

Proposal to Strengthen Accountability in Ontario Condominium Governance

SUBMITTED POLICY PROPOSAL

Submitted by: Alexander Baraz, Founder, Condo Owner Advocate

Consultation: Ontario condominium law reform and consumer protection

Submitted: September 17, 2026

Subject: Condominium Director Accountability and Compensation

To: Ministry of Public and Business Service Delivery and Procurement

Re: Ontario Condominium Act Reform / Consumer Protection Consultation

Dear Sir or Madam,

I am writing from the perspective of both a former condominium director and president and, today, as the founder of Condo Owner Advocate, where I work directly with Ontario condominium owners facing problems with boards, management and condominium governance.

In my view, one of the most serious weaknesses in Ontario's condominium system is not a lack of forms or information. It is the lack of a practical and affordable way to hold condominium directors personally accountable for serious misconduct.

The reason for the current system is understandable.

Condominium directors are commonly volunteers. They are asked to make difficult decisions, manage significant budgets and accept responsibility without receiving meaningful compensation. To encourage people to serve, the law gives directors significant protection.

The Condominium Act requires directors to act honestly and in good faith and to exercise reasonable care, diligence and skill. It also allows a corporation to indemnify directors for liabilities and legal expenses, subject to important limits, and requires directors' and officers' insurance where reasonably available. The Act already permits director remuneration through a condominium by-law.

The problem is that this model creates a serious imbalance between the board and the individual owner.

When a dispute develops, the board controls the resources of the condominium corporation. It can obtain professional advice and retain lawyers using corporation funds.

The owner pays personally.

As a result, even when an owner believes that a director has abused their position, acted for personal reasons, retaliated against an owner or made knowingly false statements, the practical cost of obtaining accountability can be prohibitive.

The issue is not that directors should be personally liable whenever they make a mistake. That would be unreasonable and would make it even harder to find people willing to serve. The better model is:

reasonable compensation in exchange for real accountability.

Ontario should consider creating a clearer professional standard for condominium directors. Directors should be reasonably compensated for taking on a serious governance responsibility.

In return, the law should distinguish clearly between a good-faith board decision and personal misconduct.

A director who makes a reasonable decision in good faith, even if that decision later proves to be wrong, should remain protected.

But the same protection should not automatically apply to conduct such as:

- intentional misrepresentation;
- undisclosed conflicts of interest;
- retaliation against an owner;
- deliberate misuse of corporation resources;
- knowingly withholding information that an owner is entitled to receive;
- knowingly false personal allegations against an owner;
- using the authority of the board for a personal dispute rather than a legitimate corporation purpose.

This distinction matters.

I have seen relatively ordinary disagreements between owners, boards and management turn into major conflicts because there is no effective early mechanism to determine whether someone has crossed that line.

In one case, an owner was simply trying to obtain condominium meeting records. Instead of the issue ending with a clear answer about what records existed and what had to be produced, it developed into a continuing dispute.

In another situation, owners were questioning serious financial and governance decisions, including substantial legal expenditures. Their practical problem was not simply whether they might have legal rights. It was whether they could afford the process required to enforce those rights.

This is where the current system fails ordinary owners.

A legal right is of limited value if enforcing it requires spending tens of thousands of dollars in Superior Court.

Ontario needs an affordable mechanism to deal with serious condominium governance misconduct.

That could be an expanded tribunal process or another specialized administrative mechanism. The exact structure can be determined through consultation, but it should allow an owner to raise a serious allegation of director misconduct without immediately entering expensive civil litigation.

The process should also protect directors against frivolous complaints.

If serious personal misconduct is established, however, the consequences should be personal.

A director should not be able to use condominium owners' own money indefinitely to defend conduct that has ultimately been found to constitute personal misconduct.

Where appropriate, the director should be responsible for resulting damages or for reimbursing the corporation for legal costs that arose from that misconduct.

This would create a much healthier balance.

Today, the system effectively asks owners to accept very broad director protection because directors are volunteers.

There is another solution.

Pay directors reasonable compensation for accepting a serious responsibility. Protect them when they act honestly and in good faith. But hold them personally accountable when they deliberately misuse the authority entrusted to them.

That would protect good directors, discourage abuse and give owners a realistic remedy when something goes seriously wrong.

It would also help change the culture of condominium governance.

Serving on a condominium board should not mean becoming personally vulnerable for every difficult decision.

But it should also not mean becoming effectively untouchable simply because an individual owner cannot afford to challenge the conduct in court.

Ontario can protect both sides.

Thank you for considering this perspective as part of the ongoing review of condominium legislation.

Sincerely,

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