



CMRAO Inspections:

**Management Providers' Guide to
Supervising Limited Licensees and
Ensuring Staff are Properly Licensed**

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Condominium Management
Regulatory Authority of Ontario

CMRAO Inspections:

Management Providers’ Guide to Supervising Limited Licensees and Ensuring Staff are Properly Licensed

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This document is not legal advice. If there is any conflict between this document and the applicable legislation or rules, the legislation or rules take precedence.

Overview

As part of its consumer protection mandate, the Condominium Management Regulatory Authority of Ontario (CMRAO) is authorized to conduct inspections of licensed condominium managers and management provider businesses (“providers”).

The CMRAO conducts inspections of licensees in relation to key areas of the *Condominium Management Services Act, 2015* (CMSA) and its regulations.

The CMSA defines condominium management services as any of the following services provided to or on behalf of a condominium corporation:

1. Collecting or holding contributions to the common expenses or other amounts levied by, or payable to, the corporation.
2. Exercising delegated powers and duties of the corporation or its board of directors, including,
 - i. making payments to third parties on behalf of the corporation,
 - ii. negotiating or entering into contracts on behalf of the corporation, or
 - iii. supervising employees or contractors hired or engaged by the corporation,

[Section 34 of the CMSA](#) requires that any person providing condominium management services be licensed by the CMRAO.

[Ontario Regulation 123/17](#) defines the different classes of licences for condominium managers, which includes General Licence and Limited Licence. Section 8 outlines the conditions of a Limited Licence.

For the purpose of subsection 38 (1) of the Act, the following are prescribed as conditions of a Limited Licence:

1. The licensee shall not provide condominium management services except under the supervision of a supervising licensee.
2. Subject to subsection (2), the licensee shall not enter into, extend, renew, or terminate a contract or other agreement on behalf of a client except with the prior approval of the supervising licensee mentioned in paragraph 1.
3. Subject to subsection (2), the licensee shall not make expenditures of more than \$500 of the client’s money, not including the reserve fund, except with the prior approval of the supervising licensee mentioned in paragraph 1.
4. The licensee shall not, on behalf of a client, give anything to an owner or mortgagee that the client is required to give to an owner or mortgagee under the *Condominium Act, 1998*, except with the prior approval of the supervising licensee mentioned in paragraph 1.
5. The licensee shall not sign status certificates under the *Condominium Act, 1998*, on behalf of a client.
6. The licensee shall not make expenditures out of, invest, or otherwise make dispositions of a client’s reserve fund.
7. The licensee shall be employed by no more than one condominium management provider unless the licensee has obtained the consent, in the form or manner approved by the registrar, of all condominium management providers who employ the licensee.

- (2) The licensee may do an action described in paragraph 2 or 3 of subsection (1) without the prior approval of the supervising licensee mentioned in paragraph 1 of that subsection if it is necessary to ensure the immediate safety or security of persons using the property, as defined in subsection 1 (1) of the *Condominium Act, 1998*, with respect to the client or the assets, if any, of the client or to prevent imminent damage to that property or those assets.
- (3) If a condominium management provider enters into a contract with a client governing the condominium management services that a Limited Licensee whom the provider employs is to provide to the client on behalf of the provider,
 - (a) nothing in this section authorizes the licensee to do anything that the contract prohibits the licensee from doing; and
 - (b) nothing in the contract authorizes the licensee to do anything that this section prohibits the licensee from doing.

The CMRAO is conducting inspections of condominium management providers to ensure compliance with these aspects of the CMSA and its regulations. Namely, these inspections review the providers policies and business processes, to ensure that:

1. All employees of the provider who are providing condominium management services are properly licensed by the CMRAO; and
2. All Limited Licensees who are employed by the provider are adhering to the conditions of their licence.



About This Type of Inspection

This document provides condominium management provider businesses with an overview of the CMRAO's process for inspections regarding ensuring that staff are properly licensed and Limited Licensees provide management services in accordance with the conditions of their licence. This document contains several questionnaires that the provider is required to complete. The provider will also be required to submit certain records to the inspector and be interviewed by the inspector. In some cases, the inspector may also interview board members of a client condominium corporation.

This inspection involves verifying that the provider has processes in place to ensure that all staff are properly licensed in accordance with the CMSA, and to ensure that any Limited Licensees employed by the provider abide by the conditions of their licence. The provider should be prepared to answer questions related to:

- The different types of employees and departments within the organization
- The organizational structure of the provider
- Which employees interact with condominium owners, residents, and board members
- How General Licensees are involved in supervising Limited Licensees
- The Principal Condominium Manager's involvement in overseeing the work of supervising licensees and Limited Licensees

Depending on the size of the provider, some aspects of the standard inspection may be removed from scope. For example, a provider that only employs General Licensees may only be subject to aspects of the inspection related to ensuring that staff are properly licensed.

To begin the inspection, the CMRAO will contact the provider's Principal Condominium Manager with a notice of inspection and to set up a meeting between the provider, the CMRAO, and the inspector. The notice of inspection will include details about the expected timing and duration of the inspection. The provider will be asked to designate a contact person for the duration of the inspection. The meeting will address the inspection process and give the provider an opportunity to ask questions.

After the initial meeting, the inspector will contact the provider's designated contact person and provide them with a fillable copy of the questionnaires contained in this guide. The inspector will also schedule an interview with the provider's contact person and any other members of the provider's organization who may be helpful during the interview. The interview may be held virtually or in-person. **The provider should complete and submit the questionnaires to the inspector before the interview with the inspector.** During the interview the provider will be asked follow-up questions that relate to responses on the questionnaire.

Inspection Process at a Glance:

1. **CMRAO notifies the provider that they have been selected for an inspection**
2. **The provider acknowledges receipt of the notification and appoints a contact person for the inspection**
3. **The CMRAO, the provider, and the inspector meet to review the inspection process**
4. **The inspector contacts the provider with instructions on how to complete the forms**
5. **The provider returns the forms to the inspector**
6. **The inspector interviews the provider, during which they ask the provider to clarify their responses to the questionnaires**
7. **The inspector submits their inspection report to the CMRAO**
8. **The CMRAO reviews the inspector's report and prepares a summary of findings and recommendations**
9. **The CMRAO submits its findings and recommendations to the provider**
10. **The CMRAO and the provider meet to review the findings and timelines for implementing any recommendations**

The CMRAO will also conduct a follow-up review to verify that recommendations have been implemented. The timing of this review will vary depending on the nature of the recommendations, but would typically be conducted 6–12 months after the CMRAO submits its findings and recommendations to the provider.

Questionnaires

Please complete the following questionnaires as they relate to different provisions of the CMSA.

Ensuring that Employees are Properly Licensed

For each of the questions below, please include the positions involved in each process (for example, condominium manager, regional director, site administrator, accounting staff). If you have any process guides, standard operating procedures, policies, or other documents that describe these processes, please submit these along with your responses to the inspector.

1. Please describe the provider's processes for collecting or holding contributions to the common expenses or other amounts levied by, or payable to, its clients.

2. Please describe the provider's processes for making payments to third parties on behalf of a client.

3. Please describe the provider's processes for negotiating or entering into contracts on behalf of a client.

4. Please describe the provider's processes for supervising employees or contractors hired or engaged by a client.

Supervision of Limited Licensees

For each of the questions below, please include the positions involved in each process (for example, condominium manager, regional director, site administrator, accounting staff).

If you have any process guides, standard operating procedures, policies, or other documents that describe these processes, please submit these along with your responses to the inspector.

1. Please describe the processes that the provider has in place to ensure that all Limited Licensees employed by the provider are supervised by a General Licensee.

2. Does the provider allow Limited Licensees to enter into, extend, renew, or terminate contracts or agreements on behalf of a client? If yes, what processes are in place to ensure that the Limited Licensee obtains the prior approval of their supervising licensee?¹

3. What is the spending limit of Limited Licensees employed by the provider? What processes are in place to ensure that Limited Licensees obtain prior approval from a supervising licensee before making expenditures of more than \$500 of a client's money?¹

4. What is the provider's process for delivering notices, documents, or other items to an owner or mortgagee that the client is required to give to an owner or mortgagee under the *Condominium Act, 1998*? If one of these items is delivered by a Limited Licensee, how does the provider ensure that prior approval from the supervising licensee is obtained?

¹ Note: The licensee may do an action described in this question without the prior approval of the supervising licensee if it is necessary to ensure the immediate safety or security of persons using the property, as defined in subsection 1 (1) of the *Condominium Act, 1998*, with respect to the client or the assets, if any, of the client or to prevent imminent damage to that property or those assets.

5. How does the provider ensure that Limited Licensees do not sign status certificates?

6. How does the provider ensure that Limited Licensees do not make expenditures out of, invest, or otherwise make dispositions of a client's reserve fund?

7. Does the provider have processes in place to ensure that Limited Licensees are not employed by other condominium management providers, except with prior approval of the provider?

8. Please describe the provider's overall process for supervising Limited Licensees. In your response, please include:

- a. The frequency of communication between Limited Licensees and their supervising licensee (such as, regularly scheduled meetings, check-ins by the supervisor, and so on)
- b. How many Limited Licensees are supervised by a single General Licensee
- c. How the provider ensures that supervising licensees are actively involved in the work of Limited Licensees
- d. Any steps that the provider takes to supervise and assist Limited Licensees with obtaining the work experience requirements to obtain a General Licence

Records to Submit to the Inspector

Please indicate “**yes**” or “**no**” in the following checklist and, where available, submit copies of the corresponding records to the inspector:

Record	Records Exist? (Yes/No)
Organizational Chart (“Org chart”) of the provider	
Job descriptions used for Limited Licensees employed by the provider Note: job titles may vary for Limited Licensees (for example, condominium manager, assistant condominium manager, site administrator). Please submit job descriptions for any position that is currently held by at least one employee with a Limited Licence of the provider.	
Job descriptions for any employees (licensed or unlicensed) of the provider, who interact directly with condominium board members	
Job descriptions for any employees (licensed or unlicensed) of the provider, who interact directly with condominium owners	
Standardized orientation/onboarding documents for new hires	
Policies, training materials, standard operating procedures, or other documents regarding the conditions of Limited Licensees	

Spot Check

The CMRAO may, at its sole discretion, interview the board members of one or more clients of the provider. The CMRAO may also request copies of client records, such as board meeting minutes, purchase approvals, contracts, and signed cheques, to verify the processes of the provider. The provider is required to provide these records if requested by the inspector.



Appendix: Selected Excerpts from Legislation and Regulations

Condominium Management Services Act, 2015

Interpretation

1 (1) In this Act,

“condominium management services” means any of the following services provided to or on behalf of a condominium corporation:

1. Collecting or holding contributions to the common expenses or other amounts levied by, or payable to, the corporation.
2. Exercising delegated powers and duties of the corporation or its board of directors, including,
 - i. making payments to third parties on behalf of the corporation,
 - ii. negotiating or entering into contracts on behalf of the corporation, or
 - iii. supervising employees or contractors hired or engaged by the corporation.

Prohibition, condominium management services

34 (1) No person shall provide condominium management services unless licensed as a condominium management provider or as a condominium manager.

Unlicensed persons

- (2) A person who is not licensed as a condominium management provider or condominium manager shall not,
 - (a) directly or indirectly hold himself, herself, or itself out as being a condominium management provider or condominium manager, respectively; or
 - (b) perform any of the functions of a condominium management provider or condominium manager.

Ontario Regulation 123/17

Conditions of licence

8. (1) For the purpose of subsection 38 (1) of the Act, the following are prescribed as conditions of a limited licence:
 1. The licensee shall not provide condominium management services except under the supervision of a supervising licensee.
 2. Subject to subsection (2), the licensee shall not enter into, extend, renew, or terminate a contract or other agreement on behalf of a client except with the prior approval of the supervising licensee mentioned in paragraph 1.
 3. Subject to subsection (2), the licensee shall not make expenditures of more than \$500 of the client's money, not including the reserve fund, except with the prior approval of the supervising licensee mentioned in paragraph 1.

4. The licensee shall not, on behalf of a client, give anything to an owner or mortgagee that the client is required to give to an owner or mortgagee under the *Condominium Act, 1998* except with the prior approval of the supervising licensee mentioned in paragraph 1.
 5. The licensee shall not sign status certificates under the *Condominium Act, 1998*, on behalf of a client.
 6. The licensee shall not make expenditures out of, invest, or otherwise make dispositions of a client's reserve fund.
 7. The licensee shall be employed by no more than one condominium management provider unless the licensee has obtained the consent, in the form or manner approved by the registrar, of all condominium management providers that employ the licensee.
- (2) The licensee may do an action described in paragraph 2 or 3 of subsection (1) without the prior approval of the supervising licensee mentioned in paragraph 1 of that subsection if it is necessary to ensure the immediate safety or security of persons using the property, as defined in subsection 1 (1) of the *Condominium Act, 1998*, with respect to the client or the assets, if any, of the client or to prevent imminent damage to that property or those assets.
- (3) If a condominium management provider enters into a contract with a client governing the condominium management services that a limited licensee whom the provider employs is to provide to the client on behalf of the provider,
- (a) nothing in this section authorizes the licensee to do anything that the contract prohibits the licensee from doing; and
 - (b) nothing in the contract authorizes the licensee to do anything that this section prohibits the licensee from doing.

Application requirements

11. (1) For the purposes of subsections 37 (1) and 40 (1) of the Act, the following requirements are prescribed for an applicant for a general licence, subject to subsections (2) to (5) of this section:
- (4) For the purposes of paragraph 3 of subsection (1), the applicant must have,
- (a) planned and participated in meetings of the board of directors of a client;
 - (b) planned and participated in meetings of owners, including at least one annual general meeting within the meaning of the *Condominium Act, 1998*;
 - (c) participated in preparing a budget for a condominium corporation that the applicant has presented to the board of directors of a client;
 - (d) interpreted financial statements for a client prepared under section 66 of the *Condominium Act, 1998*, and presented them to the board of directors of the client;
 - (e) prepared and presented reports to the board of directors of a client; and
 - (f) overseen the maintenance or repair of units, common elements within the meaning of the *Condominium Act, 1998*, or client assets, if any.



The CMRAO is committed to providing valuable information and useful resources to help condominium managers understand and meet their legal and professional obligations. For further information or any questions, please contact the CMRAO.

Connect with Us!



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