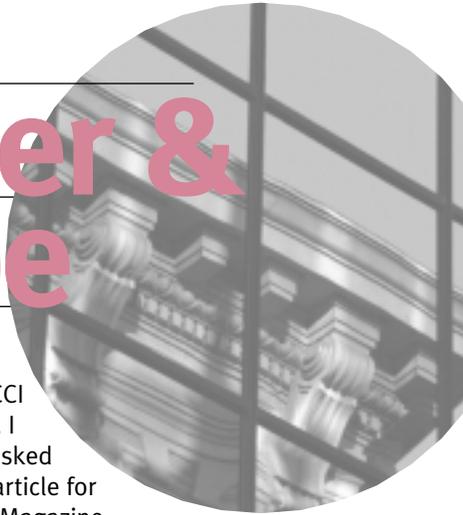


## A national presence south of the border & eastern europe



president's message



It is a distinct honour to write my first newsletter article as the National President of CCI. The fact that I am the first President from Eastern Canada makes the word 'National' very significant. I ask you to join me, during my term as your President, to focus CCI on its National presence and work to constantly increase that presence.

Your National Executive met in Toronto in January to examine CCI's structure and our future direction. We were aided in these discussions by our Executive Director, Diane Gaunt, who provided her guidance as well as, at her expense, our meeting location and lunch. Thank you Diane and Taylor Enterprises. The meeting produced a discussion paper for presentation to the National Board. Its focus is on redefining and strengthening the structure of CCI National and the roles of its various committees and members. We also attempted to address our national and international growth and affiliations. A weary executive left Toronto feeling very positive about the future of CCI.

Nationally we are looking west to British Columbia for the formation of a CCI Chapter. Thus far the interest is encouraging in Vancouver and in Kelowna. Plans are being made to hold our Spring 2001 Board Meeting in B.C. to highlight our presence. On the east coast, the Atlantic Chapter is being asked to reach out to all Atlantic Provinces for members and CCI support. Centrally, the Ontario Caucus continues to plan future Chapter development and the efficient delivery of our services. Very respectful progress for a volunteer group!

Internationally the world of condominiums is becoming interesting in a few surprising ways. South of our border we are already familiar with CAI and will continue our dialogue with that group. However, we are now being contacted by

Eastern Europe for CCI information. I have been asked to write an article for a Ukrainian Magazine exploring the possible creation of their condominium industry. They are examining methods to transfer state ownership of multi family properties into individual ownership and condominiums offers an exciting alternative. Requests for information have also been received from condo interested parties in Bosnia. On your behalf we will continue to offer our assistance to this ever expanding definition of our condominium neighbors.

The AGM in Toronto in November of 1999 changed the face of our CCI – National Executive and Board of Directors. Welcome to all new members – remember that volunteerism is the best job you'll never get paid for! Thank you to Rob Geisbrecht for his years of guidance and both thank you and welcome to Connie Grant for her term as President and her new term as Board Chair. Ron Danks has progressed to Vice – President and Deborah Howes has joined the Executive as Secretary. Congratulations one and all.

Enjoy the approaching warm weather and I look forward to seeing all of you in Hamilton on June 1st for our semi-annual meeting.

PAT CASSIDY, *President*

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### NATIONAL EXECUTIVE DIRECTOR

**Diane Gaunt**

# Welcome to the new national CCI board members

## Raymond G. Wilson

Ray has been involved in property management for over 24 years. He has an extensive background in construction, having received his "Canadian Interprovincial Seal" for carpentry during the early 1960s.

In 1975 Ray and his wife purchased a condominium unit and shortly after he entered the field of professional property management. Ray served as a Board member for his condominium corporation for over eight years and served as a Board member for S.O.C.A. (then known as a Southern Ontario Condominium Association). Over the years he has completed a number of certificate courses including his ACCI, RCM and AIHM designations.

Ray is President of the management firm Wilson, Blanchard Management Inc., serving Metro Toronto and the Golden Horseshoe areas. As a frequent speaker, lecturer, consultant and college instructor, his expertise is considered paramount in the industry.

## Randy Heathcote

Randy works for Nicor Property Management Inc., providing Property Management for residential/commercial property, maintaining existing portfolios and insuring company growth by acquiring new properties. He has 20 years of "hands on" property management experience with properties located in Saskatoon, Regina and Moose Jaw.

Randy served as Vice-President of the CCI Regina Chapter in 1998 and is currently serving as the CCI Regina Chapter's President.

## Joan Harrower

Joan is currently the President of CCI North Alberta Chapter and has held a Directorship on the Board for the past three years. She held the positions of Co-Chair, chaired the Condominium Manager's Committee which is currently investigating Specialty Licensing for Condominium Managers in the past and is currently a member of this committee.

She has been involved in the Condominium Management industry for the past thirteen years with vast experience including Professional Management, Self Management, Board Member, Owner, Landlord and Occupant.

During this time, her management portfolio has specialized in owner-occupied condominiums and has consisted of walk-ups, row housing and hi-rises.

Joan received her A.C.C.I. designation in June 1998, having attended the Board of Managers course in 1990. She has taken part in presenting educational information at the Board of Managers course as well as presenting information at the Home Buyer's seminar for the Canadian Condominium Institute.

She has been involved with the Greater Edmonton Home Builders Association, Multi Family Council since 1994, holding a Directorship on that Board for the past five years. This involvement has enabled her to bring Condominium concerns to the table.

She is the President/Owner/Manager of KDM Management Inc. whose specialty is the management of Owner Occupied Condominiums. Joan has been with KDM Management Inc. since 1991 and has found it to be an exciting expanding business.

# Our national award recipients

In this second issue of CCI Review, we will highlight our six Distinguished Service Award (DSA) recipients and eight Fellow (FCCI) recipients by printing the introductory remarks given at the 1999 National Awards Presentation dinner in Toronto on November 19th.



## Fellow

**Jonathan Fine**

Presented by: Donald Kramer

When one thinks of the condominium in the Province of Ontario, sooner or later you will come across the name of this your latest Fellow of the Institute. His name has become synonymous with condominium law and the Canadian Condominium Institute in Canada.

### Accomplishments:

From a humble background, this is a man who walked to school both ways - uphill. At an early age he showed promise as a budding musician. Indeed, he played in a rock and roll band.

Your candidate is also somewhat of a sportsman. This is hardly surprising because his father, Bert, was famous for his childrens' sport camps. What is remarkable though, is his passion for hockey. Few have seen this man perform on the ice - but his performance off the ice makes one speculate what he would be like on the ice. On the positive side, he does contribute to minor hockey by coaching his children's hockey teams. As for the other side, he had the audacity to bet against the Edmonton Oilers in the 1980's when Toronto would play them. The cheque was cashed and the money did go to CCI.

Our candidate is also well known as a TV personality - Condo Call in the 1980s and also as an author - he has two golf texts to his credit. The first titled "Golf is a very Simple Game" which came out in 1996 and the second volume titled "What's this Got to do with Golf" (1998).

This individual is the father of four beautiful children and is the husband of Shelley. His son Corby was recently married. The only caution to our candidate is that children do go away in ones and twos and come back in threes and fours.

On a more serious note, it should come as no surprise that this individual's involvement with CCI

was at the very beginning. Those were heady days when a young manager/pseudo engineer approached a number of members of the condominium industry with a view to seeing if he can create an organization - after all - Alberta had a provincial organization (ACAC). Certainly Condominium Ontario was not the example everyone was looking for. Accordingly, it was felt that there was a need to create a National organization. Your candidate was instrumental in the formation of the Canadian Condominium Institute and was one of the original signatories to the incorporating documents.

Within five years of the creation of the Institute, he became the President, travelling across Canada, bringing the news of CCI to the various Chapters. He also served in other capacities and was instrumental in the success that CCI enjoys today. He has given thousands of hours to advance condominium in this province and this country. He is unfailingly loyal to his friends and his clients and he does represent what is good about condominium in this country. In fact, he recently became a member of the Community Association Institute College of Community Association Lawyers. Apparently he is the second Canadian lawyer to be accepted into the College.

Ladies and Gentlemen, it is my great pleasure to introduce Jon Fine as your newest Fellow of the Canadian Condominium Institute.

**Congratulations, Jonathan.**

# Fellows



## Bob Gardiner

Presented by: Gina Cody

Bob is a committed man, who has devoted his time over the years to issues that matter. Most of us know Bob as a gentle, kind person as well as a very competent lawyer.

Believe it or not, Bob can only concentrate in crowded and noisy bars, or so he says. I understand that he passed his Bar Exam prior to joining law school, and that to keep up to date he regularly writes his papers in bars.

I understand from Bob's secretary that Bob finds it difficult to concentrate in the office because it is so quiet and that he goes to restaurants and bars to

dictate. She told me that for years she has had tremendous difficulty typing the dictations made since she had to differentiate between Bob's voice and the screaming men and women in the background.

Bob married Jan, his high school sweetheart and has three four legged children, two dogs named Bert and Amy and a cat named Angela.

His Mistress over the past year has been the *Condominium Act*. And that is why he has been putting on so many seminars on the subject and is writing about her so passionately.

His relationship with the Act has also made him a devoted man.

He is also a great photographer, and normally tags along with his wife, of course, when she takes him on trips

around the world, taking photographs, while she is working and collecting information for her magazine.

Bob has also been working hard on the Criminal Code on the subject of cruelty to animals. "Influence" Magazine named Bob as one of "Fifty Men of Influence" in 1988 for his success in initiating over 124 humane trapping regulations across Canada.

He works 36 hours a day, and that is why when you ask him when do you think the Condo Act will become law? His answer is "May 1999".

He also plays popsicle music on his 12 string guitar – a mixture of Pop and Classical, and has written 40 songs.

Ladies and Gentlemen, it is a great honour to present the FCCI award to Bob Gardiner.



## Peter Leong

Presented by: Gina Cody

Peter Leong's involvement with the Canadian Condominium Institute dates back to the very inception of the organization. Peter first became involved while he was living in Calgary and joined the Board of Directors for the Calgary chapter of C.C.I. during its first few years of existence. After serving two years on the Calgary board, Peter moved to Toronto. He immediately became involved with the National Board of Directors.

Peter, along with several other members of the National Board from the Toronto area very quickly realized that the City of Toronto itself could easily

support a new chapter and in 1987 Peter co-founded the Toronto area chapter of C.C.I. Peter served as its first "co-president" along with Park Thompson during the early years of the chapter. Peter continues to sit on both the National Board and the Toronto area board to this very day.

During his involvement with the Toronto area chapter, Peter conducted or participated in so many seminars, director's and manager's courses and other special events that the list would fill several pages. Likewise, his involvement with the national organization has been outstanding. As an engineer, Peter has the opportunity to travel across the country and never fails to take the time to volunteer his time and efforts for whatever chapters may be in the city that he happens to be visiting at any particular point in time.

Currently, Peter sits as the Chair of the C.C.I.'s reserve fund analysis committee which is currently involved in

developing a user guide to reserve fund studies for C.C.I. members as well as re-formatting the A.C.C.I. exam format for engineers to provide for greater emphasis on reserve fund planning experience.

Peter is an engineer and Vice-President of the Building Scientists Group of Cochrane PPK Engineering Limited. Peter has also obtained his ACCI designation from the Canadian Condominium Institute in the field of engineering.

In the little spare time that he has left, Peter enjoys his new family.

Peter Leong exemplifies the type of volunteer spirit that has brought C.C.I. into the forefront as the national voice of condominiums throughout Canada. In recognition of this outstanding achievement, Peter was elevated to the status of Fellow of the Canadian Condominium Institute, (F.C.C.I.) at the National awards dinner held on November 19, 1999.

# Distinguished service award



**George Shirton**

George Shirton, treasurer and past G.H.C. Board member was presented with his Distinguished Service Award at the National Annual General Meeting of CCI. George is the first recipient of the DSA from the Golden Horseshoe Chapter.

George first became involved with condominiums when he purchased his own condominium unit in the Burlington area in the late 1970s. He almost immediately became a member of the Board of Directors and over the years served more than 11 years on his own Board, acting as President for five of those.

In 1980, George was elected to the Board of Directors of the Southern Ontario Condominium Association (SOCA) and participated in that organization until 1985. At that point, he helped create the Golden Horseshoe Chapter of CCI along with his longtime friend, Penman Smith.

He sat on the G.H.C. Board of Directors until 1992; he agreed to stay on as treasurer until a replacement could be found. The G.M.C. didn't look very hard and as a result, George has been helping them out ever since.

George has helped the G.H.C. organize virtually every one of its condominium directors' and managers' courses, seminars, Annual General Meetings and other events since he has been with them. He is usually the first one to arrive to take registration and the last one to leave to turn the lights out. He continues to assist the G.H.C. with its books and has made

sure that they have always run well into the black at the end of each year.

George is not satisfied with just volunteering with CCI, and incorporated his own consulting company, JD Management, for the purpose of providing advice to condominiums in respect of management and accounting issues.

Presented by: Ron Danks

In what spare time he has, George plays a pretty mean game of tennis, but, typically, that's not quite enough for George and, as a result, his fellow members made him the President of the club.

The Board of Directors of Golden Horseshoe Chapter



**Jo-Ann Hamilton and Anne Merry**

Presented by: Pat Cassidy

Both Jo-Ann and Anne have the distinction of being Atlantic Canadians and being employed by the Nova Scotian Provincial Government. They are the Deputy-Registrars of Condominiums for the Province and have both held that post since 1994. They both sit on the Condominium Advisory Committee and have been instrumental in having the N.S. Condominium Act amendments passed. CCI has always received their devoted support as has every condo owner or interested party in Nova Scotia. Truly, without them, our Condo Act amendments would be a dream instead of a great reality!

## DSA awards

## *A must for every Ontario condo corporation*

"A Shortened Version of the Ontario Condominium Act 1998 for Directors" ... here's a booklet that condominium directors, owners, property managers and suppliers will love. The booklet - a shortened version of the Ontario Condominium Act containing all the relevant information needed by condominium directors - will be an indispensable resource.

Priced at \$18.00 each, volume discount pricing is now available so that all directors have the Ontario Act's important information and regulations at their fingertips. Please phone CCI-T at (416) 491-6216 for your copies.



# DSA awards

## Gordon Dick

Gordon was born in Port-of-Spain Trinidad, attended Loyola College in Montreal and in the early 50s enlisted in the RCAF.

In the early 70s, after twelve years in the retail business, Gordon decided that a career choice was desired and interviewed for a property manager. In 1976 he was asked to present a proposal for management for a 'Condominium Project' (a 188 unit townhouse development), one of the first in Saskatoon. At that time Gordon had no idea what a condominium corporation was and traveled to Calgary and Edmonton to research 'how to manage condominium projects'.

In 1978 Gordon was one of the founding members of the Saskatchewan Chapter of CCI and served as its treasurer for three years. In 1980, to expand his knowledge of the business, Gordon

began to take IREM courses towards a CPM and did the whole program in one year. In 1983, Gordon developed a 'pre-licensing' property management course which was accepted by the provincial government and is still being used.

In 1984 Gordon started his own management business, Prairie Living Property Management, (with the help of his wife) which specialized in condominium management along with rental properties and some commercial property. Nine years later Gordon sold his company but continued, along with his wife Claudie, to manage the Condominium section of the business under contract to the new owners.

In 1994 Gordon was elected President-elect of REIC and served as its National President 1994/95 and in 1996 was instrumental in reviving the CCI Chapter in Saskatoon as the North Saskatchewan Chapter. Since then, Gordon has been active as a Director of the Chapter and filled-in as President for

part of 1998 when due to business pressure, the then President had to resign.

For the past ten years Gordon has been involved in providing seminars through REIC and CCI and has taught the ARM 101 course across the country.

Gordon and his wife Claudie, have a son and a daughter and are doting grandparents to three beautiful grandchildren. In 1999 Gordon and Claudie took a giant leap in lifestyle by purchasing a townhouse condominium ... and now to enjoy retirement!

[Gordon, unfortunately, was unable to be at the CCI Awards Ceremony, November 1999]

# Insurance re-keying doors

Good news! Condominium unit owner insurance policies generally pay for the cost of re-keying, with no deductible.

The unit owner policy wording recommended for general use in the insurance business says:

"We will pay up to \$500.00 to replace or re-key, at our option, the locks on your principal residence if your keys are stolen, provided the theft is reported to the police or law enforcement agency having

jurisdiction at the location of the theft. This coverage is not subject to a deductible."

## Insurance Bureau of Canada Condominium Unit Owners Comprehensive Form IBC 1167

This is not with respect to re-keying the common element door locks. It's to do with the unit door locks.

- Not all insurance policies read exactly alike, so check your policy,
- If the situation fits the wording quoted above, claim!

If the lock or door damage is part of a break-in or other major damage, there are ways by which the condominium corporation-purchased insurance or the unit owner may pay for the damage. Check with your insurance representative.

Hugh Falconar, C.I.P., F.C.C.I.

## **Golden Horseshoe Chapter**

The Golden Horseshoe Chapter would like to congratulate new national board members, **Joan Harrower, Randy Heathcote** and **Ray Wilson** as well as all of those well deserving individuals who received F.C.C.I. awards and Distinguished Service Awards at the banquet last November.

We continue to experience great success with our membership drives and activity on our website. Current membership is 320 and counting!

As June is fast approaching, we are becoming extremely busy with preparations for the Condominium 2000 Conference & Trade Show - Community Living in the New Millennium. All preliminary plans have been laid and board members are now engaged in developing materials, itineraries, menus and booking booths. We look forward to welcoming many of you the first weekend in June! For further information on the conference or obtaining a booth in the trade show, visit our website at <http://www.ghccci.org> or contact us at [ghc.cci@wcn.org](mailto:ghc.cci@wcn.org)

## **CCI-Toronto welcomes its 1999-2000 board of directors**

At its Annual General Meeting on December 1, 1999, members cast their votes for the new CCI-Toronto Chapter Board of Directors for the 1999-2000 term.

Gina Cody, P.Eng., ACCI	President
J. Robert Gardiner, ACCI, FCCI	Vice-President
Peter K. Harris, C.A., ACCI	Secretary/Treasurer
Denise Lash, ACCI	Vice-President
Peter Leong, ACCI, FCCI	Director
Gerrit Roosenboom	Director
Steve Willerding	Director
Janice Pynn, RCM, ACCI	Director
Richard Pearlstein, ACCI	Director

CCI-T would like to extend its sincere appreciation to the nominees whose names were put forth for their commitment to the Institute's goals and their offer of support. Thank you, and we look forward to your continued participation!

## **A.C.C.I. (Associate of the Canadian Condominium Institute)**

If you are a professional member of the Canadian Condominium Institute you should seriously consider applying for your professional accreditation. Successful candidates are entitled to use the designatory letters "A.C.C.I." as recognition of their high degree of skill, professionalism and outstanding achievements.

Candidates for the A.C.C.I. accreditation must be a professional member of CCI, have at least three years of professional condominium experience, have contributed to the condominium community by teaching courses, writing articles, participating in seminars or providing other services and successfully complete the A.C.C.I. examination.

For further information please contact your local CCI Chapter.

## Atlantic Chapter

### Condominium Act Changes in Nova Scotia Now in Full Effect

The proclamation we have been waiting for in Nova Scotia since Spring 1999 has arrived! On February 16, 2000, the sections of Bill 64 requiring regulations were proclaimed into full force and effect by an Order in Council of the Province of Nova Scotia. As of this proclamation date, the entirety of Bill 64 is now law. This completes the amendments to the Condominium Act governing condominiums in Nova Scotia. It is the result of a process which started some 12 long years ago for the CCI members involved in working for more consumer protection provisions in the Condominium Act of Nova Scotia.

The majority of the amendments to the Act, contained in Bill 64, were proclaimed February 3, 1999. With the latest proclamation, the Regulations will be available for circulation to the condominium community, and the scrutiny will begin of the detailed requirements for mandatory arbitration and mandatory reserve fund studies, among others.

CCI-Atlantic Chapter continues its leadership in education programs, including the legislative changes. The condominium course scheduled for February 26th in Halifax was fully subscribed before the February 16th proclamation. Our Atlantic Chapter members are keen to be well informed condominium consumers.

### "Condo Property Taxes, a National Debate"

Market Value realty assessments by the Province for the purpose of taxation by the Municipalities has been in place in Nova Scotia since 1976.

Assessment of real property is a Provincial responsibility in the four Atlantic Provinces, with the exception of the City of St. John's, Nfld. (We understand that St. John's shares this unique situation with the City of Winnipeg, and all the Municipalities in Alberta!)

In Nova Scotia, yearly re-assessments were introduced in 1996. With this came a first in Canada for Nova Scotia property owners, condominium owners included: an advance look at their 1997 assessment. This "user friendly" process opened a consultation with property owners that has cut down significantly on the numbers of annual assessment appeals.

There is one taxation rate for residential properties, and the Municipal Affidavit of Value for each sale transaction filed with the Province is the basis of the valuation of condominium units for assessment purposes.

Pat Langmaid  
President, CCI-Atlantic

## Northern Saskatchewan Chapter

### Property Taxes in Saskatchewan

In January of 1997, the Saskatchewan Assessment model moved from a solely cost driven (base year of 1965) model to what is termed a "market based" system utilizing fair value to determine taxes. Essentially, we moved to an "ad valorem" method of taxation.

#### Overview of the Assessment Model

The most important thing to keep in mind in reviewing your 2000 assessment is that although

submitted by Chetan Thakore  
President, CCI North Saskatchewan Chapter

the physical condition of the property is viewed as at January 1, 2000, the assessment value is intended to reflect market conditions as at June 30, 1994.

Fair value for buildings is calculated by taking the replacement cost new of improvements less all forms of depreciation and/or a market adjustment factor. Costs new are calculated using the rates stipulated in the Saskatchewan Assessment Manual, the assessor's physical deterioration estimates are again taken straight out of the Manual,

## Northern Saskatchewan Chapter, cont'd

but the functional/external depreciation and/or the market adjustment factors are derived using sales in the market place.

Fair value of the land shall be determined by the sales comparison procedures detailed in the Saskatchewan Assessment Manual.

In summary, land + improvements (as determined from the above) = fair value x 85% = assessed value x mill rate x mill rate factor = tax bill.

### Assessment Process

The first notice you will receive is a Preliminary Tax Notice with the unofficial assessment figures stated therein. The initial step to be completed is to compare the assessor's estimate of the 1994 fair value of your property to your opinion of the property value as at June 30, 1994.

From the date the official assessment notice is issued, you have thirty (30) days during which the appeal must be filed. The appeal must include the SPECIFIC grounds of your appeal - why do you think your assessment is wrong in concrete terms - and the material facts upon which you intend to rely in presenting your appeal.

### Appeal Process

Once an appeal is filed, the Board of Revision must give twenty-one (21) days notice of hearing. Any documentation you wish to rely on at the hearing must be presented to the Board of Revision and the assessor ten (10) days prior to the hearing date.

Once the hearing is complete, the Board of Revision must provide you with a written notice of the decision and written rationale for the decision within fourteen (14) days of making their decision.

Should the decision not be to your satisfaction, you have the option of filing an appeal to the Saskatchewan Municipal Board, Assessment Appeal Committee (SMBAAC). After this point you are at the end of the appeal process unless the SMBAAC errors in law, and/or exceeds or fails to exercise their jurisdiction. Should this occur, recourse would be the Saskatchewan Court of Appeal.

### Condominium Corporations

The Corporation shall make any assessment notice received available for inspection by the owners; and on the request of an owner(s), convene a meeting of the Corporation for the purposes of deciding whether the assessment should be appealed. A majority of those present at the meeting must be in favour of appealing the assessment for the Corporation to proceed.

For the purposes of assessment, the land and improvements to the land are deemed to be owned by the Corporation. An individual unit owner does not therefore, have the right to appeal the assessment - it must be done by the Corporation.

### Update on Appeals for Condominium Corporations

With the rollout of the new tax model in 1997, the results for many condominium corporations was a steep rise in the level of taxation for unit owners. The local administration in Saskatoon adjusted the mill rate downward on condominium units to alleviate some concerns posed by condominium owners. The local administration left the assessed values at the rates imposed by the new assessment model, however by adjusting the mill rate they brought down the actual hard cost to the unit owners. Having said that, many owners still have tax bills that they are completely unsatisfied with, and a couple of corporations have filed appeals. Furthermore, a group of condominium corporations have recently banded together to form a task force on Condominium Taxation. They have approached the local CCI Chapter (several boards that initiated this task force are CCI members) to develop some liaison or link. At this point, one of our local CCI Board members will be attending their next meeting to see where we go from here. The consensus amongst the task force is that a legislative change is required to make the assessment manual more equitable towards condominium owners. The basis of this is a variety of issues from the draw on services to the market adjustment factors used, particularly as they relate to Single Family Dwellings.

Ergo, at this point although we have had the new assessment model for 3 years, the battle over condominium taxation is just beginning. In the year 2001 we are to have a re-assessment moving the base year from 1994 to 1998, again this will impact the tax dollars billed to unit owners.

# Insurance appraisals for condominium corporations

Did you know that Provincial acts address insurance coverage? Be sure to check the act in your Province; here are two examples from Saskatchewan and Alberta and some discussion on how Insurance Appraisals can assist in placing insurance.

## A Duty to Insure

**Section 65** of the Condominium Property Act of Saskatchewan provides the following guidance relative to insurance coverage;

(1) The Corporation shall obtain and maintain insurance on its own behalf and on behalf of the owners with respect to the units, the common property and the common facilities, excluding improvements made or acquired by owners:

- (a) against major perils in an amount equal to the replacement cost of the insured property; and
- (b) against any other perils that are specified in the by-laws of the corporation or directed by the board.

(2) For the purposes of subsection (1), the Corporation is deemed to have an insurable interest in the replacement value of units, the common property and the common facilities."

**Section 38** of the Condominium Property Act of Alberta provides the following guidance relative to insurance coverage:

(1) A Corporation

- a) where a building is divided into units, shall place and maintain insurance on the units, other than improvements made to the units by the owners, and the common property against loss resulting from destruction or damage caused by fire and those perils specified in the by-laws, ...
- b) shall, if required to do so by by-law, place and maintain insurance on the improvements made to the units by the owners against loss resulting from destruction damage caused by fire and those other perils specified in the by-laws ...

(2) In complying with sub-section (1), the corporation must place insurance that provide that if

- a) the insured property is destroyed or damaged, and
- b) that property is replaced or repaired, no deduction shall be made from the settlement for depreciation to the property."

The Northern Alberta Chapter of CCI in their Condominium Management 100 "Fundamental Condominium Management Principles" states that "Any property insurance obtained by the corporation must provide for the replacement value of the property without deduction for depreciation. Many by-laws require the condominium corporation to obtain an appraisal or appraisal up-date annually, showing the current replacement cost. Those by-laws usually also require the corporation to obtain the amount of insurance suggested by the appraisal."

An insurance appraisal by an accredited appraiser is the best way to ensure that your corporation's assets are properly insured to replacement value.

## Benefits of an insurance appraisal program

The benefits of this type of program are many;

- 1) An insurance appraisal program should fulfill your (the Board's) responsibility according to the Condominium Property Act to insure your property to replacement cost; thereby eliminating your liability associated with providing your broker this value.
- 2) Up-to-date appraisal reports allow for quick loss settlements.
- 3) Insurance premiums are based on investigated not arbitrary values.
- 4) A good appraisal firm backs what it says with Errors & Omissions insurance.
- 5) An appraisal provides for a waiver of any co-insurance clause.

6) Fees associated with this type of service are nominal versus the value of the asset base and the potential for losses.

## What to look for in developing your appraisal program

A qualified professional appraiser works with you to help establish a successful property insurance program by presenting valuations of insurable assets for the placement of insurance.

Your professional appraiser should possess relevant experience (look for testimonials to see if their work has held up under the scrutiny of a loss), education, skill and integrity. Seek out their professional designations, such as the Accredited Senior Appraiser (ASA) designation granted by the American Society of Appraisers. This body is recognized world-wide, it tests and accredits practitioners on building construction costing, and requires strict adherence to its Principles of Appraisal Practice and Code of Ethics. In addition, look for further background such as degrees in Engineering that lend themselves to understanding building construction principles.

Seek out a copy of their Errors & Omissions Insurance and ensure that they have at least \$5 million in coverage.

## Conclusion

Remember, if you are under-insured and suffer a loss, there could be serious financial and legal implications for your property owners, and specifically the Board. On the other hand, if you are over-insured, you are wasting funds which could be put to better use elsewhere.

Contributed by Chetan Thakore, B.A., B.Comm. - Suncorp Valuations Ltd.

# Insurance ice damming

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**This is an actual case history. Only the names have been concealed.**

January 14th, 1999. Sitting in their upstairs TV room, the husband says to his wife, "what's that noise?" "It sounds like water trickling." Husband goes to window and opens the blinds. Omigosh! It is water trickling! A rivulet of water was running down the inside of the window to the floor. Quickly, a row of empty yogurt containers was lined up on the window sill to catch most of the water. The rest of the night and the next day was spent trying to keep up with the water.

The water was coming down the dry-wall above the window, to the top window casing and dripping onto the window sill, then flowing down to the floor.

The condominium board president was called to advise of the incident and to report it to the corporation's insurance people.

The unit owners, after catching and mopping up as much of the water as possible, reported the matter to their own insurance representatives. An adjuster phoned, inquired about the extent of the damage and made an appointment to visit. When the adjuster came, the nature and extent of the damage were looked at. It was determined that there was ceiling damage - the ceiling would have to be opened up to find the cause, then repaired and refinished. An area of wallpaper and drywall would have to be replaced. The window casing and baseboard would have to be replaced or refinished. The hardwood flooring would have to be repaired and refinished.

Compounding the cost was the necessity of removing and reattaching the interior shutters, replacing wallpaper on the abutting walls as no match could be found and refinishing the entire floor as the kind of urethane finish and the fact that this was one big

room, the whole area had to be done.

It was agreed that the ice damming problem itself would have to be attacked from the topside of the roof. The unit owners called an engineering firm as this was the second ice damming incident and the estimated cost of repairs and the disruption made it clear that the chance of repetition should be avoided if at all possible. The engineers determined that the cause was with the roof and had to be attacked from the roof side. It was determined that it was in order to proceed with interior repairs as long as the roof problem was solved before the next chance of ice damming - the next winter.

Competitive quotes were obtained from two experienced interior repair contractors. Methods of streamlining the repairs were reviewed with the unit owners, the tendering contractors and the adjuster. The idea was that each contractor wanted to come up with the best price and the unit owners wanted repairs to be as expeditious and streamlined as possible. A win win situation for everybody, especially with both contractors being highly reputable and experienced.

It took the owners five weeks to try to find matching wallpaper. The original wallpaper was imported and was no longer available. So it was a matter of finding wallpaper that would complement the other walls, which go uninterrupted all the way down the open stairwell to the main floor. Finally, after looking at stores full of wallpaper sample books, a kind of wallpaper that complemented the existing wallpaper was found. Plastic edging was agreed to be affixed to the corners where the new wallpaper met the old wallpaper.

The entire repair job was held up as the owners and contractors did not want to risk the job starting and then a delay

occur while waiting for wallpaper. The wallpaper was ordered on March 26th and arrived in town in four weeks (as predicted) so a May 10th start was set.

Repairs were completed June 26th.

Fortunately the unit owners own an RV, so instead of having to stay at a hotel or motel while their home was inaccessible, they stayed at a local RV park. Because they were there for a number of weeks, they got a reduction from the posted daily rate.

The insurance company paid the contractor billings directly. The adjuster held back \$500, the deductible, from the unit owner out-of-pocket costs. The proof of loss (claim) form was signed August 9th and sent to the adjuster. The insurance company's claim cheque was dated August 10th.

The repairs and additional living expense totalled \$9,763.67 from which was deducted the unit owner policy \$500 deductible, leaving a net claim of \$9,263.67.

The condominium corporation insurance had a \$1,500 deductible, more than the amount of damage to the actual unit. The damage to the actual unit was only the drywall, the ceiling plasterboard and the ceiling re texturing. So the unit owner's claim included the entire cost of the unit damage as the policy included Additional Protection coverage. What drove the claim cost up was the replacement cost of the improvements to this unit. The unit is finished in imported wallpaper, the floors are all 3/4" hardwood, and to retexturize the ceiling and sand and re varnish the floor, the second floor had to be walled off with vapor barrier.

Also included in the contractor's costs were packing boxes as everything in the TV room - 16' x 24' - and in its wall to wall storage had to be packed and moved downstairs plus cleanup.

# Insurance ice damming, cont'd

## Lessons learned

1. Repairs always take longer than one can imagine.
2. Costs are amazingly high. One must remember that when a home is originally built, particularly a condominium, it is mass production. When repairs are done, first there is hand removal of the damaged portion and hand repair or replacement. It's like the comparison between mass production of cars versus buying the parts and hand building one.
3. Unit owners often put in a lot of work besides what is done by repair people. In this case, all the second floor clothing including what seemed to be Imelda Marcos' shoe collection, had to be carefully packed as if for moving, then unpacked and replaced later. Just finding the wallpaper consumed hours and hours of searching.
4. Although the adjuster joked that the stay at the RV park would be a holiday, in May, 1999 it rained just about every day in some parts of the country. The unit owners had to wear rubber boots to get to the RV. Anybody who has camped in persistent rain knows it's no holiday, even in some exotic place other than one's own territory. Murphy's law prevailed.
5. The Additional Protection coverage, in this case, allowed the whole claim to be processed under one policy with one deductible.
6. There was no haggling. The unit owners had insured to the full replacement cost of their personal property and improvements. Although they gasped at the premium whenever their policy came up for renewal, they were glad that if they erred, it was on the generous side. When the insurance company knows it

has received full premium for the risk insured, it isn't inclined to chisel. The adjuster was excellent, a senior, experienced person. The fact that the insurance company issued the claim cheque so quickly indicates that they held the adjuster in high esteem, too.

7. These unit owners insisted on a definite start and completion date and that work would carry on without interruption. And they held the contractor to these criteria.

8. The contractor works for the unit owners. Don't ever let the contractor believe it is working for the insurance company. Yes, the money ends up coming from the insurance company, so contractors tend to favour them. But, technically speaking, the unit owner engages the contractor and is reimbursed by the insurance company. Technically speaking the unit owner and contractor should sign a contract. This way, the contractor can lien the unit if not paid, and the unit owner can enforce warranty deficiencies against the contractor.

## The cause

The roof was found to not have been built to code and was rebuilt at the condominium corporation's cost. Provincial Limitations Acts limit the time a claim may be entered. So, the project having been built in 1980 and the incident having occurred nineteen years later, there was no way to recover from the project builder in its jurisdiction.

Another reason for every condominium corporation to have a sufficient reserve fund to cover repair or replacement of common elements.

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