CONDO ADVISER WEBINAR

MAINTENANCE PLAN:

MYTH OR REALITY

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CondoAdviser.ca

LEADING THE INDUSTRY

GOWLING WLG

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AGENDA

Topic
1. Does every condo need a maintenance plan?
2. What does it actually look like?
3. Who prepares it?
4. Who’s responsible to follow it?
5. Is the RFS an adequate maintenance plan?
6. How do the we stop talking about it and actually start creating/using one?

MAINTENANCE AND REPAIR OF COMMON ELEMENTS – THE ACT

Repair after damage

89 (1) Subject to sections 91 and 123, the corporation shall repair the units and common elements after damage.

Maintenance

90 (1) Subject to section 91, the corporation shall maintain the common elements and each owner shall maintain the owner's unit.

Remember to check your governing documents for specifics!

WHY A MAINTENANCE PLAN?

1. To avoid failures (without a plan is a plan to fail);
2. Surprises are expensive;
3. Board/Management are working on limited resources/times;
4. Continuity of information; Succession planning

Deferred Major Maintenance

- Statistically, **minor maintenance is the key to legitimate deferral**; postponing major needs through prevention, not neglect.
- Industry data shows:
  - Preventive actions can defer 70-80% of major repairs by extending service life.
  - Every $1 invested in routine upkeep yields $3 to $5 return in reduced total costs.
  - Deferred maintenance compounds at approx. 7% annually.
- Example: Neglecting stack flushing
  - Saving is approx. $10,000
  - Can turn into $50,000 in burst pipe in 5 years.

Deferred Major Maintenance

- Contrast this with **financially motivated deferral**, which prioritizes short-term cash flow (e.g., low fees to attract buyers) over sustainability.
- Boards might "save" 10-20% on budgets today, inviting catastrophe:
  - 81% of condo associations report surprise infrastructure failures from neglect, costing 3 to 7x more in emergency repairs.
  - In Ontario, this manifests as balcony failures or envelope leaks—exacerbated by un-indexed RFS thresholds that undercount inflation-driven needs.
- **Earned deferrals (through Minor Maintenance) builds equity and avoids special assessments; Un-Earned (ie: Financial) deferral erodes it, passing a ticking time bomb to the future.**

WHAT A MAINTENANCE PLAN IS

1. What does it look like?
   - A living and breathing document
     - Measuring
     - Inspections
     - Calendars
     - Pictures
     - Training
     - Paper vs. software
     - Operational manuals….

WHAT IS NOT A MAINTENANCE PLAN?

1. An RFS
2. Maintenance/operations log (fire alarm book, Elevator’s logs….)
3. Minutes (is not a maintenance plan)
4. “Corporate memory”
5. Logs and check lists

WHO DEVELOPS IT?

1. The Manager?
   - What is the manager’s role?
   - Is that included? Is that extra?
2. Engineers?
   - What is the engineer’s role?
   - Consultative process; everyone to contribute knowledge into a document;
3. Directors?
4. In consultation with experts?
   - RFS engineers
   - Contractors (Fire safety; HVAC/Plumber; Elevator)

HOW LONG DOES IT TAKE TO DEVELOP IT?

How do you start this process?

- Varies depending on age of building, set up/design, history…
- Requires updates
- Performance Audit (for new buildings) is a good starting point
- Older building: consider a Post-occupancy commissioning

HOW TO APPLY IT?

1. How to maintain the maintenance plan
   - Living and breathing document
   - Cyclical update;
   - Yearly at around budget planning
   - Event-triggered
2. Review
3. Check
4. Measure

Plan - Do - Check - Act

- We are advocating for, with everything you do, to look to **Plan - Do - Check - Act**.
  - Think about this in your planning, and discuss it in your documentation.

- **Plan** with the Reserve Fund Study (RFS) & Maintenance Plans (PMPS).
- **Do** the interventions, minor, and major works.
- **Check** with monthly checklists, annual visual inspections, and routine monitoring.
- **Act** to address negative change, and produce positive results.

IS A "MAINTENANCE PLAN" REQUIRED AT LAW?

The Act and Regulations set out the mandatory records that the Corporation must keep:

1. Section 55(1) of the Act;
2. Section 13.1 of the General Regulation;
3. Remember to check your by-laws (section 55(1)(12) of the Act);
4. Check your turnover documents (section 43(5)(e)).

While the Act doesn't specify that "thou shalt have a maintenance plan" – that doesn't mean you shouldn't have one. Doing the bare minimum is not a great defence.

NOTE: If you do have a maintenance plan, it becomes a record of the Corporation.

IS A "MAINTENANCE PLAN" REQUIRED AT LAW? OTHER CONSIDERATIONS

Objects

17 (1) The objects of the corporation are to manage the property and the assets, if any, of the corporation on behalf of the owners. 1998, c. 19, s. 17 (1).

Duties

(2) The corporation has a duty to control, manage and administer the common elements and the assets of the corporation.

Board of directors

27 (1) A board of directors shall manage the affairs of the corporation.

IS A “MAINTENANCE PLAN” REQUIRED AT LAW? OTHER CONSIDERATIONS

Standard of care

37 (1) Every director and every officer of a corporation in exercising the powers and discharging the duties of office shall,

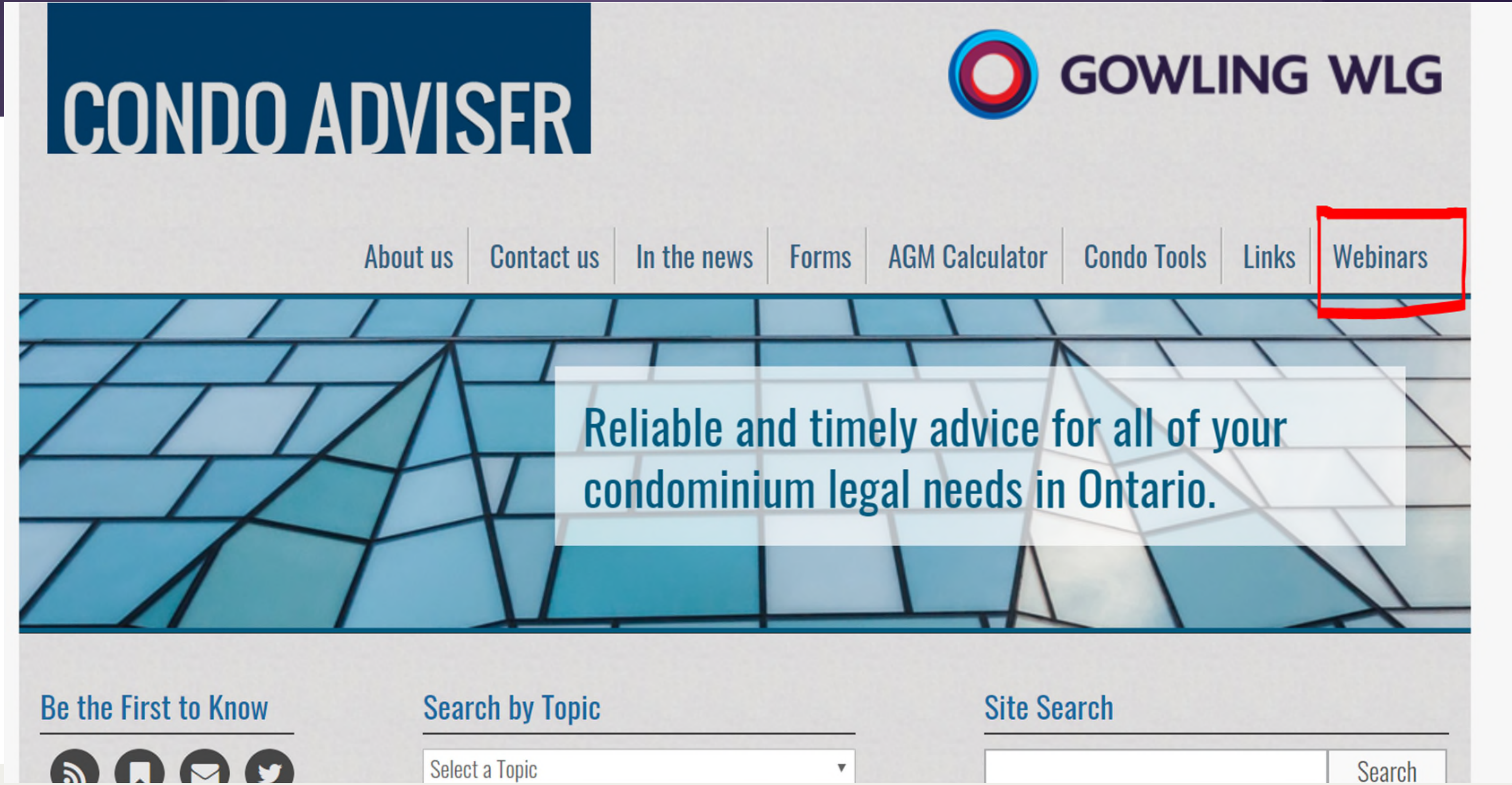
(a) act honestly and in good faith; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

FREE LEGAL ADVICE

If you have a maintenance plan,

follow it!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