



About Condo

HOW DO BOARDS GET PAID?

The question that forms the title to this memo was asked in relation to a recent Question & Answer seminar put on by our firm. We thought that there might be some general interest in the answer.

Ask anyone who has ever been there, and they will tell you, being on the board of directors of a condominium corporation is not a paying proposition. First, you generally don't actually get paid; and, second, you don't really even get any "payback," other than your own good feeling about doing something useful for your community (and sometimes you don't even escape with that intact).

If this were actually intended to be commentary on the woes of being a condominium director, such statements could go on at greater length and with more detail, but I trust the reader gets the picture that, by and large, for all its virtues, board membership is a difficult, thankless and usually completely voluntary job.

However, sometimes enterprising boards do find ways to reward themselves, and some unit owners are even willing to support them in so doing. The process is this easy:

1. The board comes up with a way it wishes to be rewarded (i.e., an honorarium; an annual dinner; a moderate stipend; and so forth) and drafts a detailed explanation of the same;
2. The explanation is put in the form of a by-law;
3. The by-law is presented to the unit owners at a meeting duly called for that purpose;
4. If passed, the by-law is registered on title to the units in accordance with the relevant provisions of the *Condominium Act, 1998*, (the "Act") and comes into force on that day.

This process is essential without regard to the nature, form or timing of the remuneration. A by-law is mandatory pursuant to the Act, and no board member, as such, is entitled to receive an honorarium, wages or any other benefit (i.e., dinner) from the corporation without one being in place. This is all part and parcel of the expected openness of condominium administration and responsible use of condominium funds.

Two additional points about a Directors' Remuneration By-law need to be made:

- A. The by-law must specify an exact (or maximum) amount of permitted compensation; and
- B. The by-law must specify the period for which the remuneration is to be given, which cannot exceed three years.

Provided the by-law is validly passed and registered, and such requisite information is clearly set out in it, the board can happily receive its reward for the period specified in the by-law, and, perhaps, during that period, feel a little better about its role when Mrs. X from Unit 20 is griping about the reserve fund (again), or when Mr. Y from Unit 10 is harassing the contractors (again), or Ms Z in Unit 1 threatens to sue the board (again) because her unit was liened (again) for arrears of common expenses about which the board had already sent her three notices, and so on and so forth.

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