

Conflict of Interest Disclosure— Condominium Managers

Purpose: To explain the most common types of conflicts of interest that can arise in condominium management.

This Information Bulletin applies to condominium manager brokerages, brokers, associate brokers, and associates.

Conflicts of interest can be real or perceived—both can have serious consequences to the relationship between a condominium manager, their brokerage, and the condominium corporations under management contracts. To prevent conflicts from arising it is very important that condominium managers and their brokerages always be transparent.

Timing of disclosure

There are two important timeframes for disclosing real or potential conflicts of interest.

- **Before a service agreement is finalized with a condominium corporation.** The condominium manager must disclose conflicts of interest to the board of a condominium corporation when a service agreement is being discussed and negotiated, so that it can be part of their decision process.
- **While a service agreement is in force.** Should anything change with the condo manager or their brokerage that could pose a conflict of interest it must be disclosed to the board.

Documenting disclosure

When a conflict of interest has been disclosed, the outcome must be documented in writing, indicating if:

- the board is satisfied with the disclosure and does not believe it is an issue
- the board believes that there is a real conflict of interest and has agreed to terms outlined to resolve the issue
- the board believes that there is a real conflict of interest, and the brokerage has agreed to eliminate the issue causing the conflict

Service providers

Some condominium management companies have employees that provide various maintenance services—plumbers, electricians, landscapers, etc.—and they offer these services to condominium corporations. Some condominium management companies may also directly own companies or are under an umbrella company that provide similar services.

Should a management company want to use their own service providers as part of providing management services to a condominium corporation, they must disclose the connection to the condominium corporation.

Condominium manager owns a unit in a condo corporation

A condominium manager must disclose to the board if they own one or more units in a condominium corporation in which they are or going to be providing management services. The board can decide if they consider the ownership stake a conflict of interest.

Condominium manager or brokerage receives benefits from third-party service provider

Any situations where a condominium manager may receive benefits—financial or otherwise—from a third-party providing services to a condominium corporation, must be disclosed in writing to the condominium corporation. If the board does not approve of the benefits being received by the condominium manager, then the condominium manager must cease receiving the benefits.

Prohibition from sitting on the board

A condominium manager is not permitted to sit on the board of condominium corporation for which they are providing condominium management services. Being both a director making decisions and a condo manager providing the services is considered a conflict of interest.

Related Information

Legislation

Real Estate Act Rules—s.80.82(1)(d)(e)(f), (2), (3); 80.87(1)(c), (3); 80.89(1), (2)