 3-4% increase in unit price that was suggested for these drawings in the discussion paper, pointing out that as-builts can now be produced and conveyed digitally.

Key comments

- But, 3 - 4% of 300k condo is $9000 - $12000. There is no way that it costs $12000 extra/unit for as built drawings to be added.

- Your cost figure of 3-4% is utter nonsense and will mislead many people into incorrectly answering this question.

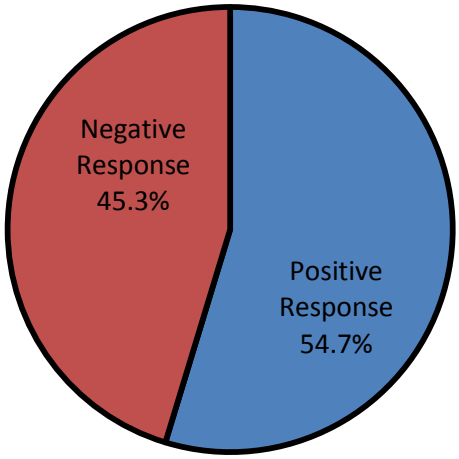
- These documents are all part of the planning and due diligence a buyer should be able to expect from a developer. There should be no extra fees. This is standard in other purchases - e.g. hospitals.

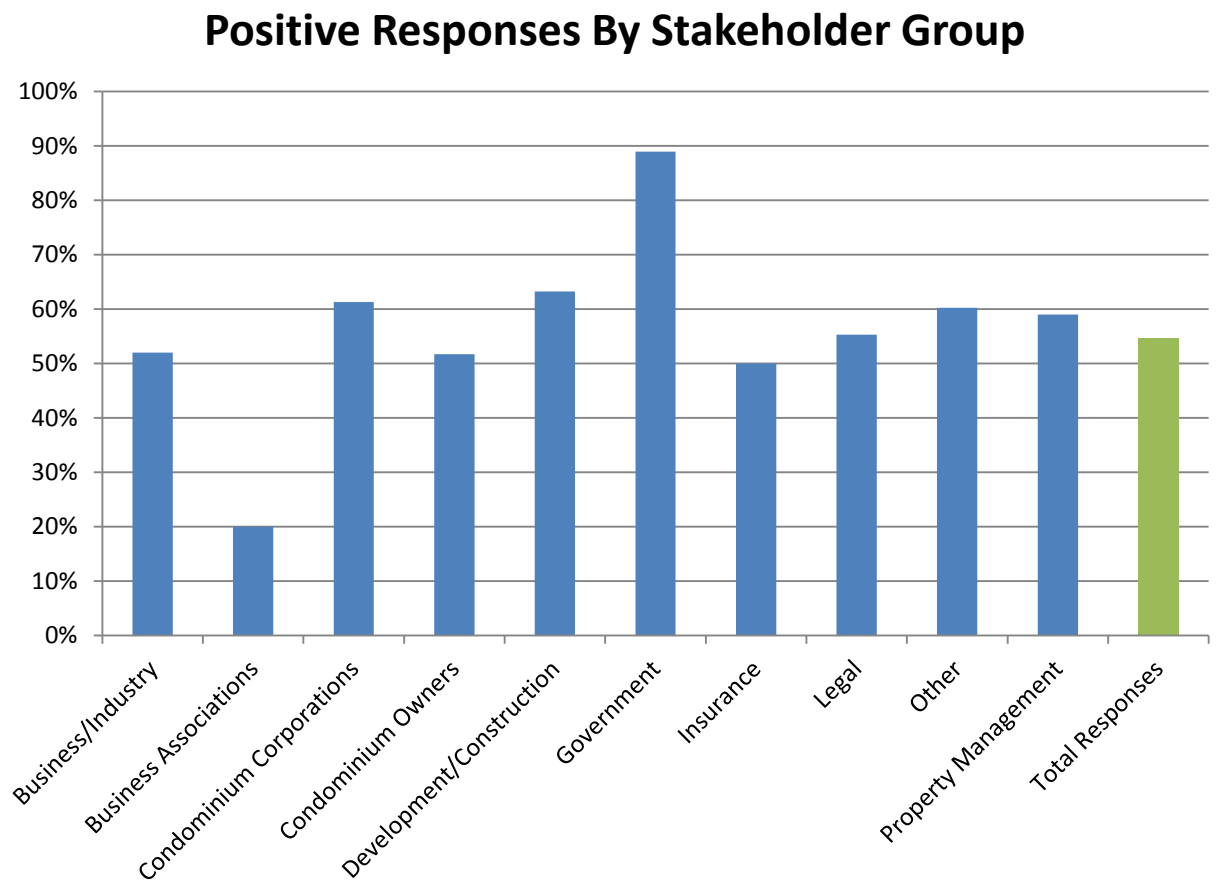
- 'As-builts' are invaluable if something goes wrong and has to be traced. The cost of doing that and trying to figure out something that was changed and never recorded can be huge. This should be a requirement of the Alberta Building Code. Why would fire and emergency services, utilities and municipalities want a bunch of unknowns to deal with? Why do people keep digging up gas lines, tearing into bearing walls etc? Because there are no as-builts. In these days of computerized drawings, laser levels and measurements it is a lot easier to do 'as-builts' than it used to be.

- My clients would be able to see what was being offered and also effectively compare various developments to make an informed buying choice. - the Condominium Act must make it clear that these are reasonable development tools. Any prudent Developer who did not create them would be derelict in their due diligence. They represent a minimal cost to copy and extend to the Interim Board. It is more about disclosure than it is about costs.

Survey Question 21: Special Resolutions Minimum Number of Votes

Should there be a change to the minimum number of votes needed to pass a special resolution?		
Stakeholder Group	**Total Number of Responses**	**Positive Responses**
Business/Industry	154	52%
Business Associations	5	20%
Condominium Corporations	750	61.3%
Condominium Owners	2030	51.7%
Development/Construction	10	63.2%
Government	9	88.9%
Insurance	10	50%
Legal	38	55.3%
Other	256	60.2%
Property Management	100	59%
Total Responses	**3265**	**54.7%**





Follow-up Question:

If so, what should this minimum be? Should the number of votes required to pass a special resolution be the same for all decisions or should there be different numbers required for different decisions?

Stakeholders' Comments:

Stakeholders were divided on this issue. Apart from the government respondents (88.9%), support varied among stakeholders between 52% (business/industry) and 63% (development/construction).

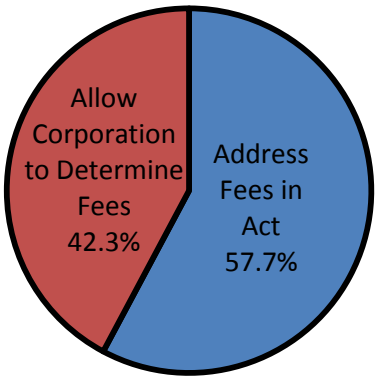
Those who supported the proposal cited the problems that boards with many absentee owners had to gather enough votes for making required repairs or other significant decisions. Those who were against the proposal thought that important issues, like bylaw changes, should only occur if a significant number of owners agreed.

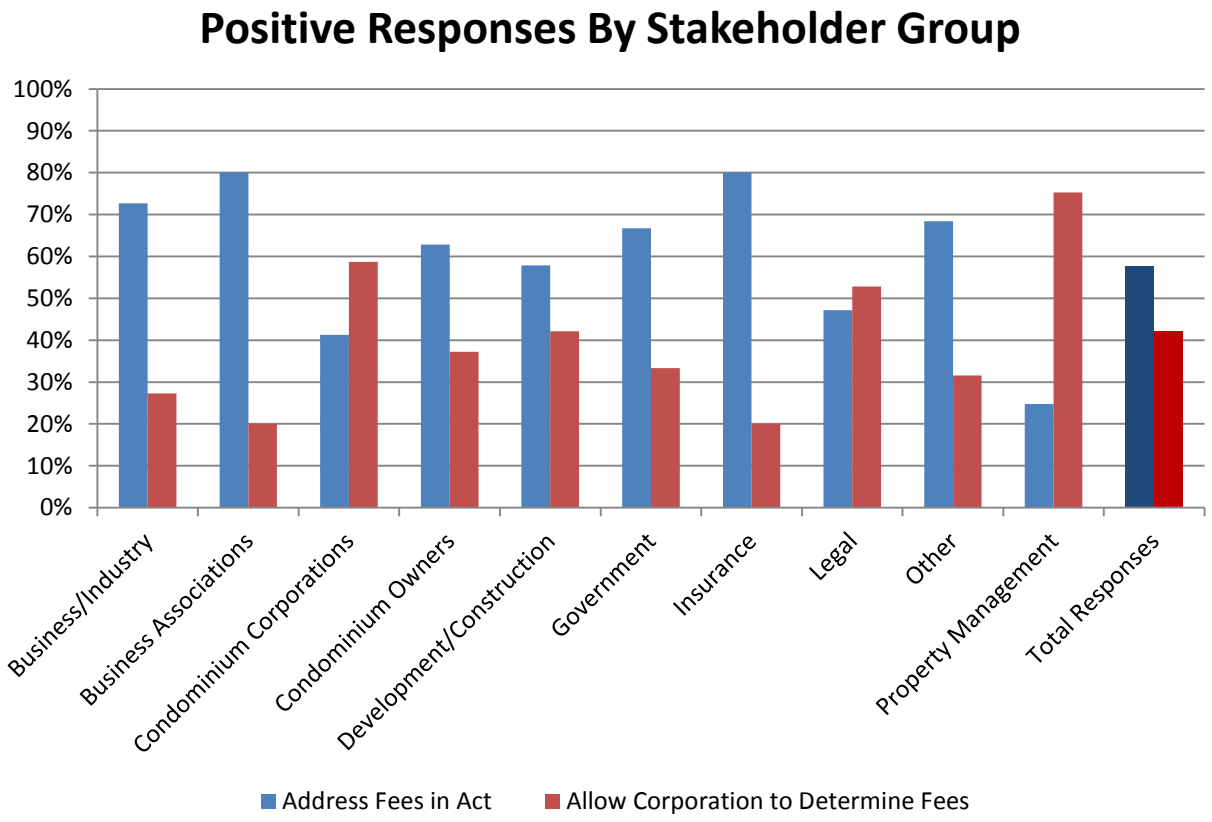
Key Comments

- It's impossible to get 75% of people to agree on ANYTHING.
- 75% is too high for most special resolutions. I like the idea of 75% for sale or lease of property but 65% for passing new bylaws.
- One buys into a corporation based on the bylaws. Making bylaws changeable (for example a majority of present at an AGM) would circumvent the stability offered by the current system. The stability is a good thing.
- A special resolution is something out of the ordinary and should require more than just a majority of owners input. Leave this at 75%. If necessary, the board can attend to each individual unit in order to catch owners who do not attend meetings.
- Maybe the reason why owners do not want to sign special resolutions is because they genuinely disagree with them? Many special resolutions are used to take power away from the owners and give it to the board and the managers, and the owners simply don't want that. It SHOULD be hard to pass a special resolution, and the boards and managers should do a better job of selling it to the owners.

Survey Question 22: Charges for Documents

Should the Act address fees charged for documents or should the fee for documents continue to be left to the corporation to determine?			
Stakeholder Group	**Total Number of Responses**	**Address Fees in Act**	**Allow Corporation to Determine Fees**
Business/Industry	161	72.7%	27.3%
Business Associations	5	80.0%	20%
Condominium Corporations	756	41.3%	58.7%
Condominium Owners	2095	62.8%	37.2%
Development/Construction	19	57.9%	42.1%
Government	12	66.7%	33.3%
Insurance	10	80.0%	20%
Legal	36	47.2%	52.8%
Other	272	68.4%	31.6%
Property Management	101	24.8%	75.3%
Total Responses	**3467**	**57.7%**	**42.3%**





Stakeholders' Comments:

Many property managers consider charges for dissemination of condominium documents an acceptable part of their income. Some argue that property sales make significant administrative demands which should be paid for by the seller, not the other unit owners in the building.

Unit owners argue that the documents are the property of the corporation and should be easily accessible to owners, whether they are selling or just for better understanding of what how the corporation is being run. They say they should have access at no cost (electronically or through an appropriate website) or with a maximum administration cost to prepare and send the documents.

Some Board members would like to see access, preferably electronically, at no cost while others leave it to the property management group to decide (or may not be aware that they have the right to set these fees).

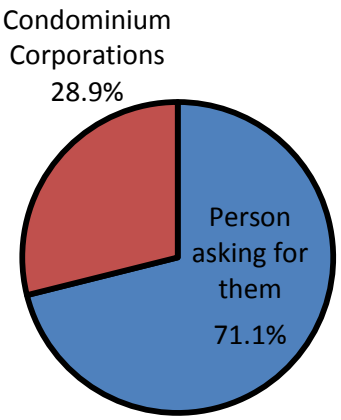
There are general concerns that setting fees in the Act might be cumbersome to maintain. This could be avoided by placing maximum charges in regulation or linking to those set in other legislation, such as the Freedom of Information and Protection of Privacy Act, or the Business Corporations Act.

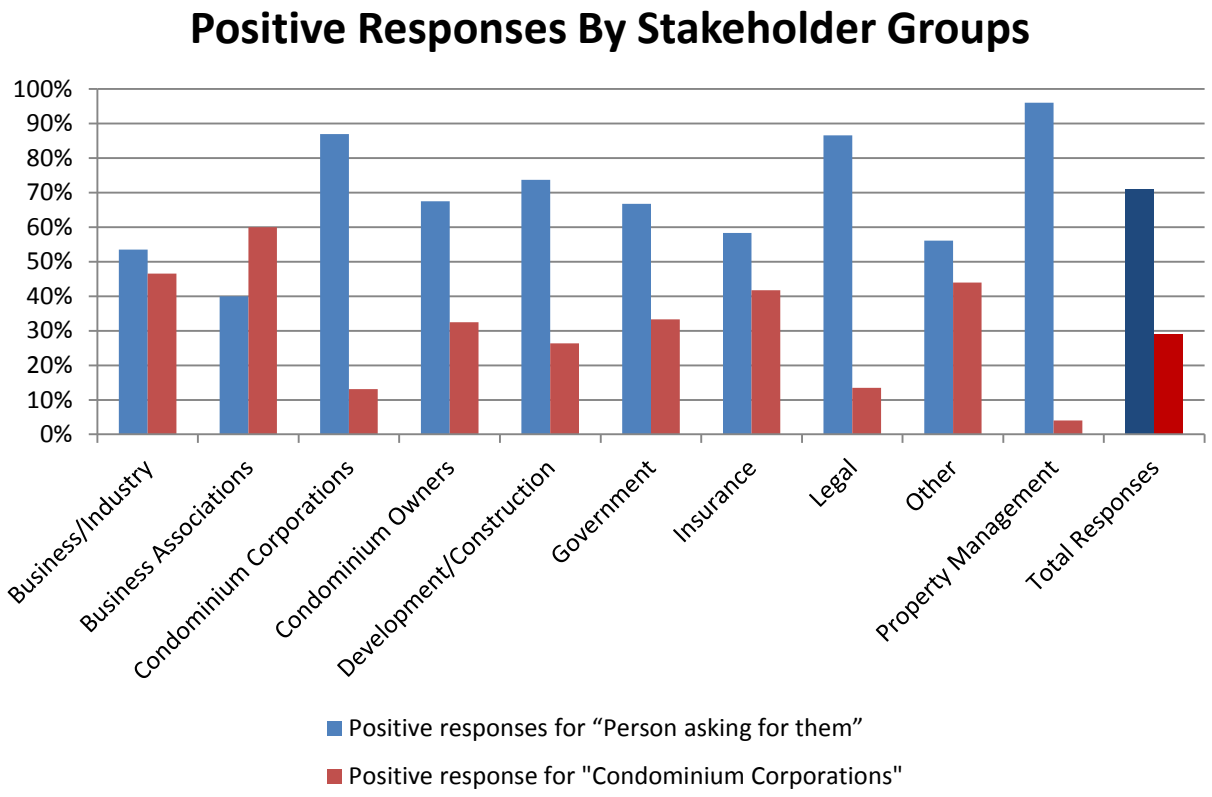
Key Comments

- As property manager, we have a couple of income streams and document sales is one of them. If the stream is lowered, I will be forced to increase our fees to all of the owners.
- This past year we had a Reserve Fund Study completed, The Corporation (Owners) paid several thousand dollars for the Study. Then the Property Management Company determined we the Owners were only entitled to the Schedule of Components and Estimated Expenditures spread sheet. The Property Management Company wanted to sell copies of the Study that we paid the Engineer to complete, $60 per copy.
- Provide the documents electronically! Put this in the Act. There is no cost to electronic documents.
- The information being held by the management company is the CORPORATION'S information.

Survey Question 23: Cost Structure for Documents

Who should bear the cost of providing the documents?			
Stakeholder Group	**Total Number of Responses**	**Person Asking for them**	**Condominium Corporations**
Business/Industry	159	53.5%	46.5%
Business Associations	5	40%	60%
Condominium Corporations	739	86.9%	13.1%
Condominium Owners	2067	67.5%	32.5%
Development/Construction	19	73.7%	26.3%
Government	12	66.7%	33.3%
Insurance	12	58.3%	41.7%
Legal	37	86.5%	13.5%
Other	264	56.1%	43.9%
Property Management	100	96%	4%
Total Responses	**3308**	**71.1%**	**28.9%**





Stakeholders' Comments:

Stakeholders were generally supportive of having the person requesting the documents pay for the production of the documents, with a total support of 71.1%. Highest support came from property management (96%), lowest from business associations (40%) and business/industry (53.5%).

Comments suggest there is a difference in perception of who should pay, and how much should be paid, depending on the requester's purpose in asking for the documents, and the format in which the documents are provided:

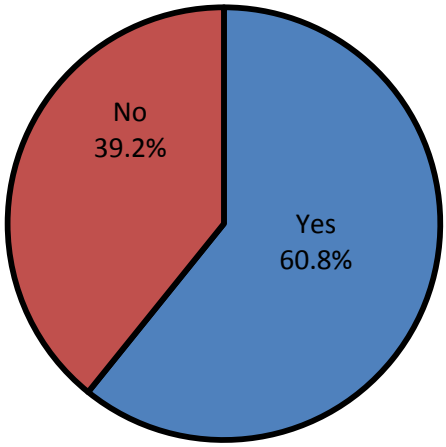
- Copies of minutes, financial documents and Reserve Fund plans should be available to all owners, electronically. For those who do not have internet connections mail would be the choice. Owners are entitled to these documents so that they can make informed decisions and communicate objections to the board for resolution.
- First request in a calendar year for certain documents (e.g. proof of insurance) should be covered by the corporation; further requests for the same document in the year should be at the requestor's cost.
- If unit owners want electronic copies, those documents should be provided at no cost.
- If a unit owner is selling his/her unit and wants to provide print copies of documents to prospective buyers, the unit owner should pay for the cost of having the documents assembled and printed.

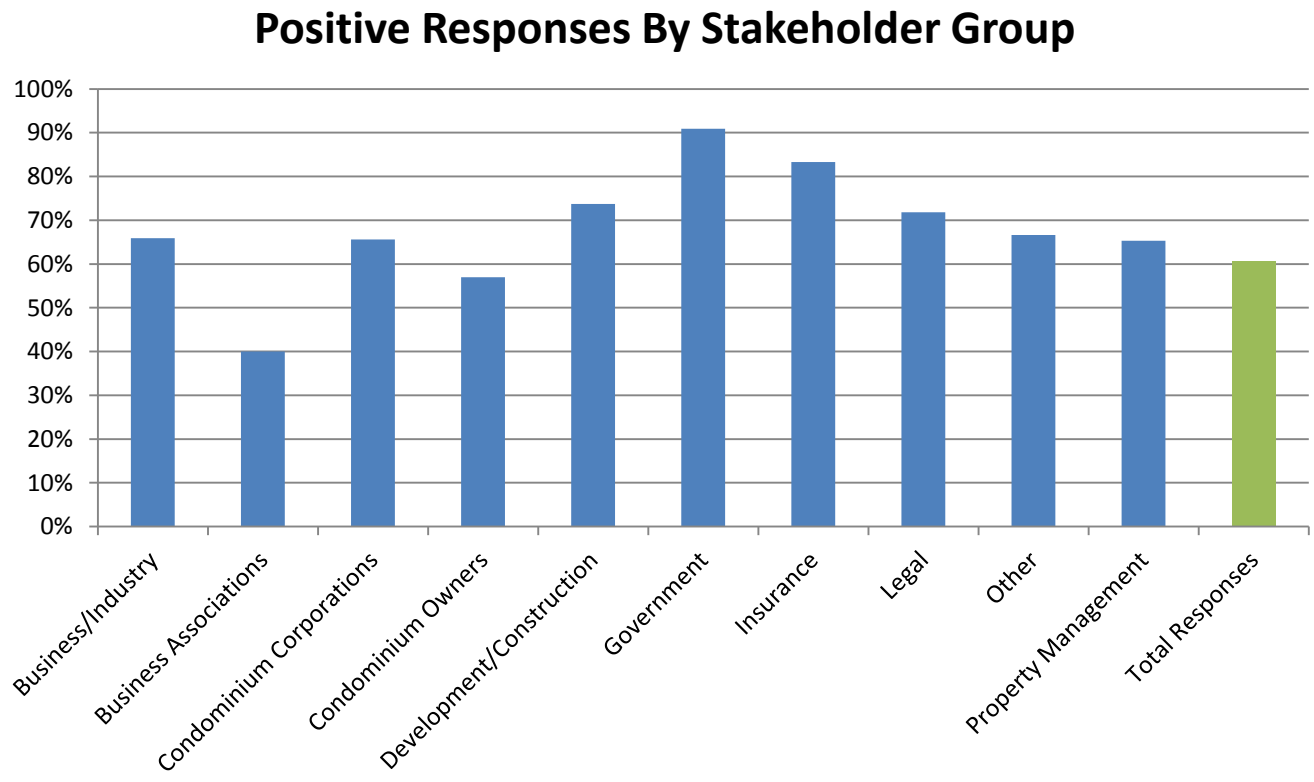
Key comments

- Encourage the condo to practice "green" and paperless initiatives in getting documents to buyers. Perhaps…the documents can be available on a memory stick [or disk] free, or for a fee payable by any person requesting hard copies.
- A lot of my properties provide a copy of those required documents for free (i.e. Bylaws, Reserve Fund Study, Audit, AGM Minutes, etc.). If those individuals selling their units lose their copies and require additional copies, it should be incumbent upon them to pay for the copies. Most individuals selling their Condominiums understand that they must provide documents and that it is a cost of the transaction.
- Many condos have websites today where owners can access these [documents] for free. This needs to be encouraged. Property managers discourage it by wanting to charge to manage the sites. This is because they have a great revenue stream at risk if owners give documents away. These documents are the property of the condominium corporation and that needs to be stated in the Act.
- Reasonable costs for documents, not meant to be a money maker for management companies. All reports should be sent to owners when produced. Additional documents at owner's expense if required.
- "Reasonable" needs to be defined.
- The person asking should bear the cost, just as with the FOIP legislation.
- Normally the cost of producing documents or information should be borne by the party requiring their production. The owner requesting the documents should pay only the reasonable fees of 10 cents to 15 cents, based on reasonable fees set out in the Court of Queen's Bench Costs Manual. However, there shouldn't be any extra costs, other than actual postage and 3rd party courier fees.

Survey Question 24: Corporation's Borrowing Power

Should the Act enable corporations to borrow money?		
Stakeholder Group	**Total Number of Responses**	**Yes**
Business/Industry	164	65.9%
Business Associations	5	40%
Condominium Corporations	743	65.6%
Condominium Owners	2093	57%
Development/Construction	19	73.7%
Government	11	90.9%
Insurance	12	83.3%
Legal	39	71.8%
Other	278	66.6%
Property Management	98	65.3%
Total Responses	**3354**	**60.8%**





Stakeholders' Comments:

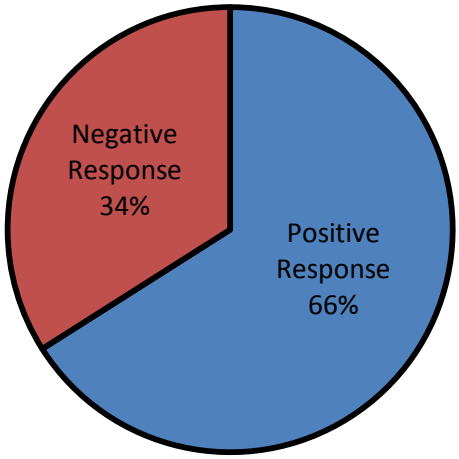
Support was highest among government and insurance respondents (90.9%, 83.3%), and lowest among condominium owners and business associations (57%, 40%). Stakeholders were of two minds on this issue. Though 60.8% of them were in favour of enabling corporations to borrow money, only a very few were strongly in favour and the majority wanted close and specified restrictions on how this could be done. They considered that borrowing might be preferable to special assessments in certain circumstances, but they wanted a Special Resolution with the approval of at least 75% of unit owners before a corporation could borrow. Those stakeholders who were against the proposal were vehemently against, citing a mistrust of fraudulent or unsophisticated board members, dislike of having debt taken out against their property or in their name without their personal approval, and dislike of saddling future owners with the debts of the past.

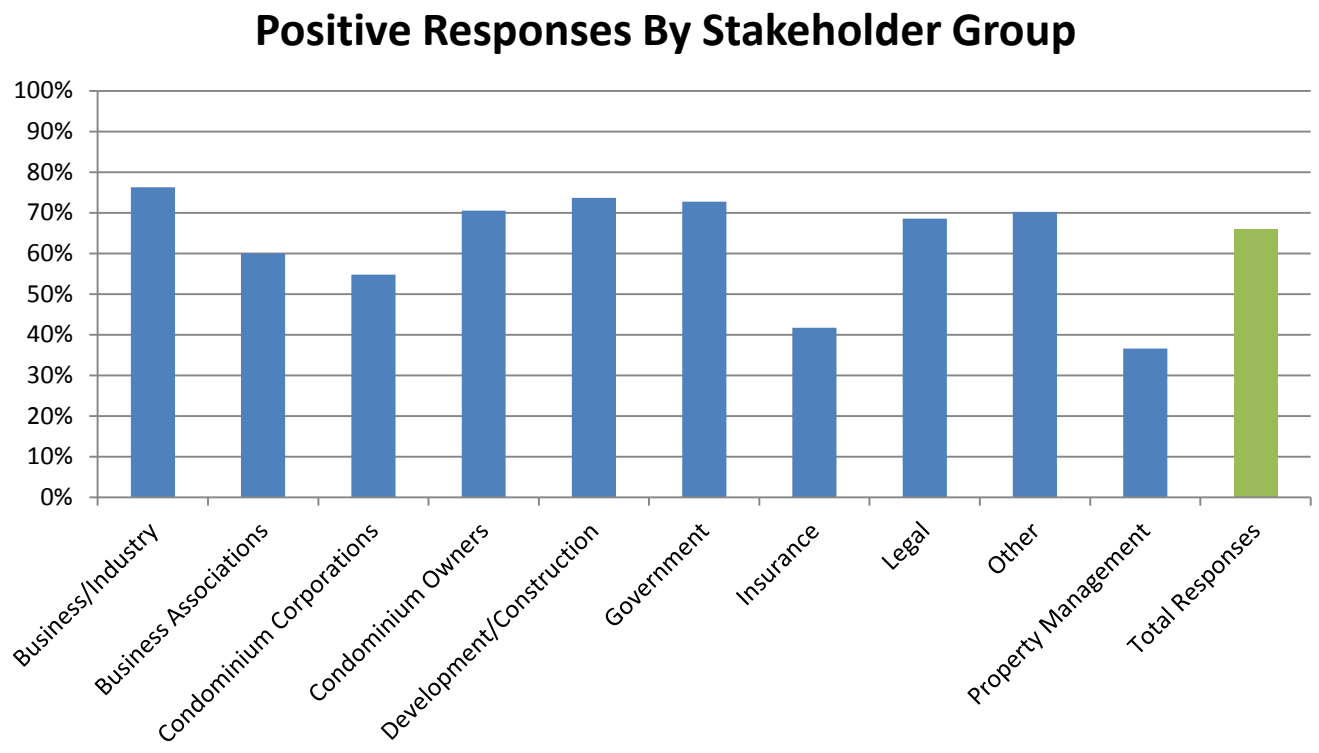
Key comments

- Like anyone else condo boards should be masters of their own financing of renos.
- I would not want other people forcing me to be borrowing money. That is a decision best left to me.
- I believe the corporation should be able to borrow funds for those unexpected repairs because for many owners Special Assessments can be a nasty surprise and one which many people may be unable to handle.
- No! My condo corporation just borrowed nearly three million dollars without owners having any say in the matter.
- They will find ways to do it anyway, if they need to. I have seen corporations take mortgages against guest suites and parking stalls, for example, and as the condominium property base ages the need for funds will be such that the financial industry will find more creative ways to make money off of this need. Better to regulate it ahead of time.

Survey Question 27: Insurance Coverage for Improvements

In your opinion, should the Act require condominium corporations to insure fixed improvements to your units?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	156	76.3%
Business Associations	5	60%
Condominium Corporations	741	54.8%
Condominium Owners	2014	70.5%
Development/Construction	19	73.7%
Government	11	72.7%
Insurance	24	41.7%
Legal	35	68.6%
Other	272	70.2%
Property Management	101	36.6%
Total Responses	**3282**	**66%**





Stakeholders' Comments:

Respondents were divided on this issue, with greatest approval from business/industry, developer/construction and government (76.3%, 73.7% and 72% respectively) while lowest approval came from property managers (36.6%), insurance (41.7%) and condominium corporations (54%). Several respondents stated that they could not approve as they did not understand the issue.

There is a great deal of confusion on insurance among stakeholders, particularly owners. Many cited problems getting information on this issue when buying insurance on their own property. A large number of owners were strongly against insuring their neighbours' "gold plated" improvements. They also regarded the accompanying requirement for disclosure of the number and cost of the improvements they have made to their unit as intrusive. Boards and property managers were very reluctant to take on more responsibility and paperwork, and pointed out the problems associated with establishing which improvements made been made to each unit.

Others, especially those with experience of insurable losses, were very supportive, pointing out that the proposal would greatly simplify the claims process. Several suggested that there could be a cap per unit on the total value of fixed improvements to prevent the "gold plated" problem. Many positive responses depended on insurance industry assurances that the total cost to unit owners would not increase.

It was often noted that in bare land condominiums the value of fixed improvements could vary much more significantly than for town house or apartment-style, and that bare land corporations should be allowed to opt out of a requirement to insure fixed improvements that are not common property.

A submission by an insurance organization recommends amending the definition of "unit" to clarify exactly what is included, to ensure that common elements used to service units, such as heat/cooling ducts, wiring, are excluded. This could also be done through bylaws, in a standardized format provided by regulation. It recognizes the need for a better understanding of what coverage is provided by the corporation's policy and what is the responsibility of the unit owner. This could be done through improving the education of property managers and reviewing insurance coverage at annual general condominium meetings.

Key Comments

- This is a very confusing issue for owners. So if the corporation does not insure fixed improvements the owner then has to list all these extras on his insurance policy, so then if an owner sells his property must he disclose to the purchaser which items are fixed improvements, otherwise he will not have insurance coverage? Pretty confusing!

- My view is condominiums should be insured the same as single homes. Most people are not really sure if the right coverage is in place. Every time I have asked an insurance question the responses have been different or confusing to me. I carry lots of extra insurance personally because I am still not sure as to what is really covered. I don't think that many adjusters are sure now based on the Court case ruling for Bareland Condominium. I hope there is a lot of thought put into this insurance issue.

- I currently have an insurance situation where I had water backup from a clogged kitchen drain and the water damaged my flooring. My condo owner's insurance says the corporations insurance is responsible, and the board is saying my insurance is responsible. Meanwhile, I have a damaged floor. If this could have been avoided by my paying a fair portion of unit insurance within my condo contributions, this would have been avoided.

- (Approve) based solely on the assurance that premiums would not rise significantly. It may be necessary to set a maximum value per unit; i.e. if an owner decides to redo their unit like the Taj Mahal, their more economical neighbours shouldn't have to pay to insure it. For the vast majority of more modest improvements, however, it would greatly simplify things to have them covered by the corporation.

- With one condominium fire, 40% of the owners (affected because of events outside their control) did not carry insurance to cover betterments and improvements. Thankfully the corporation (which is not common) had purchased such coverage on behalf of all units. Those people were then significantly financially saved from the careless actions of a different owner. When we talk condominium - we talk shared and close-proximity housing. Housing which is most every person's number one savings. As such, we need to take additional steps to help ensure the continuance and security of their savings/homes.

- If the costs to insure these improvements are to be borne by the condominium corporation, then the condominium corporation should have control over what improvements are made, etc. This takes away from the owner their right to change their unit to be the desired living space THEY wish to have for the enjoyment.

- One size does not fit all. Having estimated unit fixed improvement (betterments) costs for townhouse and apartment Condominium Corporation’s our experience has been there is a significant variances between units. Townhouse projects tend to vary more significantly then apartments. Notwithstanding that the corporations commercial policy is usually more flexible and less costly than individual unit owners insurance policies unit owners still resent paying for someone else’s improvements. The issue arises when a loss occurs and the insurance companies attempt to disseminate costs to the appropriate parties. A major problem that currently exists is where the bylaws (not the Act) state the corporation is responsible for fixture improvements and the Board, in attempting to do their due diligence, requests a survey (which we provide as a service) from all unit owners on their betterments. The responses are typically underwhelming. The Board then arbitrarily decides on additional coverage based the response from the survey. The question in law then remains outstanding as to who has the right to participate in the proceeds should a total loss occur. Would these proceeds be divided between the owners who participated or also include all the owners on a share basis?

- For bare land condominiums, the value of fixed improvements could vary significantly. Accordingly, for bare land condominiums, common property fixtures (e.g. water features, signage, gazebos, mail shelters) should be insured, but insurance in respect of houses

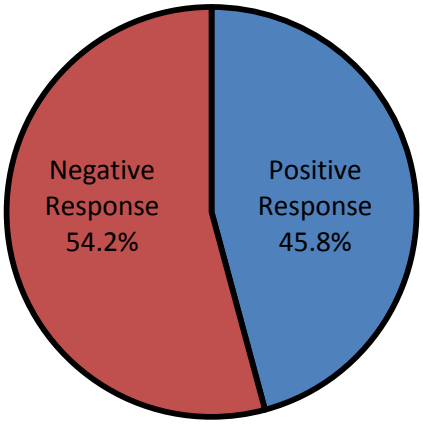
constructed by individual unit owners should be the sole responsibility of such unit owners; i.e., bare land condominium corporations should be allowed to opt out of the requirement to insure fixed improvements, unless such fixed improvements constitute common property.

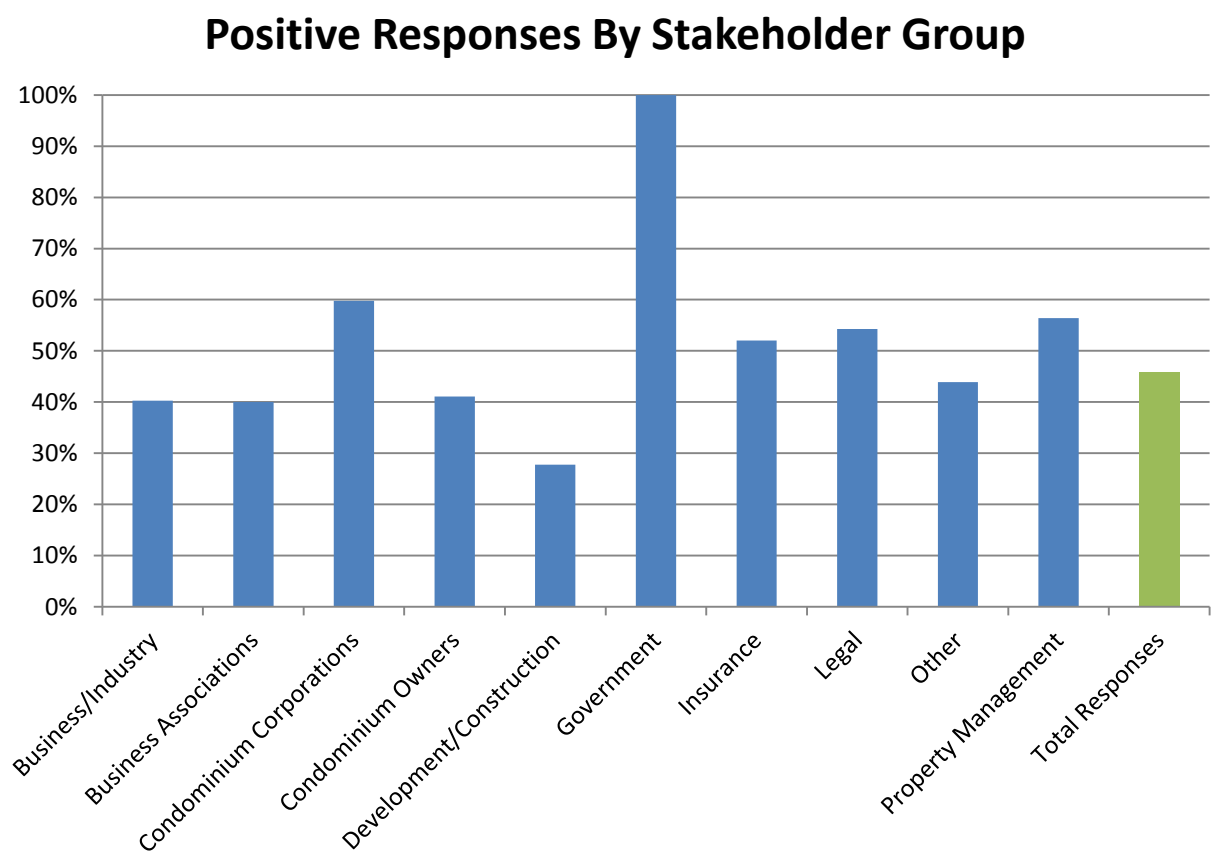
- This is a major issue with respect to claims and the Insurance Industry, Corporations and Unit Owners. It is a mess at the present time. The need is to clearly define the property involved; Common Property, Unit and then Improvements. You need to be able to establish which policy pays for the property in question. How do you determine the value of an improvement?

  I have been dealing with this for over 20 years and no Province has gotten it correct yet. Standard Unit does not work: I have seen 7 page standard unit definitions that are a mess. I would recommend excluding all coverings and fixtures from the definition of a unit - make them improvements. Please. I have done seminars on these issues for years.

Survey Question 28: Provision to Opt Out of Insurance

If the Act requires corporations to insure fixed improvements, should the condominium corporations be allowed to opt out of that coverage through their bylaws?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	149	40.3%
Business Associations	5	40%
Condominium Corporations	716	59.8%
Condominium Owners	1918	41.1%
Development/Construction	18	27.8%
Government	8	100%
Insurance	25	52%
Legal	35	54.3%
Other	262	43.9%
Property Management	94	56.4%
Total Responses	**3140**	**45.8%**





Stakeholders' Comments:

Stakeholders were divided on this issue. Lowest support came from the development industry at 27.8%, highest from condominium corporations and property managers at 59.8% and 56.4%. Supporters were concerned about the extra work involved for board members and property managers and the problems associated with by-law changes, those against cited the problems of clarity and the difficulties determining which insurance was responsible for the coverage of indirect damage to units.

Key Comments

- The Act should set out who is required to carry insurance exactly on what portion and make that very clear.

- Given the uncertainty of costs that might arise for such insurance, there must be clear opt-out ability.

- If it's opted-out in the Bylaws, people still won't know about it. I mean, owners don't read their Bylaws at the best of times, and certainly wouldn't really get what an opt-out clause really meant in relation to their unit. So no. No opting out. Everyone needs insurance anyway, and it's less expensive for the Corporation to get it than the individual owners.

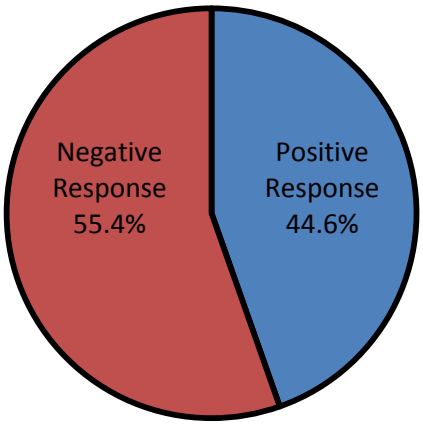
- There is so much ambiguity right now! Currently our complex is experiencing an issue where nobody (homeowner of condo) seems to know which insurance may cover the loss! What a nightmare we have had! Standardizing what insurance needs to cover would help greatly in this regard. No opting out of anything! Everything mandated by the ACT!

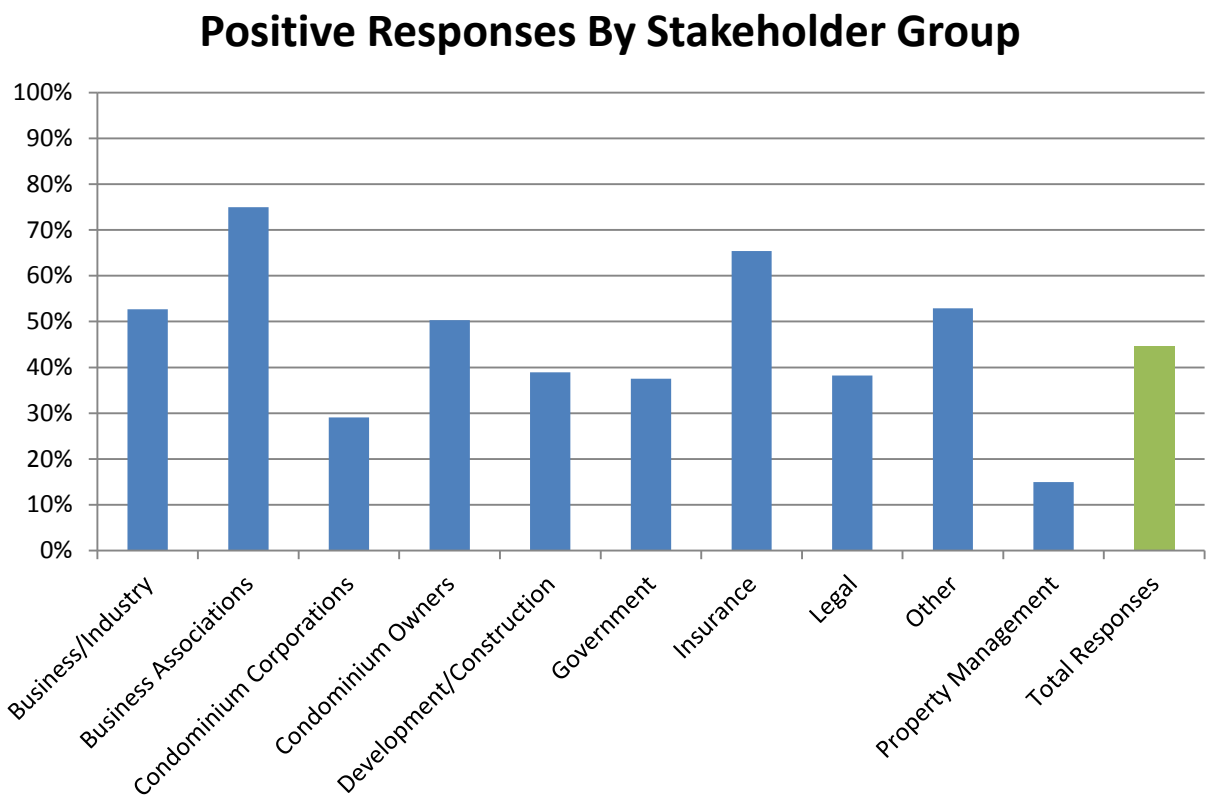
- In cases where there are no commercial units involved, this opting out should ONLY be permitted once developers have turned over the Corporation to owners, and 75% of the owners vote to opt out. Developers should not be allowed to set up bylaws that opt out of this requirement.

- How about allowing Corporations the opportunity to "Opt In" instead of "Opt Out?'

Survey Question 29: Insurance Deductibles

If an owner is required to pay the deductible, should there be a maximum amount of the deductible he or she should be required to pay (the corporation would cover the balance)?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	148	52.7%
Business Associations	4	75%
Condominium Corporations	738	29.1%
Condominium Owners	1903	50.3%
Development/Construction	18	38.9%
Government	8	37.5%
Insurance	26	65.4%
Legal	34	38.2%
Other	257	52.9%
Property Management	100	15%
Total Responses	**3146**	**44.6%**





Stakeholders' Comments:

Stakeholders were divided on this issue. Lowest support came from the development industry and legal sectors (38.9%, 38.2%), the highest from business associations at 75%.

Supporters stated that the deductible amount should have a reasonable limit to prevent Boards shifting the responsibility for damages onto the owners. Those against argue that owners should be responsible for 100% of the deductible if they were at fault.

$25,000 was most often mentioned as a maximum, though the suggested amounts ranged from $500 to $50,000. There was overall concern that owners were not aware of the size of the deductibles involved, or whether this was included in their policies.

Key Comments

- If you drive through the overhead garage doors because you are texting, you should have to pay the costs to repair the damage. Paying the deductible is not a lot to ask - especially considering that continuous insurance claims could increase the cost of obtaining and maintaining insurance.

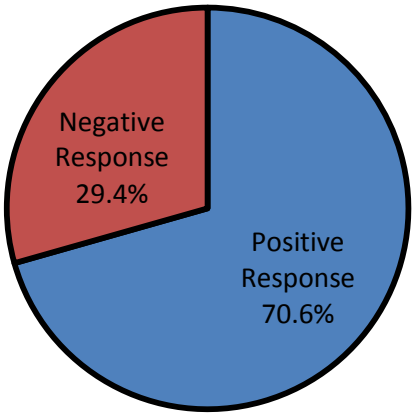
- At one of our condos the deductible has gone up to $50,000 now due to insurance claims in the past. This is huge. We have been informed in writing that owners will be responsible for this deductible if any problem is caused by the owner or their tenants.

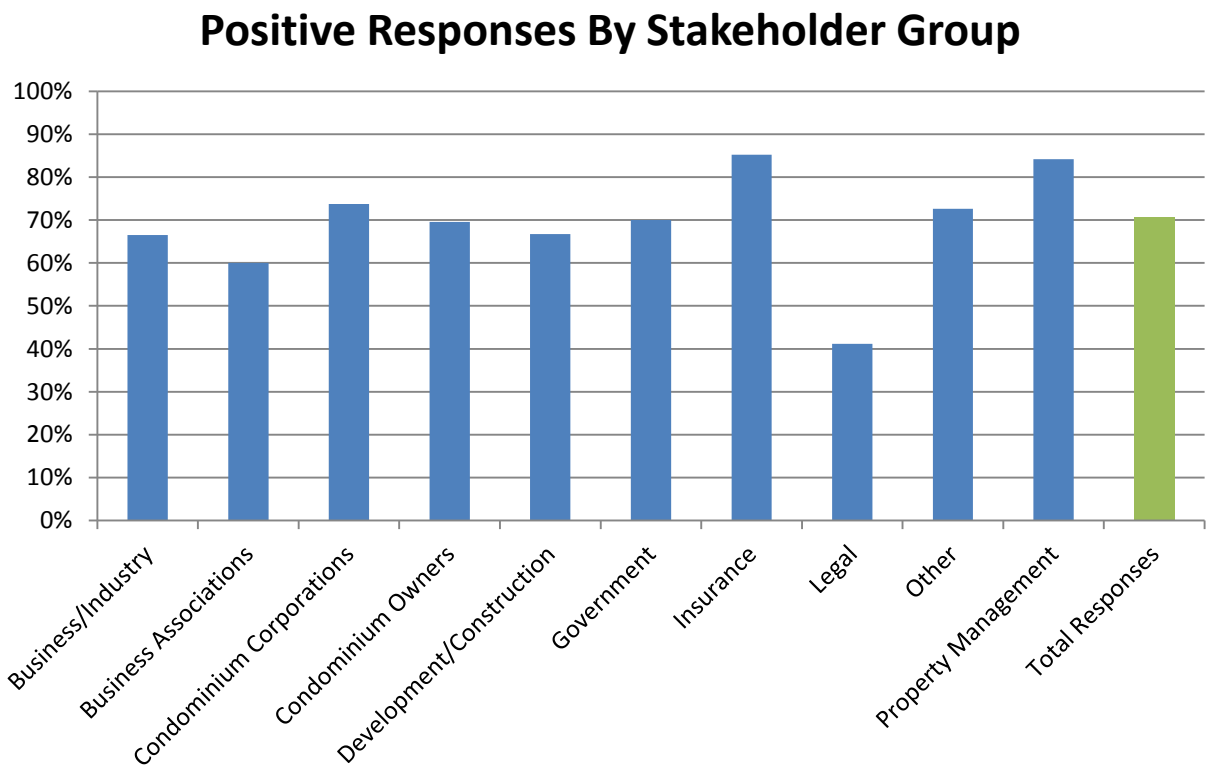
- The amount should be reasonable ($25,000. or less) and each unit owner should be informed annually of the deductible amount. Insurance is available for this amount for a unit owner and for a very reasonable cost.

- A limit is needed to prevent the condo corporation from buying a policy with a huge deductible (e.g. $250,000) that cannot be insured under a condo owner's policy (limited to $50,000 typically). I have written to my Insurance carrier to certify I have this "deductible" coverage, 5 months later - no response. While I agree with the concept - the Insurance companies should come on board.

Survey Question 30: Mandatory Deductible Insurance for Owners

Should the Act require unit owners to get condominium unit owners' insurance that also covers the payment of any deductible the owner may be required to pay on a claim made under the corporation's insurance policy?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	152	66.5%
Business Associations	5	60%
Condominium Corporations	749	73.7%
Condominium Owners	1956	69.6%
Development/Construction	18	66.7%
Government	10	70%
Insurance	27	85.2%
Legal	34	41.2%
Other	270	72.6%
Property Management	101	84.2%
Total Responses	**3226**	**70.6%**





Stakeholders' Comments:

70.6% of respondents approved of this proposal. The highest approvals came from the insurance and property management sectors (85.2%, 84.2%), while the lowest approval (41.2%) came from the legal sector.

Insurance and condominium board stakeholders pointed out that unit owners were often unaware of the high deductibles that a sizeable proportion of corporations were paying at the present time. The majority of owners considered that they should not have to pay for the negligence of their neighbours. Many respondents did not think the Act should "require" owners to get insurance, but thought it should "highly recommend" insurance instead. Some of those against considered that the proposed requirement infringed on owners' rights to choose whether to buy insurance or not: others were concerned that the proposal would be unenforceable.

A submission from an insurance organization recommends owners should be made aware of the corporation's deductible before buying their own coverage, and that the Act be harmonized with the Acts of other provinces to only permit the deductible amount to be assessed against an owner if the owner caused the damage.

Key Comments

- I don't think owners should be paying any deductible on a group policy! The owner is essentially paying the deductible through condo fees shared with the other owners!! An owner should only be paying the deductible on their personal insurance for the contents.

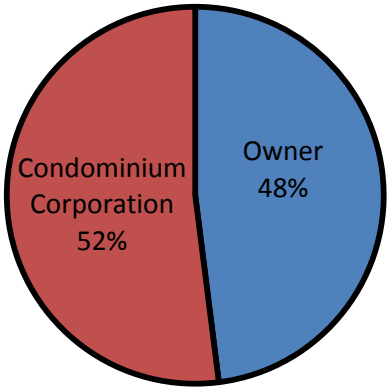
- May not be able to enforce it but By laws and corporation should at least recommend this.

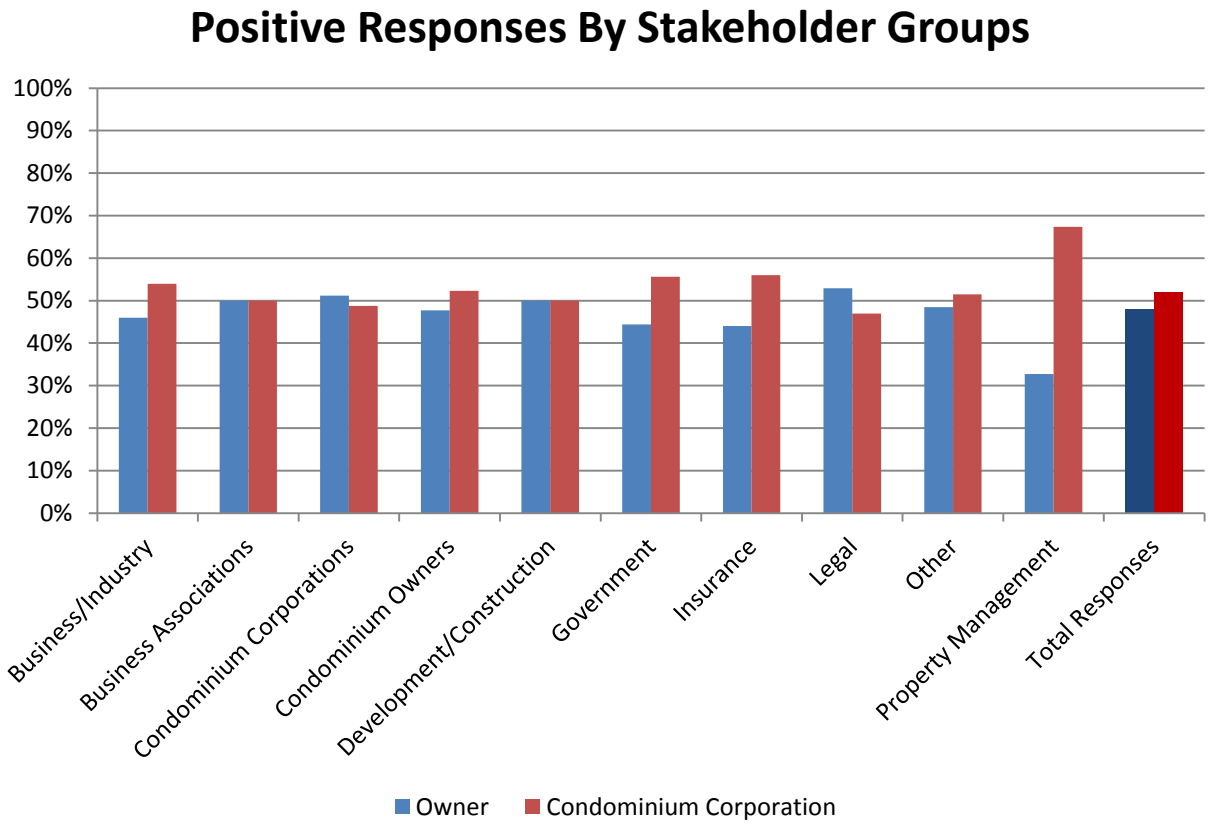
- Some deductibles are as high as $25,000.00 for water damage so the unit holder needs to have insurance for that amount.

- We think the law should be amended so that we can change our bylaws to impose liability upon owners for all damages arising from the escape of water from within a unit. "Damages" in that context means damages to the unit from which the water escaped, to adjoining units and common property, and includes insurance deductible payable by the corporation. The owner should be liable without proof of negligence on the part of the owner or occupant. Proof of negligence is too difficult when the only person who knows what caused the problem is the one trying to avoid liability.

Survey Question 31: Insurance Repair Responsibility

When a unit suffers insured damage, who should be responsible for repairing this damage?			
Stakeholder Group	**Total Number of Responses**	**Owner**	**Condominium Corporation**
Business/Industry	150	46%	54%
Business Associations	4	50%	50%
Condominium Corporations	725	51.2%	48.8%
Condominium Owners	1982	47.7%	52.3%
Development/Construction	18	50%	50%
Government	9	44.4%	55.6%
Insurance	25	44%	56%
Legal	34	52.9%	47%
Other	264	48.5%	51.5%
Property Management	98	32.7%	67.4%
Total Responses	**3217**	**48%**	**52%**





Stakeholders' Comments:

Stakeholders were divided on this issue, with 52.0% saying the corporation should be responsible. Support for making the corporation responsible was highest among property managers (67%). Support among all other stakeholder types was between 47% and 56%.

Many respondents said that the corporation should repair common property and owners should repair unit property. Many responders also said that no matter which of the two parties is made responsible, the other party should also have rights: Owners should have a say about the repairs and be allowed to change things at their own expense e.g. type of countertop or tile; the corporation should have a say in how quickly the work is done and the quality of the work. Several respondents supported the Committee's recommendation. Some respondents were confusing who should make the repairs with who should pay for the repairs.

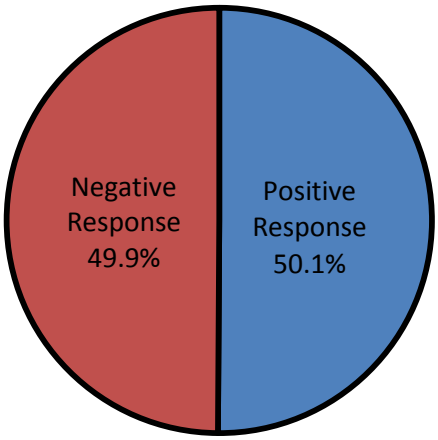
Common themes were that the repairs should be done right by qualified people, that Boards may not be ready to oversee repairs and that whoever is responsible should be careful who they hire. It was also stated the insurance company may decide who does the repairs.

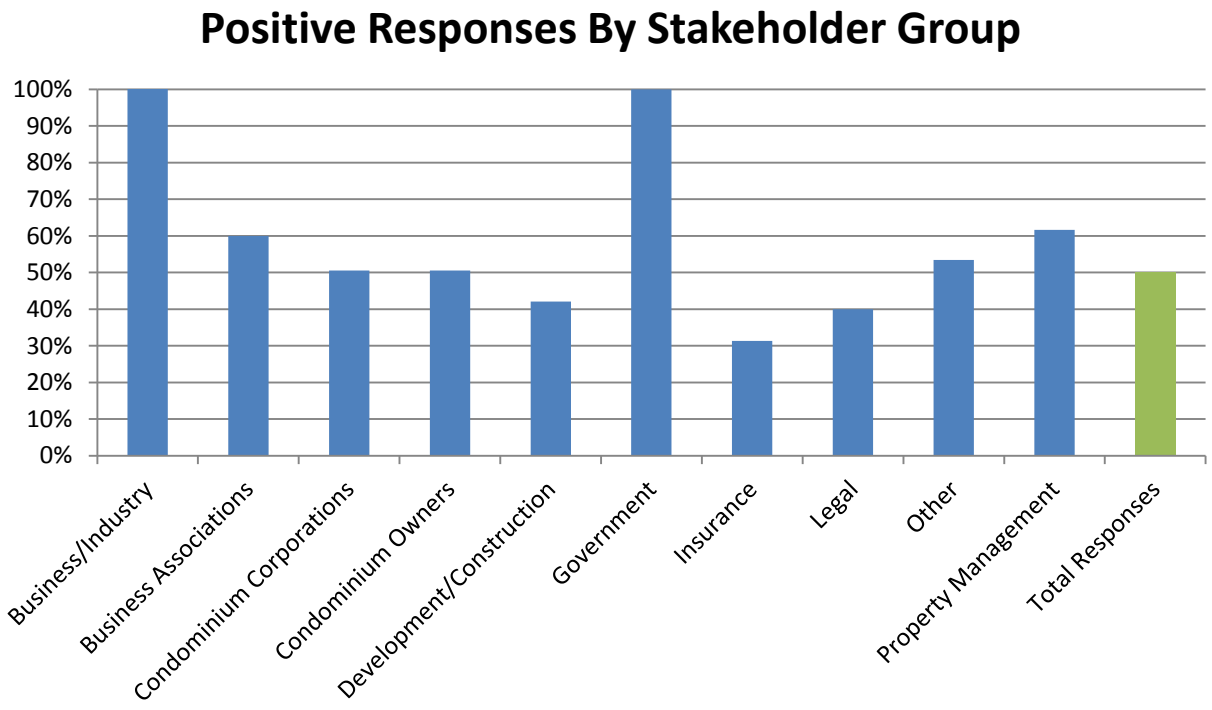
Key Comments

- The owner should have primary responsibility for effecting repairs, which also implies that he would have authority and direction of those repairs (subject to approval of the board as with any renovation) and provided that the corporation retains the right to ensure that repairs are completed properly and in a timely manner.
- In my experience on the Board the insurance company "laid down the law" as to who had to pay what and what restoration company was to be used.
- The owner should get the quotes, but the corporation must approve the company/products being used.
- After the major damage the place could have been a zoo if each owner is bringing in their own contractor. So if the corporation is not able to guarantee repair in a timely manner, the owners should be free to do their own repairs.

Survey Question 35: Condominium Records Held by Manager

Should condominium managers be required to return certain documents sooner than others?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	139	42.5%
Business Associations	5	60%
Condominium Corporations	659	50.53%
Condominium Owners	1698	50.53%
Development/Construction	19	42.1%
Government	7	100%
Insurance	16	31.3%
Legal	25	40%
Other	253	53.4%
Property Management	99	61.6%
Total Responses	**2837**	**50.1%**





Stakeholders' Comments:

Stakeholders were evenly divided (50.1%) on this issue. Most positive votes came from property managers (61.6%); fewest from the insurance sector (31.3%). Condominium corporations were 50.5% in support.

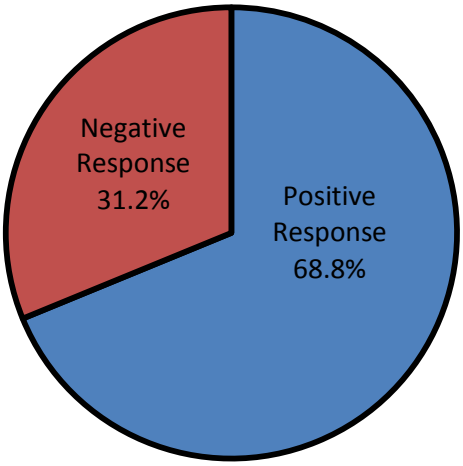
Half the respondents considered the 30-day limit for document return proposed by the committee to be sufficient. There were also concerns that dividing the documents would lead to confusion as to what had been returned and what was still outstanding. The other respondents stated that documents essential to the urgent ongoing business of the board should be returned earlier. These include: seals, financial records including a digital copy of the general ledger, cash, cheque books, insurance and warranty statements, invoices, and office assets. The suggested time limit for return of these documents varied from 3-20 days.

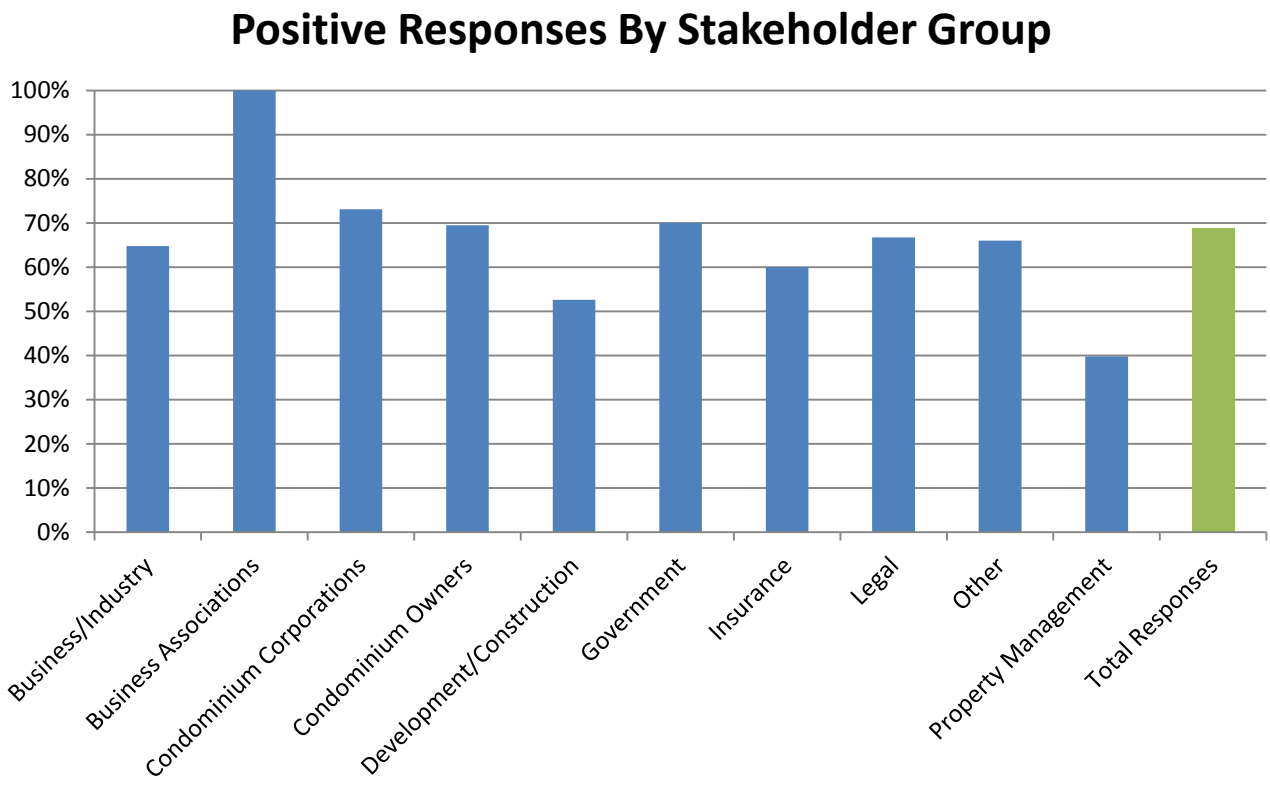
Key Comments

- If it's regarding the sale of a unit - they should provide documents in 7 days - free electronically.
- At board's discretion and hard to enforce as many managers have personal notes/contacts (FOIP issues). Only standard documents should be returned or transferred within 30 days - the standard should be set by industry reps.
- Good companies have no problem returning clients documents... I wouldn't want an unhappy client to begin with but a time period in dispute cases just makes sense nowadays...
- It is best to keep things simple - one deadline for 100% of the documents. Otherwise it complicates matters with there being some documents submitted earlier than others and disputes may arise as to what was submitted when.
- If records are in good order, the condo manager should be able to supply them within 10 days.
- Certificate of Insurance Owners mailing listing (Owners Roll) Current budget with UF and unit/suite correlation Board of Directors Listing Bylaws Details of any action against the corporation Active insurance claims Copy of all utility bills Key System Key Code Entry Systems and data last set of financials with sub-ledgers to agree with balance sheet.

Survey Question 37: Cancelling Condominium Management Contract

Should the Board of Directors be able to terminate the first condominium management contract at any time, even during the first year, without cause?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	159	64.8%
Business Associations	5	100%
Condominium Corporations	729	73.1%
Condominium Owners	2059	69.5%
Development/Construction	19	52.6%
Government	10	70%
Insurance	20	60%
Legal	36	66.7%
Other	291	66%
Property Management	103	39.8%
Total Responses	**3329**	**68.8%**





Stakeholders' Comments:

There was moderate overall support for this proposal. Highest support was from condominium owners at 69.5%, lowest from property managers at 39.8%.

Many respondents were uneasy about termination without cause. However, the majority of respondents cited the problems that can arise due to conflicts of interest when the owner-Board deals with a property manager under the first contract, signed by the developer.

Key Comments

- There are aggressive property managers out there that make it a key business strategy to secure initial property management contracts. Their aggressive tactics can include enticements like trips to Vegas, etc. This creates potential for developer conflict of interest - between itself and the property management company on the one hand, and between itself and the unit owners on the other. Accordingly, it is essential that a buyer-controlled board is able to terminate the first condominium management contract at the earliest possible date.

- Developer-imposed contracts are excellent ways to fill the pockets of incompetent managers at the expense of the new owners, and in exchange, the managers cover up any mistakes or misconduct by the developer and delay, or prevent, holding the developer legally accountable.

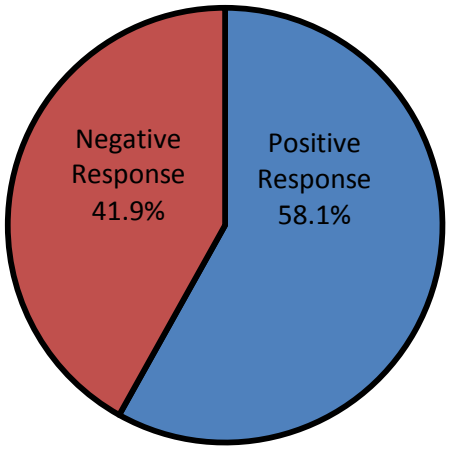
- All of my contracts (Management Agreements) are terminable on 60 days' notice with or without cause. I almost NEVER have contracts terminated, and at least half of those that are, are terminated at my discretion. If you're a good manager and serving the best interest of the Corporation (and incoming Board), then they won't fire you, but they should have the right to do so if they feel they are not represented EVEN IF there appears to be no cause.

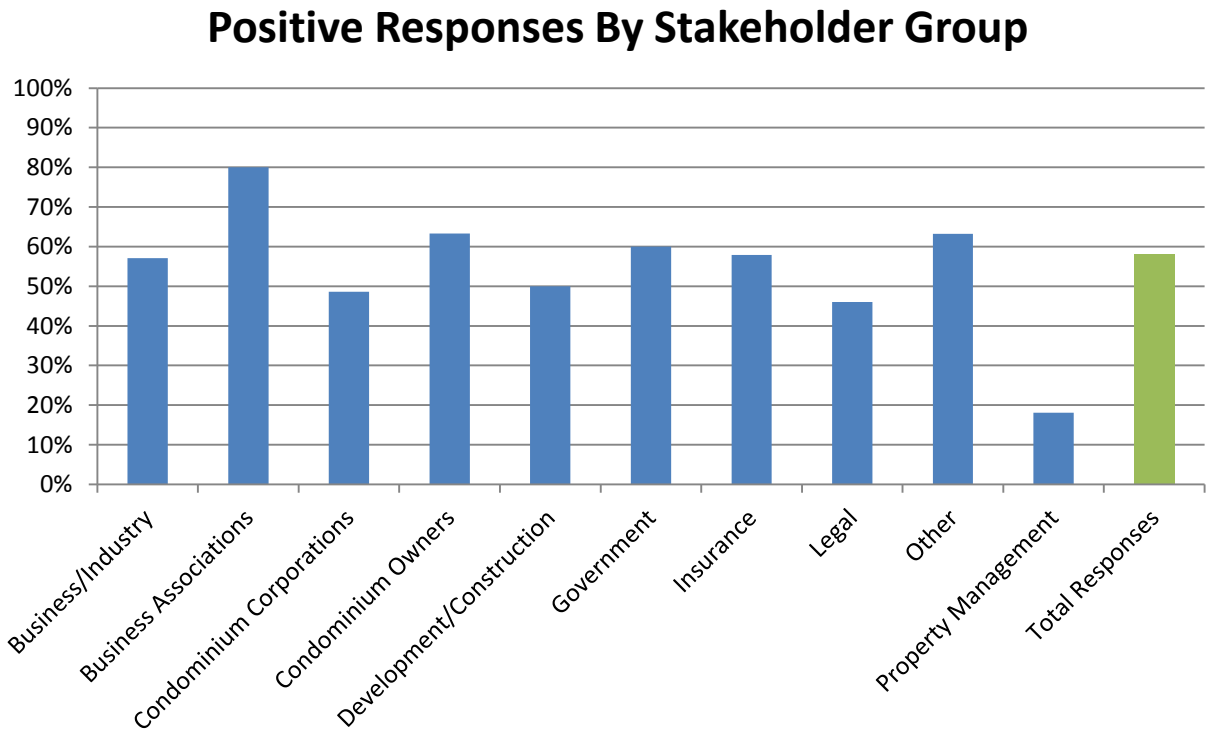
- If a developer-controlled board has signed a three- or four-year contract with a management company, owners could be hooped for years.

- To be fair to the management company they will have some start-up costs that they must recoup. If the board is allowed to terminate without cause then I don't think many would want to take on new clients without a certainty of recovering their start up costs.

Survey Question 38: Management Contract Renewals and Termination

Should the Act deal with management contract terms, renewals and termination, rather than leaving them between the parties of the contract to negotiate?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	161	57.1%
Business Associations	5	80%
Condominium Corporations	764	48.6%
Condominium Owners	2146	63.3%
Development/Construction	20	50%
Government	10	60%
Insurance	19	57.9%
Legal	37	46%
Other	304	63.2%
Property Management	105	18.1%
Total Responses	**3464**	**58.1%**





Stakeholders' Comments:

Stakeholders were divided on this issue. Lowest support came from property managers at 18.1%, highest from business associations at 80%. Supporters pointed out that new Boards were at a disadvantage when coming to terms with experienced property managers. Those against the proposal argue that Boards should have the flexibility to put anything they want in the contracts.

Key Comments

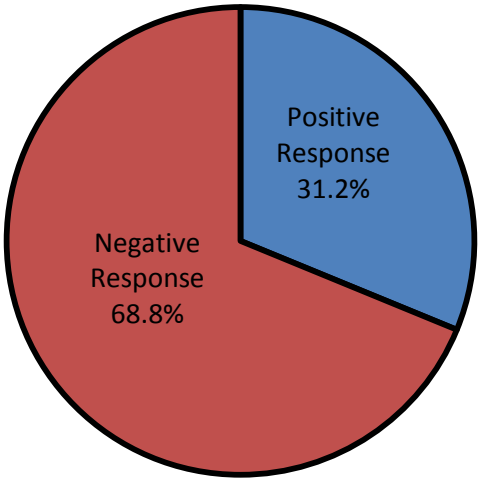
- Unfortunately, this is a Yes and No answer. Though I enthusiastically see an opportunity for the Act to protect the interests of the consumer/unit owner & the Board on this I also feel that it is each party's responsibility to negotiate the terms of any agreement fully before entering into it. There is substantially uneven ground between a property management company that negotiates for this same type of contract on a regular basis and a volunteer Board of Directors with mixed experience and business backgrounds that may not hold the requisite knowledge to act in their own best interests when negotiating with someone who could arguably be labelled a specialist. This is one of the reasons a Board seeks professional property management as they simply do not know what they don't know. Asking the party you are negotiating with for help in the negotiation is generally not going to go well for the party needing the assistance.

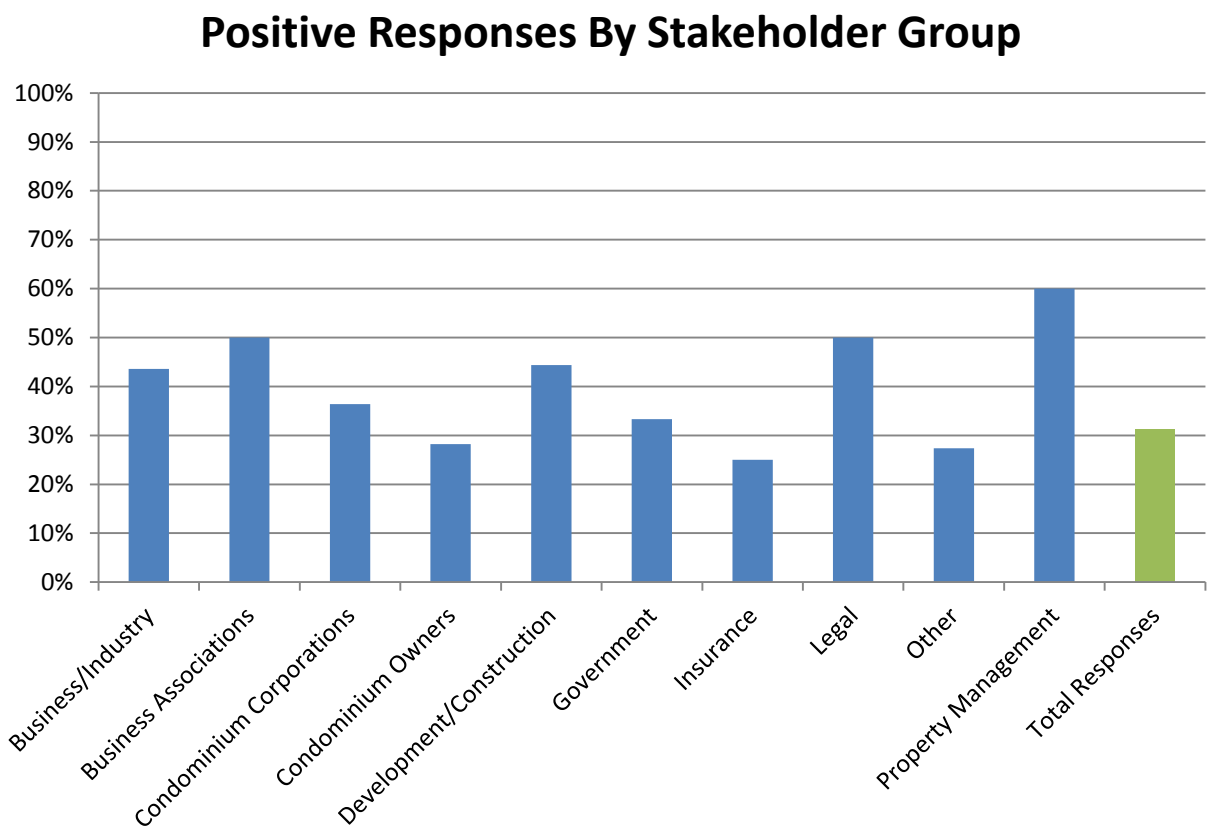
- Given the lack of sophistication for most volunteer boards, I think it should be stipulated in the Act.

- Need to assume condo boards are half-way competent. Don't try protecting everyone from themselves on everything

Survey Question 40: Management Contract Automatic Renewals

Should automatic renewals be allowed in a condominium management contract?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive Reponses**
Business/Industry	78	43.6%
Business Associations	4	50%
Condominium Corporations	319	36.4%
Condominium Owners	1114	28.2%
Development/Construction	9	44.4%
Government	3	33.3%
Insurance	8	25%
Legal	12	50%
Other	157	27.4%
Property Management	15	60%
Total Responses	**1667**	**31.2%**





Stakeholders' Comments:

There was 30.2% overall support for this proposal. Highest support was from property managers at 60%, lowest from "other" at 27.4%.

There were general concerns that with Board member changes, the date for renewals would slip past the Board, so that a Board of new members would have to continue with the property manager hired by the old Board. Many respondents argue that the Board should be reviewing the management contract at least annually for due diligence.

Key Comments

- Such terms can slip by a Board of Directors and then they are stuck. This clause presently exists in most elevator maintenance contracts; it is a grossly unfair business practice and should be illegal.

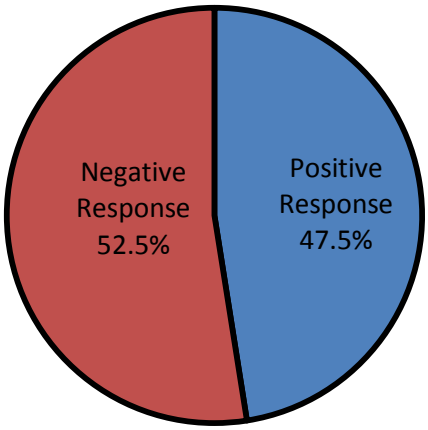
- A non-automatic renewal need not be complicated or cumbersome. A quick meeting and signature at one of the monthly board meetings is all it would take, and those meetings are happening regardless. If allowing automatic renewals, make that term very clear at the outset of the contract, and that the board is VERY aware of what that automatic renewal means.

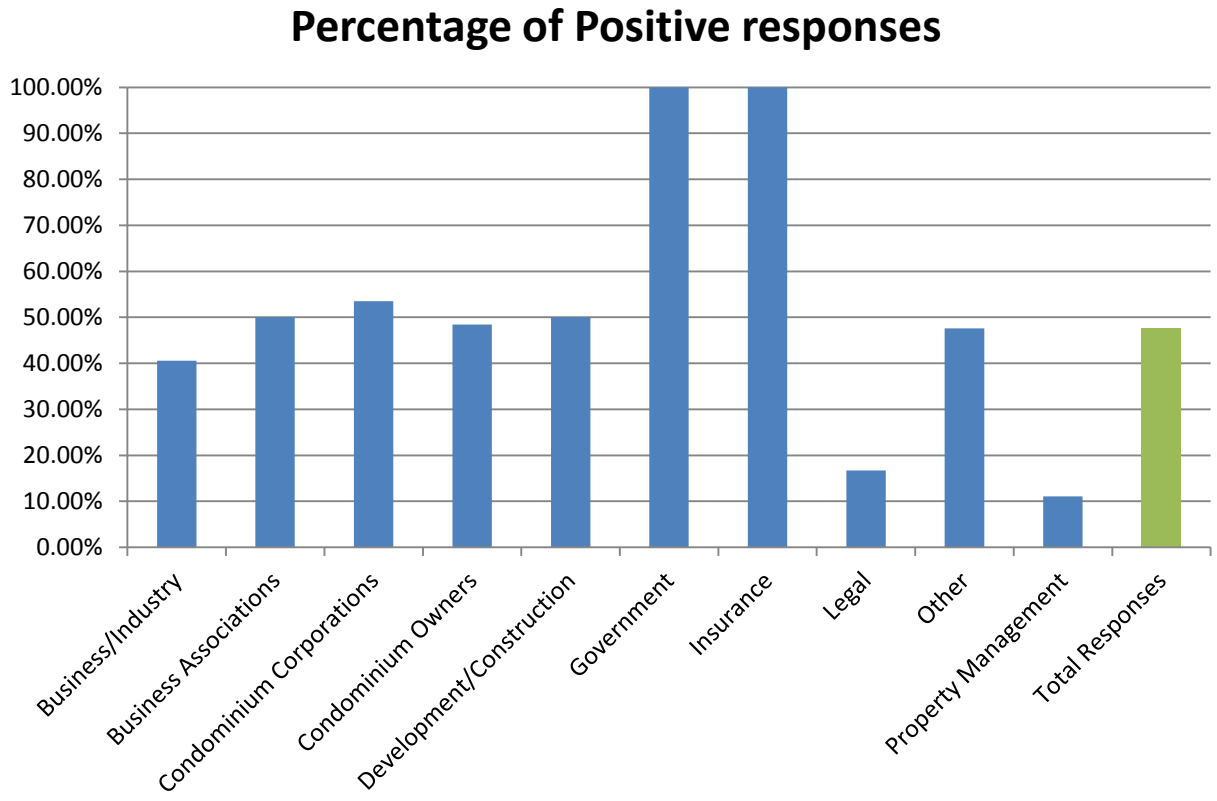
- I've heard that very large property management companies are buying up smaller, owner-run companies and boards have no say in this. That large company could prove disastrous and boards may need to get out sooner, than later. In fact, in management contracts, a clause should be included giving the board an option to "opt out" if a large company takes over. This is also another disclosure issue. A management company should be required to disclose that it is being sold and allow the board to terminate the contract if it decides it's necessary. Lawyers, doctors and dentists don't force clients to go with their successor; why should property management companies?

- Terms need to be revisited continually and with diligence. Automatic renewal can lead to lowered service levels and corruption.

Survey Question 41: Limit on Number of Automatic Renewals

Should there be limits on the number of automatic renewals allowed in condominium management contracts?		
Stakeholder Group	**Total Number of Responses**	**Percentage of Positive responses**
Business/Industry	32	40.6%
Business Associations	2	50%
Condominium Corporations	114	53.5%
Condominium Owners	308	48.4%
Development/Construction	4	50%
Government	1	100%
Insurance	2	100%
Legal	6	16.7%
Other	42	47.6%
Property Management	9	11.1%
Total Responses	**509**	**47.5%**





Stakeholders' Comments:

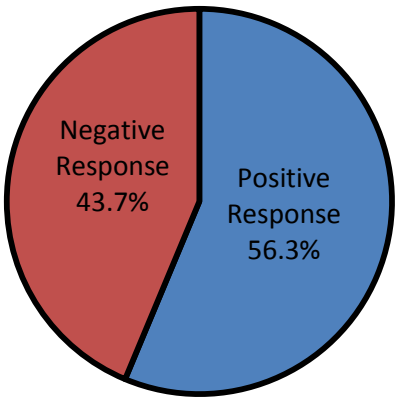
There was 47.9% overall support for this proposal. Highest support was from condominium corporations at 53.5%, lowest from property managers at 11.1%. Most considered 1-3 renewals reasonable.

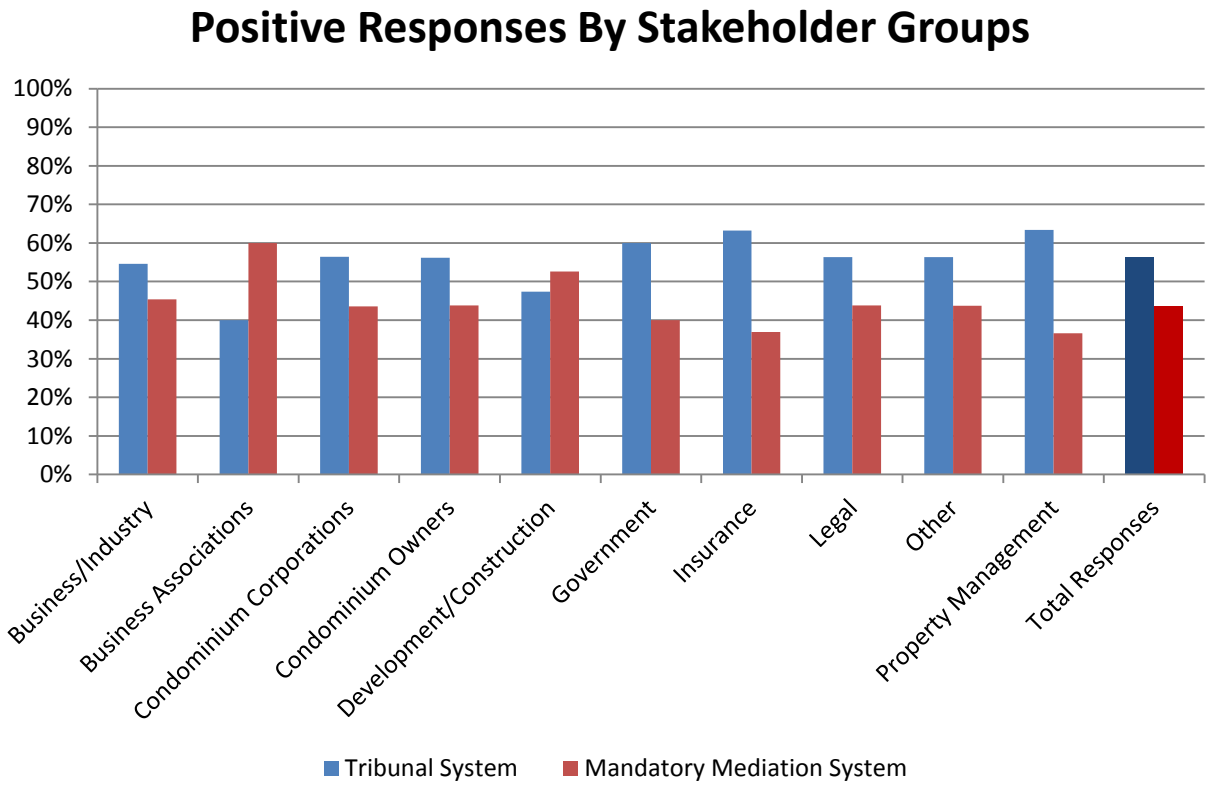
Key Comments

- The board can determine this in the negotiations for a contract. A board may not want to have to renegotiate a contract every year, all else being equal.
- Yes - 2 auto renewals only. The condo property must be understood to be the responsibility of the condo owners and of their elected board.
- Just like prescriptions, 1x only automatic.
- This can be a yes/no answer and is tricky. In any business a periodic review of the market place is desirable. However sometimes the old adage "If it ain't broke don't fix it" may be applicable. I'm not convinced legislation in this case is a good idea.
- As long as there is a way out of the automatic renewal (e.g. written notice 60-days prior of non-renewal), then I don't see the reason to have a limit.

Survey Question 43: Dispute Resolution Model

Which model would you support, mandatory mediation system or tribunal system?			
Stakeholder Group	**Total Number of Responses**	**Tribunal System**	**Mandatory Mediation System**
Business/Industry	141	54.6%	45.4%
Business Associations	5	40.0%	60.0%
Condominium Corporations	697	56.4%	43.6%
Condominium Owners	1971	56.2%	43.8%
Development/Construction	19	47.4%	52.6%
Government	10	60.0%	40.0%
Insurance	19	63.2%	36.9%
Legal	32	56.3%	43.8%
Other	270	56.3%	43.7%
Property Management	93	63.4%	36.6%
Total Responses	**3257**	**56.3%**	**43.7%**





Stakeholders' Comments:

There was moderate stakeholder support across all stakeholder groups for each of the dispute resolution models. The highest support for the mandatory mediation system came from business associations at 60%, while the highest support for a tribunal system came from the insurance and property management sectors, at 63% each. Among owners, the tribunal system garnered 13% greater support than the mandatory mediation system.

Supporters of the tribunal model indicate that in order for it to be effective, the tribunal must be speedy and affordable and decisions must be enforceable. Eligible complaints should be clearly identified and complex issues should be left for the Courts to resolve. To ensure a fair and balanced process, lawyers should be kept out of this system, as most often, the condominium corporation will have greater financial resources than owners. Adjudicators must be independent, impartial and have expertise in condominium law. Stakeholders support a user-pay system to discourage frivolous or trivial cases, but stress fees should be affordable to Albertans.

Supporters of mandatory mediation believe this model is collaborative and conducive to improving relationships, which is key in condominiums. Some favor a two-tiered dispute resolution system with mandatory mediation as the first step before adjudication by a tribunal or Court. Overall, few concerns were raised with the Tribunal model, however, some stakeholders viewed the system as adversarial.

The primary concern with mediation is that resolution is not guaranteed; if parties cannot reach consensus another dispute handling mechanism must be used, adding additional time and cost to the overall process.

Key Comments

- Mediation tends to be a more suitable dispute resolution process when there will continue to be some type of relationship between the two parties. In the case of disputes arising with contractors, a tribunal offers the best possibility of a fair resolution. There may be merit to the use of mediation when the dispute is between two unit owners, or unit owners and the board.
- While mediation has an above-average success rate, some issues cannot be dealt with through mediation. Should mediation fail, the next resort is litigation which can be costly. A tribunal may alleviate costs incurred by both sides and provide an outcome. A Mediator cannot provide a binding decision upon the parties.
- The Tribunal System seems to present a quicker course to resolution. So long as there is an appeal process/system in place this should be acceptable. The adjudicator positions should consider open applications from real estate and legal industry professionals demonstrating a comprehensive knowledge of condominium matters.
- Tribunal would be cheaper and allow for the development of expertise. Creating the need for representation by counsel should be avoided at all costs. The tribunal should also supply individual owners coming to the tribunal with assistance in preparing their

case. The tribunal could also easily provide an informal mediation service that would likely solve most problems short of a hearing.

Follow-up Question:

If neither model appeals, please describe how you would like the dispute resolution system improved for condominium parties?

Some stakeholders suggest an internal dispute resolution process for boards and owners be established in the Act, before any external system is considered. Others say a Condominium Office or “hot line” that owners can contact for advice on the Act and general guidance may be all that is required. A Condominium Ombudsman appointed by the government was also suggested as a possible alternative.

Key Comments

- I think there should be a provincially-established Condominium Advisory Office, with responsibilities (1) to ensure the Act is observed in all condo units - that is, provide oversight to condo corporations; (2)to offer advice - - maybe even a course of study - - for board members, who are running multi-million dollar corporations often with some relevant information and (3) adjudicate disputes.

- Find a way to avoid disputes in the first place. The condominium development industry touts the convenience and 'advantages' such as no lawn mowing and snow shoveling, but does not point out the responsibilities of ownership such as participation in running the organization by board membership and being a good neighbour. People who are elected to boards do not have to have any qualifications or experience and many do not have a clue about how to operate a board or general meeting or how to set an agenda, budget and keep minutes. Some board members have no concept of ethical behaviour nor how to properly enter into contracts by getting several proposals for major expenditures. Many disputes could be resolved by education of owners and responsible parties including managers. Since so many people now are condominium owners, there needs to be a major education program that teaches people how to live in a communal sort of environment rather than 'I am the king of my castle' (and if you are a condominium owner and I am on the board, you are my subjects). There is also a need for more and better educated managers who are not overworked and responsible for too many properties.

Issues Extracted from 'Additional Comments' Section of Survey

Effective Communication

- A general theme that emerged from this section of the consultation survey is the importance of a responsive, transparent and accountable board in the overall governance of a condominium. Boards need to be diligent in informing and educating owners about important matters such as owner rights and responsibilities under the Act and the Bylaws and the financial state of the condominium. Stakeholders would like to see improved communication between boards and owners through timely delivery of documents and more frequent meetings with owners, in addition to other communication platforms (e.g. website, newsletters/bulletins). Stakeholders believe government has a role to play in improving communication lines between boards and owners, namely by developing appropriate education tools to guide boards and owners.

New Condominiums / Developer Obligations

- Deficiencies in the construction of condominiums and lack of developer accountability is the single largest concern expressed by stakeholders in this section of the consultation paper. Costly repairs arising from defects in material, poor workmanship and building design flaws often result in significant special assessments. The pressure of paying special assessments within a certain period of time pose financial hardship on owners and negatively impact their overall condominium living experience.

- For the most part, owners support paying common expenses in proportion to unit factors (i.e. owner share in the common property) but would like to see a consistent approach to ensure fairness in the assignment of contributions. They suggest the Act either establish a formula for calculating the initial condominium contributions or guidelines for determining unit factors.

- Stakeholders suggest that developers be required to provide a standard purchase disclosure package be to purchasers, containing information above and beyond what is currently required under the Act. Disclosure of the following is recommended:
  - The type of condominium a consumer is buying (e.g. bare land, phased, conventional)
  - For bare land developments, information about a) any proposed property intended for common use and b) how the proposed property will impact condominium fees
  - Unit factor allocation and formula for determining condo fees
  - Any private delivery and distribution systems that the condo corporation is responsible for maintaining, repairing and replacing (e.g. water mains, sewage lines).
  - Any long term service agreements entered into by the developer
  - Warranty information

- Developers are viewed as being in a conflict-of-interest position with respect to service agreements and are believed to be structured to benefit the developer financially at the expense of the condominium corporation in the future. Owners suggest that the Act

allow a condominium corporation to terminate service agreements entered into by the developer without significant penalty.

- Strengthen the developer's fiduciary duties and obligations in the Act.

- Compress timeline for the initial reserve fund study and require the developer to contribute "seed money" to the reserve fund.

- Some stakeholders also suggest that developers be required to post a performance bond with the municipality that would be released to the condo corporation in the event that a developer fails to complete the common property, such as landscaping, roads, fencing.

Governance

Financial Management

- Owners believe boards have too much control over financial decisions and are not doing enough to communicate important financial information to the owners. In particular, many feel rules need to be placed around the administration of special assessments. Owners should be given reasonable notice of a special assessment required for essential matters, such as rectifying a budgetary shortfall or repairing/replacing the common property or managed property. Reasonable notice may be waived in unexpected emergency situations that require immediate attention. Special assessments intended for other purposes authorized in the Act but are non-essential should go before the owners for a vote. For example, if the board wishes to raise money to install a new security system or renovate the lobby in a high-rise building, owners should have the opportunity to vote on the decision via special resolution.

- In addition, boards need guidance on preparation of monthly financial statements and annual budgets. This would be especially helpful to self-managed corporations.

Owner Meetings & Proxies

- Proxies are currently used to constitute quorum at meetings of the owners and ensure the vote of an owner who is unable to attend a meeting is accounted for (e.g. vote for a candidate in an election). The abuse of proxies was raised as a concern by owners, who call for rules governing the collection and use of proxies. One potential solution is to produce a mandatory, standardized proxy form/s that would minimize opportunities for manipulation by ensuring the role assigned to the proxy holder is clear. The proxy form/s could be added to the Appendix of the Regulation.

- Quorum requirements are typically outlined in the Bylaws of a corporation, however, many corporations adopted the quorum rules outlined in the Appendix Bylaws in the Act. These Bylaws set quorum for general meetings to 25% of all owners entitled to vote. If quorum is not achieved within 30 minutes, the meeting must be adjourned to the following week. Some owners suggest quorum rules be addressed in the Act and consideration be given to allowing the owner meeting to convene on the same day, even if quorum is not achieved. From their perspective, owners who do not attend the meeting personally or designate a proxy holder should not hinder the business of the corporation.

Bylaws

- Boards should enforce Bylaws in a consistent, fair and timely manner. Owners expressed concern over bylaws that broadly empower boards to make decisions around the use of units and/or common property. Of note are Bylaws pertaining to pets. For example, Bylaws allowing owners and tenants to keep pets "subject to board approval" are viewed as giving boards too much discretion.

- Smoking inside units is an issue that needs to be further examined. Currently, many bylaws prohibit smoking in common areas or exclusive use common property (e.g. balconies), but do not address smoking inside units. Infiltration of second hand smoke through vents, windows and doors has been raised as a health concern, however, it remains unclear whether Bylaws prohibiting smoking inside units would stand up in court, if challenged.

- A reoccurring issue raised by stakeholders relates to the rental of condominium units. Many owners would like the ability to prohibit or restrict the number of rental units in their condominium complex through properly passed Bylaws. They argue high owner occupancy condominiums are generally more stable and better maintained than those with a high percentage of rental units. Absentee owners are typically less engaged in the governance matters and less likely to serve on the board of directors, particularly if they are not local. This is a significant issue that requires further review and careful consideration as any form of rental restriction will have a significant impact on investors and real estate investment more generally, and decrease the availability of rental accommodation in the province.

- The process for Bylaw amendments needs to be streamlined. The timeframe for passing a special resolution in connection with bylaw changes should be prescribed in the Act to prevent boards from dragging out the voting process in order to achieve the required number of votes.

Documents

- Stakeholders would like to see the list of documents that owners, purchasers and mortgagees can request under the Act should be expanded to include the following:

    - Any service agreement that the corporation has entered into
    - Draft minutes of the preceding Annual General Meeting (current practice is for AGM minutes to be vetted and approved at the following AGM)
    - Reserve Fund study
    - Engineering reports examining the condition of property

- In addition, a copy of the corporation's certificate of insurance should be provided to owners annually or upon changes to the insurance policy, at no cost. Also, minutes from monthly board meetings should be regularly posted for information, at no cost to the owners.

Reserve Funds

- The board's responsibilities and obligations with respect to managing reserve funds should be clarified. Specifically, boards need guidance on how to prepare and adopt a reserve fund plan.

- It is unclear whether the board is obligated to adopt the funding recommendations made by the qualified person who completes the reserve fund study.

- Given the technical nature of reserve fund studies, it has been suggested that qualifications for reserve fund providers be considered to ensure minimum quality standards are met.

Fair Taxation for Condominium Units

- Condominium units, by their density, use proportionately less municipal services such as lighting and sewers than do a comparable number of single-family homes. In addition, some condominiums, namely bare lands, pay to maintain their own sewers, water lines, streetlights, road maintenance and provide such services as garbage pick-up. Yet, they are taxed at the same rate as single-family homes. Stakeholders view this as an inequity in municipal taxation and would like the government to examine these issues and take appropriate action. Municipal assessment and taxation issues fall under the Municipal Government Act, which is currently being reviewed by Municipal Affairs. Service Alberta will closely examine these issues in collaboration with Municipal Affairs.