

SERVICE AGREEMENTS – CONDOMINIUM MANAGEMENT

Purpose: To explain what minimum content is required in a service agreement and issues that relate to a service agreement being in force.

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

Prior to providing condominium management services

Condominium management brokerages are required to have a fully executed service agreement in place with a condominium corporation before any management services are provided. In addition, the brokerage must ensure the condominium corporation has insurance in place for fraudulent or dishonest acts that includes coverage for the condominium management brokerage.

The brokerage must disclose any conflicts-of-interest or potential conflicts-of-interest that may exist prior to the finalization of negotiations and the execution of the service agreement.

Mandatory content of service agreements

The *Real Estate Act* Rules specify the minimum content for service agreements. Here is a list of the specific terms that must be incorporated into a service agreement:

- (a) be signed by the relevant parties
- (b) clearly show all terms and conditions of the agreement and shall include:
 - (i) the names of the parties to the agreement
 - (ii) the address or legal description of the property affected by the agreement
 - (iii) the date on which the agreement will become effective
 - (iv) the duration of the agreement
 - (v) the services to be provided by the brokerage
 - (vi) the responsibilities of each party to the agreement
 - (vii) the use and distribution of personal or confidential information

- (viii) the amount or method of calculating the remuneration or alternate compensation to be paid and the circumstances on which it will be payable
 - (ix) provisions for the termination of the agreement
- (c) an indication of whether the brokerage will be holding one or more of the following in trust:
 - (i) operating fund money
 - (ii) reserve fund money
 - (iii) special levy money
 - (iv) other amounts on behalf of the condominium corporation
- (d) additional fees for services provided to the condominium corporation
- (e) any authority the condominium corporation delegates to the condominium management brokerage
- (f) the scope of the authority of the condominium management brokerage when acting on behalf of the condominium corporation, including any authority to:
 - (i) make electronic disbursements or sign cheques on behalf of the condominium corporation
 - (ii) enter into contracts on behalf of the condominium corporation; and
 - (iii) invest money held by the brokerage on behalf of the condominium corporation
- (g) the timing, frequency and nature of accounting statements and other records to be provided by the brokerage to the condominium corporation
- (h) a description of the records that are to be kept by the brokerage on behalf of the condominium corporation
- (i) interest on trust accounts holding condominium trust money must be paid to the condominium corporation
- (j) provide that any amendment or addition to the terms of the agreement shall be in writing and signed by the relevant parties

In addition to the requirements listed above, brokerages may include clauses that are standard in their contracts as well as clauses specific to the condominium corporation for which they will be providing condominium management services.

The condominium management brokerage must deliver to the condominium corporation a true copy of a service agreement and any amendments or additions, immediately upon their signature.

Ongoing requirements—The condominium management brokerage must do the following during the duration of the service agreement:

- Condominium Property Regulation requires every condominium corporation to carry insurance that provides coverage from a loss directly caused by a fraudulent or dishonest act of a member of the Board or a manager [s.62.5]. The condominium management brokerage must ensure the condominium corporation maintains this insurance coverage.
- Disclose any conflict-of-interest issues that may arise

Related Information

[Real Estate Act Rules sections 43, 80.82, 80.87, 80.89 110.24](#)

[Condominium Property Regulation s.62.5](#)