

Condominiums

Impact on the Economy

CALL FOR ACTION
fight for your rights
as a Condo Owner!



*Registered Non-Profit Association
representing Condo Owners*

Visit us online:
COAontario.com or COAtoronto.com



Sponsored by:



COA Board of Directors



- Linda Pinizzotto, COA Founder / President / Chair
 - ❖ Entrepreneur and Realtor 33 years
 - ❖ Investor, Government Relations Chair
 - ❖ Media – Radio Show Host
- Bob Coffey, MBA, COA Director - Financial
 - ❖ Entrepreneur and Finance Specialization
 - ❖ Past Vice Chair KPMG
 - ❖ Financial Experience
- Derrick Thomas, MBA, COA Director
 - ❖ IT Mayday Owner,
 - ❖ Past IT Manager Deloitte 16 yrs

Condo Owners Association



- Non Profit Association
- Registered with Provincial Government
- 100% representation for Condo Owners
- Resource for Condo Owners
- Support mechanism for Condo Owners
- Advocates for Condo Owners Rights
- Creates awareness for Condo Owners

Reserve Fund

Financial Difficulties

- Most Reserve Funds are under water
- Very few investments with good returns
- Short-term Interest Rates very low
- Long-term Interest Rates very low
- Often Property Management chooses Investment Firm - possible kickbacks
- Boards choose their friends in the Financial world
- Open target for abuse



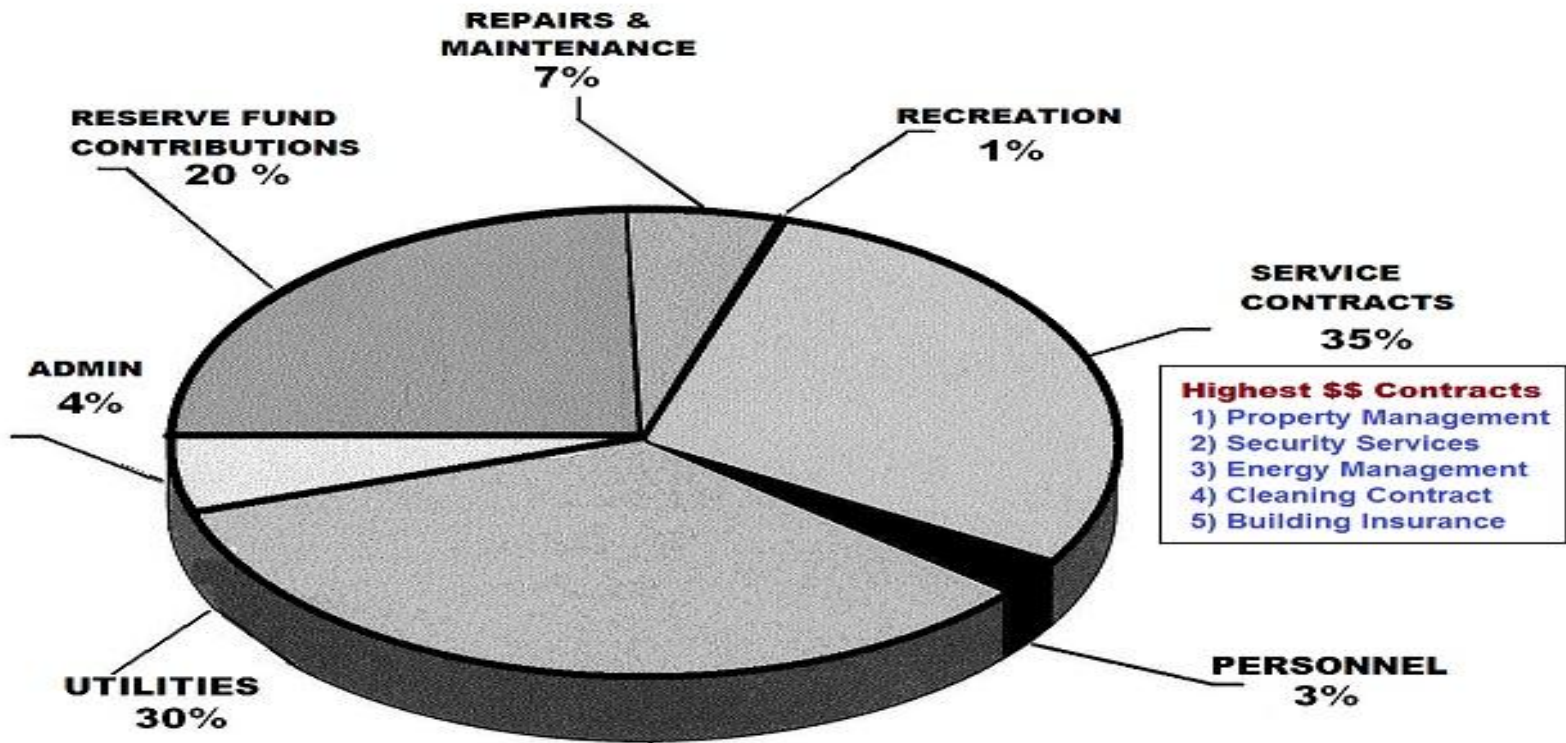
Special Note:

- * COA has seen 2% short term rates used when the Reserve Fund was only receiving 1% interest
- * Low interest rates make it hard to have increases in line with inflation

Reserve Fund Shortfalls

- * Board of Directors pro-rate replacements and/or improvements prior to the Reserve Fund Study
- * The shortage of monies comes from the Operating Budget, Surplus or contingency fund
- * If there is no additional funding; then the shortage is arranged through a special assessment
- * Note: Many times Maintenance Fee increase are well above the yearly inflationary rate.

TYPICAL CONDO OPERATING BUDGET
Independent "300 UNIT" Building

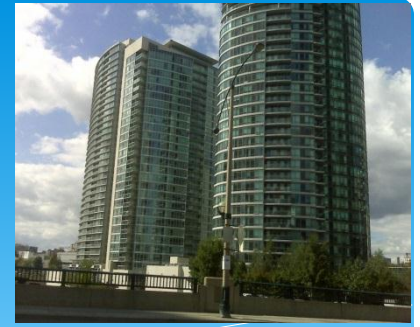


- Highest \$\$ Contracts**
- 1) Property Management
 - 2) Security Services
 - 3) Energy Management
 - 4) Cleaning Contract
 - 5) Building Insurance

- Highest \$\$ Contracts**
- 1) Hydro
 - 2) Gas
 - 3) Water

Operating Budget	
\$1,200,000	
Service Contracts	\$650,000
Reserve Fund	\$220,000
Maintenance	\$40,000

All Condos at Risk

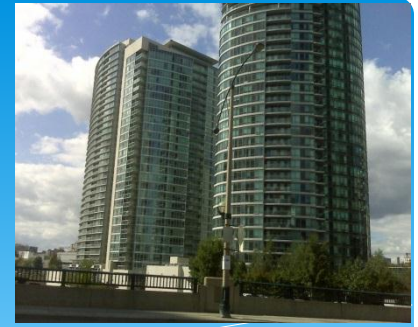


- ❑ Mixed-use condominiums
- ❑ Hotel condominiums
- ❑ Townhouse
- ❑ Low-rise and high-rise condominiums
- ❑ Retail condominiums
- ❑ Condominium conversions
- ❑ Shared condos
- ❑ Land condos



Financial Risk on Condos

As per Condo Act Review



- ❑ Directors do not understand their responsibilities
- ❑ Director irresponsible spending on reserve funds
- ❑ Unlicensed Property Management companies
- ❑ Unlicensed Property Managers
- ❑ Kickbacks and conflicts of interest
- ❑ Fraud and theft by Directors, Managers and Management company owners

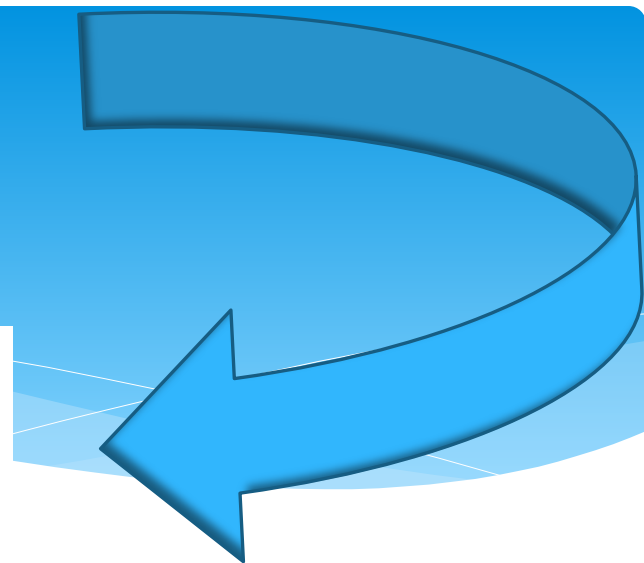
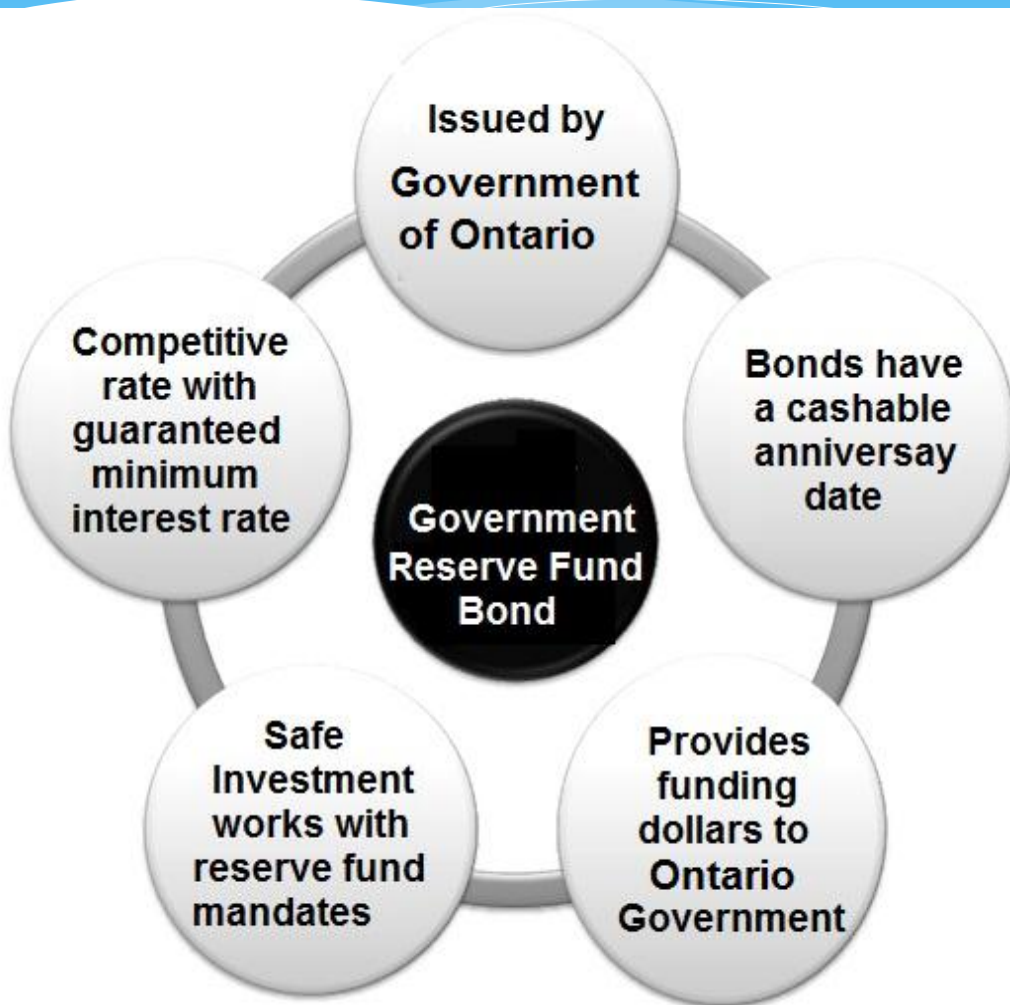


How to Accomplish Strong Value?

The following 3 questions are to provide you with a comfortable understanding of a Reserve Fund Bond

- ❑ What is a Reserve Fund Bond?
- ❑ What does it do?
- ❑ What will it do for Condo Owners?





Critical Necessity for Condos



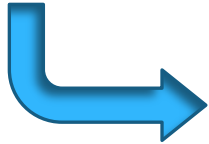
**Maintain and/or
Increase Value**





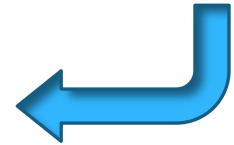
Reserve Fund Bonds Competitively Priced

* Best Rates
in Ontario



Strengthen Diversify Ontario's Bond System

Free and Secure
Helps Condos



* Stable and
Dependable



* Monthly installment
program for monthly
maintenance fee
contributions



Replacement Cycle

Reserve Fund studies not always accurate

Premature aging on high density in buildings

Mechanical Updating vs Cosmetic Updates

Maintaining good value of Condo Corporation

Mandatory Compliance to Refurbishments Price Index

Reserve Fund Restrictions

Mechanical vs Cosmetic

- Professional mechanical review of building required prior to approving reserve fund spending on cosmetic refurbishments/improvements
- Specific regulations on contracts for refurbishments of: lobby & corridors, party rooms, billiard rooms, library and cyberlounge, building amenities
- Risk of overpriced contracts



Price List similar to Carson Dunlop lists

Floor Coverings with price p/square foot

Floor Coverings estimates of installations

Demolitions cost – price per square feet

Electrical and Plumbing estimates

*** Schedule indicating a variety of costs**

Let's build a Strong Condo Community



RECAP on **Government Reserve Fund Bond**

- * **1% higher interest rate**
- Better than Ontario Savings Bond Rate
- New Job Creation
- No commissions paid by Condominiums
- Direct purchase by Condo Corporations
- Higher Reserve Fund ensure Higher Value for Condo Units increasing Property Tax dollars



Higher Reserve Fund = Higher Assessment

Higher Value = Higher Tax Dollars

- * MPAC needs to consider Reserve Fund Status in their assessment evaluation
- * Assessed Value x Mill Rate formula
- * Property Value dictates Assessed Value



Thank you for your time

Changes are required to
protect Owners
and the market
sustainability
of their Condos



www.COAontario.com