

What are Status Certificates and why are they so important?



Jacques Robert REAL ESTATE LAW

You are buying a resale condominium unit and your real estate agent has included a condition in the agreement for your lawyer to review the Status Certificate. You agree but may still be confused about the condition. In this article we will describe what a status certificate is and why it is important for purchasers.

All purchases of resale condominium units should be conditional on a lawyer reviewing the status certificate. Even if the purchaser does not ask for a status certificate review, the lawyers will order one for their file. For example, they have been renting the unit and now want to purchase the unit and are aware of the condo-

minium. The lawyer will still have to order a status certificate to satisfy the banks and title insurers.

A status certificate is a set of documents produced by the condominium corporation, as per s.76 of the Ontario Condominium Act, which provides essential information about the financial and legal status of the condominium corporation. Depending on the corporation, the package may run to 60 pages. The status certificate will answer important questions a purchaser may have, such as:

- How many parking spaces are included and where are they located?

- How many lockers are included and where are they located?

- Are the parking spaces and lockers owned or does the purchaser have the exclusive use of the parking and locker spaces?

- Has the Condominium called any special assessment?

- Is the Condominium Corporation involved in any litigation which could create legal expenses that will have to be accounted for in the Corporation's budget?

- What is the Condominium's budget and does the Condominium have a healthy reserve fund to cover major repairs and replacements.

- Who is the property manager? And what is the property manager's contact information?

The Status Certificate package from the Condominium will include the following documents:

- Form 13, a standard form that summarizes all the essential information about the unit such as the budget, reserve fund, special assessments, and involvement in litigation

- A breakdown of the corporation's budget

- The audited financial statements

- Confirmation of the corporation's insurance on the common elements

- The reserve fund study, which shows the estimated increases to the future funding of the reserve fund so the Condominium will be able to afford future maintenance projects

- The declaration, the fun-

damental document that establishes the existence of the corporation and governs the future operation of the condominium corporation

- Rules of the Corporation

- The by-laws of the Corporation

Most law firms will review the first six items but will not typically review all the rules and by-laws of the Corporation unless the client has specific questions about what is allowed and disallowed. For example, pet owners may want to know if the corporation allows pets.

Once the lawyer has reviewed the status certificate, the lawyer will summarize the information for the client. With this information, the client can then make an informed decision about whether or not they want to proceed with the purchase. If special assessments have been called, the purchaser's

real estate agent can assist in negotiating whether the seller or the purchaser will be covering all or part of the cost of the special assessment.

If you have specific questions about the Status Certificate, the Condominium or the review period, please contact the professionals assisting you with your real estate transaction — your real estate agent and your lawyer. Each status certificate is different and can change as the corporation implements changes. Therefore, a new status certificate will need to be ordered if the current status certificate is more than 90 days old.

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RENTAL GUIDE

New fee for visitor parking may be construed as a service reduction

BY DICKIE & LYMAN LLP

who practice landlord/tenant law and other areas of law

Q: I have been living in my apartment building, which is located near a college, for many years. The apartment building's previous owner had a few free visitor parking spots. The current owner now requires visitors to pay for parking when they come to visit. He thinks students are taking advantage of our proximity to school by parking in our spaces. I feel that having visitors pay for parking is unfair. I sometimes need the assistance of my son or a cleaning lady. Why should

they have to pay for parking when they are coming to help me? Do I have any recourse?

A: The concern your new landlord has expressed is often legitimate. Some people do take advantage of parking at a building they are not visiting, rather than paying for parking at the building they are actually visiting. The new system is likely an attempt to keep visitor parking available with a lower administrative burden for the landlord's staff. With the old system, your son and cleaning lady may well not have been able to find a parking spot at all.

Often the system you describe does not produce any revenue for the landlord. Rather a parking company provides a pay-and-display machine and polices the parking area, paying for that cost by means of the parking revenue and any tickets they issue.

However, landlords are sometimes able to obtain some free passes. Your landlord might be able to provide you with a certain number of free passes as a goodwill gesture.

If the landlord will not provide you a certain number of free passes, you may have a claim for a rent reduction due to the discontinuance of

a service — namely free visitor parking. You would make your claim at the Landlord and Tenant Board. The Board would first determine whether a service has been discontinued or reduced.

The landlord would argue that the service of visitor parking has not been removed; in fact they could argue that visitor parking availability has been increased. Rather, your objection is that your son or cleaning lady need to pay for visitor parking now, when it was free before.

If the Board finds that there was a discontinuance or reduction in a service, then the Board would

decide what the amount of the rent reduction should be. That would be determined by the cost of the service that was removed to the landlord, or the value of the free visitor parking to the tenant, including a consideration of the cost of obtaining the parking under the new system. The cost savings, if any, now experienced by the landlord would need to be spread over all the tenants in the building. Therefore, the rent reduction might be very modest.

Those provisions are found in the Residential Tenancies Act to stop landlords from benefiting by removing services. The rules can

have the unfortunate effect of interfering with changes to make systems work better, or changes to take advantage of new technology or ideas.

In a system without rent control, no such rules would be in place, since each year the tenants and the landlord would agree on the rent to be paid for the apartments with the service they include at that time, whether that includes free (but possibly overused) visitor parking, or paid (and probably more available) visitor parking.

Many tenants might find the latter more attractive, although it is understandable that the change is annoying to you.