

# THE CONDO BOARD SURVIVAL GUIDE

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As the adage goes, good fences make good neighbours. But for condo dwellers, when all that separates your living space with the one next door is a single wall, you're bound to butt heads. With real estate in the core at a premium, prospective homebuyers are exploring the realities of condominiums—whether apartment-style complexes, three-story walkups or townhouses. They offer the opportunity to own a slice of our city's burgeoning central neighbourhoods, but shared living spaces require a special type of cooperation.

The condo board. It's both the first line of defense for issues that may arise and the first source of frustration for new owners. A well-run committee can improve your quality of life, but few board members are experts in conflict and financial management. "If the condo board isn't doing their job, it will be reflected in the corporation's condo documents and reserve fund study, which is required to be updated every five years," says Anand Sharma,

president of the Canadian Condominium Institute North Alberta Chapter. "These documents tell you how the condo board is saving money, how they are allocating their money for capital projects, and whether they are acting efficiently." It all comes down to a cohesive and well-run board.

Though not many people actually enjoy the monotony of balancing budgets, and only a sadist would enjoy breaking the news that everyone must pitch in for a new elevator. Hiring a management company instead of self-governing might formalize the process and ease the board's administration duties but it's the elected board of directors who make the decisions, says Sharma. "But at the end of the day, the buck stops with the board." So what makes a healthy board?

Like any good relationship, open lines of communication are key. Still, balancing the wants of everyone in the building is hard. "You are interacting with people that you don't see everyday. It can be hard to get a read on people, or to tell another grown

adult to do something without coming across as bossy," says Matthew Garrett, who has served on his petite building's five-unit board since moving in, in 2014.

Joining your condo board shouldn't be as painful as a bikini wax from a first-year cosmetology student. If your corporation is willing to work together, the process of governing can actually be pleasant. "I don't necessarily like to be in control of everything, but I like to have a say in my own destiny," says Jeff Johnston, who served as his former condo's president for four years. Even in the midst of overseeing a major structural repair to the building's foundation, he found it to be incredibly rewarding. They regularly met in someone's suite to discuss goings-on in the building or the neighbourhood. "It wasn't all drudgery," he says. "The meetings were quite fun, and it helped us to build a community."

Now doesn't that sound nice? That's why we've prepared a comprehensive breakdown of every issue, foreign word and colourful character you might encounter on your path to harmonious homeownership in the core.

## THE FIVE PERSONALITIES OF EVERY BOARD

No two condo associations are exactly alike, but there are a few personality types that seem to appear on just about every committee. Do you recognize these repeat offenders?

### ► The Overachiever

This person, most likely to be nominated for condo president by some of the lazier members, was a straight-A student and still refuses to let any small detail go unscrutinized. The Overachiever is on top of all of the communications between the board and maintenance staff, inspects financial statements with a fine-toothed comb and has a memo template permanently open on the computer. While he or she may complain from time to time that they are doing far more work than any other board member, the sense of superiority is too intoxicating to quit.

### ► The Bylaw Thumper

You'll swear they have a photographic memory. The Bylaw Thumper has read every page of the condo bylaws, and they are not about to let anyone get away with putting up a three-foot nutcracker statue in the common area without proper authorization. Think you can get away with bending a few rules? Think again. The Bylaw Thumper has already prepared a passive-aggressive note to slip under your door, and at least 15 minutes of regulation review at the next meeting.

### ► The Cheapskate

No one wants to spend money where they don't need to, but the Cheapskate practices next-level penny pinching. This person will argue over every expense that the board proposes, because why hire a professional snow plower when the Cheapskate has a 12-year-old cousin with a shovel and an allowance that needs supplementing? While most of the Cheapskate's financial bellyaching can be sloughed off, their miserly ways are a potential problem when serious repairs are in order. "Why sink \$15,000 in a new furnace?" Because winter, that's why.

### ► The Ghost

This person was at the AGM and agreed to a few action items, but no one has seen them since. Always ready with an excuse or an out-of-office email reply, this apparition of a board member has more social engagements than Her Majesty the Queen. Armed with a friendly smile and lightning quick reflexes with the "close door" button on the elevator, the Ghost has made an Olympic sport out of ditching their responsibilities.

### ► The Contrarian

No one loves playing Devil's Advocate more. For better or worse, the Contrarian will fight you on any topic, and there is simply no hill too small to die on. They have no problem wasting everyone's time in a board meeting, because they were just going to spend the evening arguing on their friends' Facebook pages anyway. Even if the Contrarian agrees with the proposals put forward by the other board members, every meeting seems to turn into an Ivy League debate competition.



## GLOSSARY OF TERMS

### CONDOMINIUM PROPERTY ACT:

A.K.A. the Bible for Condominium Living, this 88-page document compiled by the Alberta Government can be found online, and is painfully dull (and yet excruciatingly important) for anyone with a reading comprehension level below that of a third-year law student.

**LIEN:** Think of this as a pen-pal relationship with an eloquent loan shark. If you fall behind on your financial obligations the board (with help of a lawyer) will send you letters informing you that they will get the first cut off your eventual sale unless you pay up.

**MINUTES:** The task given to the member who'd much rather be on their laptop than be saddled with too much public speaking. Tedious to read, these recordings of meetings are invaluable when trying to learn who's doing what, or whether anything's being done at all.

**QUORUM:** How many board members does it take to pass a motion to screw in a light bulb? According to the Condominium Property Act, at least a quarter of the total number of representatives.

**RESERVE FUND:** The condo's invisible piggy bank exists to cover any upkeep and repairs, and likely the reason that your condo fees are so dang high. There's no standard amount, but it should be enough and be a healthy buffer for maintenance and upkeep.

**RESERVE FUND STUDY:** Every five years, a condominium must undergo a mandatory inspection of all of the complex's capital property (doors, windows, elevators, roof, etc.). It's like a physical for the building.

**SPECIAL ASSESSMENT:** Oh, it's special all right. When something significant in a building needs to be repaired or replaced, like a foundation or roof, or you just learned that your 10-year-old condo was never properly water-proofed, but the reserve fund won't cover the full amount, owners must pool together whatever's left. Depending on the direness, it can be owed in a one-time lump sum, or as a monthly or yearly contribution. Make no mistake: special assessments are practically inevitable for long-time condo dwellers, so brace yourself.



## WHAT TO DO WHEN DISASTER STRIKES

It's hard to talk about condo living without coming across horror stories from people burned by massive repair bills and mismanaged funds, like Ryan Anderson.

When he and his wife decided to upgrade to a larger condo after moving out of their small downtown loft, they never envisioned they'd be buying into a situation that would leave them strapped for cash and emotionally exhausted. "A year after moving in, we were nailed with a hefty assessment to address a series of repairs that had been put off by previous boards," says Ryan.

The initial year-long renovation to the exterior—including window upgrades and patio repairing—turned into a three-year ordeal, with even further damage to the building and a special assessment that was the stuff of nightmares: each owner had to cough up over \$45,000 to cover a staggering \$9 million reno bill.

To save funds, the condo corporation relied heavily on the in-house management team and board, made up of mostly volunteers who chose to hire the contractor with the lowest bid, and hastily rushed into beginning the renovations.

The lack of expertise amounted to additional problems throughout the construction, including sewage backups and even fires. "It was clear the in-house management team tasked to oversee the job were in way over their heads," says Ryan. "The renovation began falling apart and the construction team clearly didn't know what they were doing."

Fed up, Ryan asked to join the board, examined the condo minutes for himself and became immediately aware of how dire things had become: an incompetent treasurer had released a majority of the money in advance he says. "The money was spent; the job was partially started, but done poorly at best. The work had to be completed, which meant that all the

owners ended up paying for the repairs twice."

After years of lawsuits, thousands of dollars wasted, and finally seeking the help of a professional management company, the building is now in working order. The Andersons were able to get back on their feet, but the whole ordeal left Ryan with a laundry list of best practices for would-be condo buyers:

- Join the board. Come prepared to meetings with written questions. If something doesn't make sense, or something feels wrong, investigate.
- If possible, hire professional property management that will do the work for your board. Large complexes with dozens of units require special treatment, so get help when things are outside your area of expertise.

## "THE RENOVATION BEGAN FALLING APART AND THE CONSTRUCTION TEAM CLEARLY DIDN'T KNOW WHAT THEY WERE DOING."

—RYAN ANDERSON,  
CONDO-OWNER

- Ask questions about liability and don't be bullied or rushed into stupid decisions.
- Ensure your board is saving for obvious long-term projects or repairs.
- Boards are made up of volunteers and neighbours, so treat them accordingly. When the occasional hostile owner causes issues, kill them with kindness.
- If someone is using technical jargon and can't explain in plain terms what needs to be done, press them to speak plainly, or find someone else who can.
- Be aware of large projects or upcoming assessments before buying. They will come, so be prepared.
- Ask your bank about ways to borrow money for possible future assessments.
- Check the track record of the developer. Google, ask friends, ask your realtor. And take their warnings seriously!

## JUST SAY 'NO' TO REPLY-ALL

We're living in the digital age so naturally, communication between residents should be more evolved than lengthy print-outs and casual memos posted in the lobby. It has also evolved beyond receiving a blizzard of emails with two dozen carbon-copied addresses. Embrace their online tools to ease the task of governing:



### GeniePad

This Made-in-Edmonton software compiles and disseminates communication within a condo corporation in one convenient place, so you won't need to hunt through your email for a single memo about boiler maintenance.



### Slack

This friendly instant messaging service shared between "teams" is popular amongst tech companies and works well for non-profits and condo boards too.



### MailChimp

The email newsletter service helps keep people up-to-date on building news—whether good or bad. Best of all, there's no reply-all option.

## GOOD HOME TRAINING

Organizations like Canadian Condominium Institute (CCI) North Alberta Chapter offer classes to give current or future board members a better grasp of their duties. For first-timers, consider signing up for Condo 101: Board Basics and Best Practices. This one-day introductory course—\$50 or free for CCI members—offers tips on financial management, governance basics and legal responsibilities of every board. Visit CCI's website for more information about dates and how to sign up. (cci.geniepad.com)



## WHAT TO EXPECT WHEN YOU'RE INSPECTING

No one would dare to think of buying a house without undergoing a proper inspection of the property, yet it's not uncommon for condo buyers to forego this critical service. "I do proportionately fewer condo inspections than I do for single family houses," says veteran home inspector Jamie Keith of Access Home Inspection Services. "People tend to put a lot of faith in the reserve fund study. In some complexes, that's not a problem, but for others it is. A

few hundred dollars investment could save you tens of thousands in future costs.

Keith stresses that a full building tour, short of entering into other's suites, is paramount. Typically, inspectors will just inspect the interior of the unit and not any of the common areas, but, warns Keith, when you are purchasing a condo, you aren't just buying your unit—"you are buying your unit's portion of the whole building."

Whatever issues you find, ensure that those concerns are echoed in the building's condo documents; otherwise, it's a huge red flag that the board isn't minding their problems. And be aware of the future costs of things naturally meeting the ends of their lifecycles. For instance, asphalt shingles need to be replaced every 20 years. "If the last reserve fund study was done four years ago, and the roof is 17 years old right now," explains Keith, "it might not be reflected in the current budget." •

Jyllian Park is the Edmonton editor of *Western Living*, a regular contributor to *Avenue* and a fashion stylist. She was nominated for a 2015 Alberta Magazines Award.

## MEDIAN SELLING PRICE MAY – JULY 2016

### Oliver: \$268,500

(-\$50,500 from May-Jul '15)

- **Difference from listing price:** -\$3,900
- **Days on market: 38** (-6 from May-Jul '15)

### Downtown: \$314,000

(\$-5,000 from May-Jul '15)

- **Difference from listing price:** -\$15,900
- **Days on market: 46** (+2 from May-Jul '15)

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