

## Ontario Legislative Assembly

**Appearance of Tom LePage FRI, CPM, ARP, RCM,  
Founder of Condo-Ology®, before the Ontario Legislative  
Standing Committee on Finance and Economic Affairs  
(Including Handout)**

***Re: Bill 106, An Act to amend the Condominium Act, 1998***



**Transcript of Appearance October 29<sup>th</sup> 2015 – 2:00PM to 2:15 PM**

**The Chair (Ms. Soo Wong):** The first witness coming forward is Tom LePage. Mr. LePage, can you come up and sit at the front here?

**Mr. Jim McDonell:** Just a question: Who's questioning?

**The Chair (Ms. Soo Wong):** This round is Mr. Singh for the third party. You guys were the last ones.

Mr. LePage, welcome. Can you please identify yourself or whatever organization you are representing and your position with the organization for the purposes of Hansard? You may begin any time. I will let you know when you're almost at 10 minutes.

**Mr. Tom LePage:** I appreciate that. Thank you. My name is Tom LePage, and I'm representing myself.

Good morning, Chair and committee members. My name is Tom LePage. I have been in condominium management since my enrolment in a two-year George Brown property management diploma in 1982.

Looking back, I wonder where the profession would be if the industry had continued its support for the two-year program.

In today's terms, I would have been considered an independent portfolio condominium provider-manager for the majority of my career, meaning I was personally managing various condominium corporations and shared facilities through my limited company.

Today, I consider myself a condominium consultant, another term for the review to figure out. Thank you for this opportunity

Condominium ownership: In 1967, our province passed condo legislation that allowed for a new kind of real estate ownership in Ontario—condominiums. This concept was sold to the public, including the government, as affordable home ownership with the benefit of a carefree lifestyle since the maintenance and upkeep were done by others. The concept had not been proven and now, some 45 years later, long-term success of condo ownership remains unknown and continues to be a work in progress.

But what we have learned in 45 years is that condominium ownership is;

- unnecessarily complicated;
- expensive to own—the most expensive manner in which to own real estate;
- has unlimited financial liability;
- behaviorally restrictive;
- now being used as an investment vehicle with significant leverage opportunities; and
- oversight by an additional level of government—the board.

In the last few years, I've studied condominium ownership in other legislated areas of North America and the world, and regardless where, condominium ownership is difficult.

I'm pleased to report, with no hesitation whatsoever, that Ontario has the best overall legislation, and soon to be even better, thanks to our province's proactive engagement review process of the current Condominium Act and the incredible work of the provincial officials and consultants.

Why so many issues?

The simple answer is that there has been zero enforcement—zip.

It has been the Wild West since the first condo was registered. The proposed amendments will create two absolutely necessary self-funded, delegated administrative authorities: the condo authority and the condo manager licensing authority. These two authorities are absolutely necessary if we want to see condominium ownership maintain a strong presence in the real estate landscape of Ontario.

I'm here to express a few concerns, but my number one concern is the influence of non-condo-owner stakeholders' influence on the entire process. There are multiple stakeholders but only one shareholder, the condo owner.

The proposed Protecting Condominium Owners Act is consumer protection legislation for current and future condominium owners and not for the benefit of non-condo-owner stakeholders; in particular, the boards of the Canadian Condominium Institute Toronto and their sidekick, the Association of Condominium Managers of Ontario.

I was disappointed but not surprised that these two organizations' boards hired lobbyists at the expense of their members to push their own self-interest agendas.

These two organizations have had a combined 70 years to maintain and enhance condominium ownership in Ontario, and instead, in my opinion, they have become no more than very powerful and self-serving marketing and networking organizations, and the interests of condo ownership are secondary.

I am particularly pleased with the proposed attempt to separate CCI and ACMO with the creation of the condo authority and the condo manager licensing authority. Over the years, CCI and ACMO have become intertwined, which I believe has resulted in unhealthy relationships that are not in the best interests of condo ownership.

There is a great possibility that both of the newly created authorities will have similar personas as Tarion if CCI and ACMO and their self-interest influence continue. This would be a disaster for condominium ownership in Ontario. I ask all committee

members to continue to work as hard as possible so this process is 100% for the benefit of future and current condo owners and not for the non-owner stakeholders, regardless of their influence and their paid lobbyists.

Upon reading the transcript of the second reading, it appears that you will have your work cut out for you, as it seems lobbyists have already been somewhat effective.

There were two particularly disturbing comments which I read. I apologize if I pronounce these names incorrectly.

(1) Mr. Pettapiece commented that the ACMO education program “is a proven system with a high set of standards for condo managers.”

Not true. It may be according to the board of ACMO, but just ask any condo board member who has been involved with several RCMs or even ask your own manager in private if they feel the RCM designation is proven. In my opinion, the RCM courses are designed not for quality but for quantity, to fill underpaid managers’ positions.

A great example of keeping the bar low is ACMO’s first basic proposal for licensing an individual: eight hours of instruction prior to passing an exam; theft of under \$1,000 is acceptable; and five years to complete the existing ACMO courses—and this is to enhance the profession.

I believe the eight hours is now 40 hours—the same as a security guard—and conviction for theft under \$1,000 is no longer acceptable.

In comparison, an Ontario real estate licence requires 175 hours prior to receiving a licence. In BC, it takes approximately 250 hours through the Sauder School of Business to obtain a condominium manager’s licence.

(2) The next comment is particularly disturbing. Mr. Balkissoon stated that “the bad apples we have out there who are condo managers, the ones who create the fraud and everything else that has been going on that condo owners have been complaining about, are not members of that organization,” meaning ACMO.

With all due respect, the above statement is simply false and misleading.

During the debate, Mr. McDonell mentioned the most recent publicized alleged fraud in the Hamilton-Burlington area. ACMO’s media alert on May 22, 2015, stated: “Neither Brett Leahey nor his company hold membership in the Association of Condominium Managers of Ontario, nor does Mr. Leahey hold the recognized RCM (registered condominium manager) designation.”

While it is technically true that Mr. Leahey was not a member on May 22, the alert failed to mention that during 2012, when the alleged frauds were occurring, he was a member of ACMO as a registered condominium manager.

The 2011 high-profile fraud case involving \$20 million—it could be North America's largest condo fraud: That was an owner of an ACMO 2000 certified company.

There are many other examples of improprieties of members of ACMO.

And that's it. I've cut that quickly and I've handed out some other issues that I'd like to bring to your attention, but for later reading.

**The Chair (Ms. Soo Wong):** Okay. Thank you very much, Mr. LePage. Let me ask Mr. Singh to begin the questioning.

**Mr. Jagmeet Singh:** Sure. What do you think would be the best way, then, to ensure that we have a better system when it comes to condominium management? From your personal experience, what would you say are some of the strategies that we can implement?

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**Mr. Tom LePage:** Well, if you go back to 1982, we had a two-year diploma course and it's quite sad that, somehow, that got dropped. I did that two-year course before I stepped in the door of a condominium. Even with that, I felt under-qualified—you know, just more scared than under-qualified.

Education: We have to learn. The two authorities are going to be great; I just don't want to see ACMO continuing to state they're partnering with the government. They said that in their last alert. I hope that's not the case. I think you'd want independent education, just like the realtors.

One of my items was that, rather than this new authority, it would have been a good idea to just have RECO. RECO is a proven authority. An extra 3,000 members on a 50,000-member thing would have been easy, and they're proven. I think they have done a very, very good jobs being regulators.

**Mr. Jagmeet Singh:** Okay. Anything else with respect to ensuring that there is more accountability for condominium owners, so that they can feel that they have more security or more sense of trust in the system that they're getting involved in?

**Mr. Tom LePage:** Well, that's a loaded question. I think that's what we're all working on right now, what the government officials are working on, and I think that we're coming a great way. We are very fortunate in Ontario. We're doing well.

**Mr. Jagmeet Singh:** If you could highlight one specific area—you mentioned, in general, that condominium ownership is complicated and expensive. What is one specific area you think that we can improve in the overall, broad kind of thing that you mentioned, the issues that you have? What's one specific thing you think we could tackle and we'd immediately improve?

**Mr. Tom LePage:** Transparency.

**Mr. Jagmeet Singh:** Transparency?

**Mr. Tom LePage:** Forcing transparency.

**Mr. Jagmeet Singh:** Okay. And in what regard?

**Mr. Tom LePage:** Regarding everything about the condominiums

**Mr. Jagmeet Singh:** Okay. Top to bottom.

**Mr. Tom LePage:** Reserve funds: If someone wants to see the full copy of the reserve fund study—in my whole career, I've never asked a board member; we just sent them to them. There was no need. Now, there are situations where things are getting out of hand. I think that's what we have to pull back in.

**Mr. Jagmeet Singh:** Okay. Any other areas where you think transparency would help a lot? Any other areas that you think we could improve in terms of transparency? This is the reserve fund area.

**Mr. Tom LePage:** Reserve fund is a huge area. Minutes, everything.

Homeowners are members. For some reason, over the years, we've separated board members and homeowners. A board member is a homeowner. I don't know if it's outside forces, meaning condominium lawyers or property management, but they're separating them: them and us. That doesn't work for a community. It has to be one. It's a long haul. This concept of lifestyle hasn't been proven yet. If we look at the history of co-ops—lawyers will have a heyday when I say this, but basically, it's the same thing. The only difference is basically financing; in a co-op, you couldn't get a typical mortgage. But other than that, the lifestyle in the co-operative community was

the same and it didn't work. Right now, I'm questioning if condominiums' long-term success will work. It should.

**Mr. Jagmeet Singh:** Okay. How much more time do I have?

**The Chair (Ms. Soo Wong):** You've got two minutes left.

**Mr. Jagmeet Singh:** Perfect.

One of the issues that has come up again, and you mentioned it, was the issue around potential fraud when it comes to the use or misuse of the resources that are available for a condominium. What are some other ways that you think we could prevent some of those abuses from happening?

**Mr. Tom LePage:** In the handout that I handed out, one particularly disturbing aspect, which I've been trying to solve, is that ACMO engages and organizes what I consider poorly paid property managers, and trades for after-night socials. This is a disaster. There's no good about it. There's nothing that will come out of that, and that bothers me tremendously. ACMO is not doing anything for the perception of conflict.

**Mr. Jagmeet Singh:** One area that is left out of this bill that many folks have complained about—it's not limited to condominiums; it's new homeowners in general—is Tarion and some of the issues that people have with getting their warranty issues dealt with, getting their payments. It seems that Tarion is creating barriers or obstacles to claims. Have you noticed any of these issues?

**Mr. Tom LePage:** I come from Collingwood, and my involvement with Tarion is very, very limited—

**The Chair (Ms. Soo Wong):** Mr. LePage, I'm very sorry to interrupt, but your time is up. Thank you for your presentation and your written submission.

**Mr. Tom LePage:** Thank you.

This is the end of Tom LePage transcript

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**Tom LePage Handout Below**



**Original Handout – Expanded Version of Verbal Presentation**  
(with minor grammar corrections)

**Thursday, October 29, 2015**

**Standing Committee on Finance and Economic Affairs**

**Re: Bill 106, An Act to amend the Condominium Act, 1998**

Good morning Chair and Committee Members

My name is Tom LePage and I have been in condominium management since my enrolment in a two year George Brown Property Management Diploma Program in 1982.

Looking back I wonder where the profession would be if the industry continued its support for the program.

In today's terms I would have been considered an Independent Portfolio Condominium Provider/Manager for the majority of my career; meaning, I was personally managing various condominiums corporations and shared facilities through my limited company.

Today I consider myself a Condominium Consultant another term for the Review to figure out.

Thank you for this opportunity.

**Condo Ownership**

In 1967 our Province passed condo legislation that allowed for a new kind real estate ownership in Ontario - Condominiums.

The concept was sold to the public including the government as affordable home ownership with the benefit of a carefree life style since the maintenance and upkeep was done by others.

The concept had not been proven and now some 45 plus years later, long-term success of condo ownership remains unknown and continues to be a work in progress.

BUT what we have learned of condo ownership is that it is;

- unnecessarily complicated,
- expensive to own – the most expensive manner in which to own real estate,
- has unlimited financial liability,
- behaviorally restrictive
- being used as an investment vehicle for many condo owners (originated as affordable home ownership)
- an additional level of government (the Board) – The only difference between a condo government and the other levels of government in Canada is that a condo government has no ability of increasing its tax base.

But other than that, condo ownership can work and does for (I hope) a majority of condo owners.

In the last few years I have studied condo ownership in other legislated areas of the globe and regardless where - condo ownership is difficult.

I am very pleased to report, with no hesitation what so ever; Ontario has the best overall legislation and soon to be even better, thanks to our Province’s proactive engagement review process and the ongoing incredible work of the provincial officials.

So why so many issues?

The simple answer is that there has been basically zero enforcement – Zip! It has been the Wild Wild West since condo legislation was introduced.

The proposed amendments will create two absolutely necessary self funded Delegated Administrative Authorities. These two Authorities are absolutely necessary if we want to see condo ownership maintain a strong presence in the real estate landscape of Ontario.

I am here today to express a few concerns, but my number one concern is the Non Condo Owner Stakeholders’ influence on the,

- review process,
- drafting legislation,
- drafting regulations and
- implementation.

There are multiple stakeholders but only **one shareholder** – **“the Condo Owners”**.

The proposed Protecting Condominium Owners Act is consumer protection legislation for current and future Condo Owners and not for the benefit of Non Condo Owner Stakeholders. In particular the Boards of the Canadian Condominium Institute CCI

(Toronto) and their side kick, the Association of Condominium Managers of Ontario ACMO.

I was disappointed but not surprised that these two organizations Boards hired Lobbyists at the expense of their members to push their own self interest agendas.

In 1977 the Association of Condominium Managers of Ontario (ACMO) was formed and in 1982 the Canadian Condominium Institute (CCI) was established. These two organizations have had a combined 70 plus years to maintain and enhance condo ownership in Ontario and instead (in my opinion) they have become no more than very powerful, self serving, marketing and networking organizations and the interest of condo ownership is secondary.

I am particularly pleased with the proposed attempt to separate CCI and ACMO with the creation of the Condo Authority and Condo Manager Licensing Authority. Over the years CCI and ACMO have become intertwined and I believe has resulted in unhealthy relationships that are not in the best interest of condo ownership.

Going forward, all of our concerns should be the influence in which CCI will have on the Condo Authority and ACMO with the Condo Manager Licensing Authority. There is a possibility that both of the newly created Authorities will have similar personas as Tarion if CCI and ACMO and their self interest influence continue. This would be a disaster for condo ownership in Ontario.

I ask all Committee members and government officials to continue to work as hard as possible so this proposed legislation, future regulations and the implementation of the two Authorities is 100% for the benefit of future and current Condo Owners and not for the Non Owner Stakeholders, regardless of their influence and their paid lobbyists.

Upon reading the transcript of the second reading it appears you will have your work cut out for you as it seems lobbyists have already been somewhat effective.

There were two particularly disturbing comments.

**1. Mr. Pettapiece commented that ACMO education program is a proven system with a high set of standards for condo managers.**

Not true – Maybe according to the Board of ACMO but just ask any Condo Board Member who has been involved with the fee management ‘merry go round’ and ask if they feel the RCM designation is proven?

ACMO education program is not proven and in my opinion the RCM courses are designed for quantity and not for quality in order to fill underpaid positions of management companies.

I would like to share a quote of a long term Director of ACMO

“We CEO's know what we can pay the managers based on the budgets set by the Boards of Directors.”

I do not call this professionalism.

A great example of keeping the bar low is ACMO first basic proposal for licensing an individual;

- 8 hours of instruction prior to passing of an exam,
- theft of under \$1,000 is acceptable and
- then 5 years to complete the existing ACMO courses of a Registered Condominium Manager

This is to enhance the profession?

I believe the 8 hours is now 40 hours (same as a security guard) and conviction of theft under \$1,000 is no longer acceptable.

In comparison;

- in BC it takes approximately 250 hours through Saunders School of Business to obtain a condominium manager license.
- an Ontario real estate license requires 175 hours prior to receiving a license.

I have been both a Realtor® and a front line condo manager and from my experience being a manager requires much more education than that of a Real Estate Agent.

Additional information:

- The majority if not all of ACMO's Board Members are owners, executives or district managers of management companies.
- Management companies' owners and executives have different objectives and needs than those of the front line condo managers. (Employers vs. Employees)
- ACMO Board has granted several management companies to teach the ACMO courses internally and directly compete with our Provincial Colleges.
- In most cases management companies pay for their managers ACMO annual dues

**2. Mr. Balkissoon stated “...the bad apples we have out there who are condo managers, the ones who create the fraud and everything else that has been going on that condo owners have been complaining about, are not members of that organization.”(meaning ACMO)**

With all due respect, the above statement is simply false and misleading.

## Facts

- During the debate Mr. McDonnell mentioned the most recent publicized alleged 1.5 million dollar fraud in Hamilton-Burlington area.

Contrary to ACMO media alert on May 22, 2015 stating; “Neither Brett Leahey nor his company holds membership in the Association of Condominium Managers of Ontario, nor does Mr. Leahey hold the recognized R.C.M. (Registered Condominium Manager) designation.”

While technically true that Mr. Leahey was not a member of ACMO on May 22, 2015; the Alert failed to mention that during 2012 when the alleged frauds were occurring Mr. Leahey was a member of ACMO as a Registered Condominium Manager.

- The 2011 high profile fraud case involving 20 million dollars (could be North America’s largest Condo fraud) which Mr. McDonnell also mentioned, was an owner of an ACMO 2000 Certified Company.
- There are many other examples of improprieties of Members of ACMO.
- Currently I am unaware of impropriety of non ACMO members.

## **Additional concerns/suggestions beyond the influence of Non Owner Stakeholders**

- Legalese

The Government passed legislation to allow condo ownership which relies on 100% volunteerism to manage. We have to assist these 30,000 plus exceptional volunteers and we can begin with language that can be understood by all and should not need individual legal interpretations.

If legalese is absolutely necessary the Act should have laypersons explanations of the provision directly below the legalese.

- Reserve Funds

The focus here is to make sure funds are available when various common elements are in need of major work or replacement. It has been acknowledged by almost all participants of the Review that reserve fund funding and planning

are critical to the financial well-being of a condominium corporation. BUT for whatever reason there is a significant push that will allow Boards, without input from owners, to use reserve funds for unbudgeted energy technology. This is a step backwards especially with so many alternative to finance.

- Borrowing

Borrowing is a slippery slope as a means of raising funds. Example – all governments.

I am not suggesting borrowing be eliminated all together but there must be guidelines prepared to curb the practice of borrowing. If an owner cannot raise their proportion of necessary funds on their own, why do we think owners can afford the ongoing cost of interest and repayments through their Corporation which is normally at a much higher interest rate? Other governments realize that over time there will be a larger tax base to pay for their borrowing which reduces the individual impact but Corporations do not have the luxury.

What is the value of a condo unit if the monthly common fees are greater than market rent?

- Cost of the Condo Authority

I cannot speak on behalf of other Condo Owners but I feel that most Condo Owners, like myself, have no issues in paying \$12.00 a year but our concern is what's next?

My only suggestion is to make it mandatory that any funds required over and above the 12 bucks per condo owner must be user fees.

- Condo Authority must be Proactive

In addition to the proposed objectives of the Condo Authority the Authority must be proactive and be continuously be seeking better governance and guidance for condo ownership. In time, the Authority should be able to assist the 30,000 plus Director Volunteers with the sharing of analyzed data information collected from the mandatory annual reporting of all Corporations

- Condo Manager Licensing Authority

All costs of the operations of the Condo Manager Licensing Authority will be that of those seeking the various licenses to practice condo management which is perfectly understandable.

Unfortunately, in my opinion, due to ACMO Board's self interest influence, it is being proposed that Condo Manager Licensing Authority will be created from scratch at a great cost to the government and for the newly licensed managers who will be paying for the ongoing operating costs.

There is a better solution, both a proven solution and an existing solution, which other legislative jurisdictions have chosen. The solution would place those wishing to practice condo management under the existing and proven real estate industry regulator; the Real Estate Council of Ontario RECO which is an existing Delegated Authority.

ACMO Board has gone to great length in dismissing any suggestion of being regulated by RECO, which I believe is ACMO continuous belief that they can influence the Condo Manager Licensing Authority with their self interest.

In addition to the capital costs saving to the tax payers and reducing operating cost saving; the proven experience of RECO would give the entire condo industry huge opportunity to be associated with the 50,000 licensed and regulated real estate sales individuals in Ontario.

Finally, please consider the benefit and impact if Realtors® had to have a Condo Real Estate License to sell resale condos.

(Note: It should be known that ACMO's Board push for a Regulator was because they arrogantly thought they would be the Regulator or at bare minimum the license authority.)

- ACMO Involvement

ACMO continues to report to its Members that they have partnered with the Government and will continue with their involvement with the future Condo Manager Licensing Authority.

ACMO stated in their presentation "ACMO looks forward to partnering with the newly formed DAA to provide reliable, knowledgeable professionals to fill the growing need of condo communities in Ontario."

Clarity from the Province should be provided to the Registered Condominium Managers RCM and the public as to ACMO true involvement.

It is my understanding that ACMO may be providing their education material to the Condo Manager Licensing Authority in the capacity as a typical vendor and no more. The use of the educational material is hinged upon quality and cost.

- ACMO and Trades (ACMO Associate Members)

One of the main concerns of Condo Owners (and rightfully so) is the coziness of the various trades and managers. Conflict or not, ACMO continues to enhance this perception in the manner in which the Board finances ACMO and the ongoing organization of after hour pub nights for managers and the trades – absolutely no good can come from these socials.

- Over all Associate Members contribute much more in mandatory annual dues than RCM voting members and this does not include any Associate Members revenues from advertising or sponsorships
- Individual RCM annual dues are 50% less of that of an Associate Member
- ACMO 2000 companies pay nothing to ACMO operations
- Surplus is approaching 1.5 million dollars

- Lawyers Involvement in the Various Future Tribunals

If there is a way to reduce or better yet eliminate legal representation (hence legal costs) then it is imperative that this must be done. Condominium Corporations and their owners cannot afford the costs of complexities lawyers often create.

Providing legal advice is a private and highly profitable business.

- Toronto's Influence on the Process

ACMO has stated "This is not MADE in TORONTO legislation for a made in Toronto problem." This statement could be true but I assure all; there is much less problems the further you move away from large municipalities. Why?

It's an attitude and can only be understood by those that don't live within a larger municipality.

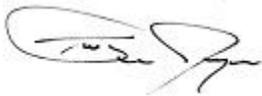
This attitude could be caused by the generally smaller size of Corporations; or they are less complicated; or possibly more owners' residents. I hate to state this but my theory is that smaller municipalities do not have lawyers that strictly practice condo law for a living. There is an interesting article online interviewing two prominent Toronto lawyers (significantly involved in the Review) in the Lawyers Weekly called "Opportunities seen in booming condo market as reforms emerge". This article link is <http://www.lawyersweekly.ca/articles/2411> and should be read by all.

- Court Appointed Condominium Administration

I do not believe the proposed legislation has dealt with Court Appointed Condominium Administration which is critical to assist those in desperate need. Our Courts are getting better at understanding condo ownership but unfortunately the current process is flawed. I think it would make sense to have the Courts and the Condo Authority to work hand in hand to provide a better solution for Corporations which are failing.

Thank you for your time

Sincerely



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