



CONDO LAW
FOR ALBERTANS

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Condo Board conduct



Board members must follow standards of conduct in running the condominium corporation. There can be severe consequences if board members do not follow these standards.

Act honestly

Each board member has a duty to act honestly and in good faith. To act honestly means to act without lying, cheating, and misleading or misrepresenting facts.

Act in good faith

Acting in good faith means to carry out obligations in the best possible way without putting one's self-interest ahead of others.

Avoid conflict of interest

A conflict of interest occurs when a board member has a substantial interest in an agreement, arrangement, or transaction in which the condominium corporation is or will become a party to. Disclose any conflicts of interests to your board and do not vote on any matters relating to the conflicts of interests.



EXAMPLE

If a board member owns a property management company and the condo corporation is thinking of hiring the company, the board member must disclose his or her interest in the company to the other board members and he or she cannot vote on that matter.

Abide by the *Condominium Property Act (CPA)*, *Condominium Property Regulation (Regulation)* and the condo corporation's bylaws

It is important that board members understand their responsibilities and act according to the *CPA*, *Regulation*, and the bylaws. There are serious consequences for not complying with the law. The corporation and individual board members can be sued in Court for engaging in improper conduct.

Exercise care, diligence and skill to the reasonable person standard

Board members must exercise care, diligence and skill that a reasonable person would do in similar circumstances. Under common law, being reasonable means avoid harming others, acting prudently and taking proper precautions. Custom, industry practice and statutory or regulatory standards can all be factors in determining what is reasonable.

Act fairly and consider the interests of others

Board members should always act fairly and keep the interests of others in mind when dealing with owners, the corporation, and other board members. Board members and the corporation can be sued for carrying on improper conduct. Situations that may be considered improper conduct by condo board members and corporations include:

- Failing to comply with the *CPA, Regulation* and bylaws.
- Conducting the condominium corporation's business affairs in an oppressive or unfairly prejudicial way, or in a manner that unfairly disregards the interests of an interested party (which may include the owners, corporation or board member).
- Exercising the condo board's powers in an oppressive or unfairly prejudicial way, or in a manner that disregards the interests of an interested party (which may include the owners, corporation or board member).

Condo board conduct: practical tips

Condo board members can put the standards of conduct into practice by following these expert recommendations:

- be engaged, participate and keep learning
- prepare for and attend board meetings
- ensure they have liability insurance and understand what it covers
- deal right away with problems and issues and take reasonable steps to enforce the corporation's bylaws
- seek out professional help and services with care
- hire competent professionals when necessary
- treat people fairly, equally, and reasonably