

Chapter 3

COMPLAINTS & HOW HANDLED	GARBAGE COLLECTION			FIRE HYDRANTS		SEWER & WATER		HYDRO	OTHER
	ON CDM. PROPERTY CHARGE	MUNICIPAL LIABILITY	ON CDM. PROPERTY MAINTENANCE ON CDM. PROPERTY	METERING	SERVICING	METERING			
NO	YES	NO	YES **	YES	TOWN CHARGE	BULK	YES CHARGE	APT-B TH-I	*AT PRESENT A POLICY OF NUMBER OF CONVERSIONS.
YES	YES	NO	INDEMNIFY	YES	CDM.	APT-B TH-B	YES CHARGE	BULK	**EXCULPATORY PROVISIONS CLAUSE.
NO	NO	N/A	N/A						*APT: 1.6 AND .25 VISTORS T.H. : 1.75 AND .25 VISTORS IF CENTRAL.
YES CDM.	NO	N/A	N/A	YES	CDM.	BULK	NO	APT-B TH-I	: 2 AND .25 VISTORS IF GARBAGE AND DRIVE
NO	YES	NO	CDM. MUST HAVE INS.	YES	CDM. OR MUNICIPAL CHARGE	BOTH	NO	BULK	
	YES	NO	CDM MUST INDEMNIFY	YES	CDM	APT-B TH-1	NO	APT-B TH-1 or B	* ACCORDING TO TYPE: RANGE IS 160% TO 225%
YES	YES*	NO	NO	YES	CDM. OR MUNICIPAL CHARGE	BULK	YES CHARGE	APT-B TH-I	*UPON REQUEST OF CDM. IF CERTAIN REQUIREMENTS MET.
NO	YES **			YES	SOMETIMES ***	BULK	BULK	APT-B TH-I	*NO CONVERSIONS AT PRESENT.
	NO *	N/A	N/A	YES	CDM	BULK	YES NO CHARGE	BULK	** IF POSSIBLE ***CHARGE IF CDM. SIGNS AGREEM'T. WITH P.U.C.
YES 5% OR LESS THAN 150%	YES	NO	COLLECTOR INSURANCE	NO	N/A	BULK	NO	BULK	* NOT NECESSARY
YES-NO SOL'N	YES	NO	COLLECTOR INSURANCE	YES	CDM	BULK	NO	APT-B TH-I	
YES-POLICE	NO	N/A	N/A	YES	REGION?	REGION?	NO	SOME-TIMES	
NO	YES	NO	NO	YES	BEING STUDIED	APT-B TH-I	YES CHARGE	APT-B TH-I	
YES-NO SOL'N	NO	NO	NO	YES	CDM.	BULK	NO	INDIV.	
CDM	YES	NO	COLLECTOR INSURANCE	NO	N/A	I	YES CHARGE	BULK	
CDM	YES	NO	COLLECTOR INSURANCE	NO	N/A	NO METERS	NO	BULK	*CONVERSION RESTRICTED UNLESS RENTAL VACANCY IS GREATER THAN 3%.
									**NOT SPECIFIED IN SITE PLAN BYLAW
NO	YES **	NO	NO	YES	CDM	APT-B TH-I	WATER-YES CHARGE, SEWER-CDM	APT-B TH-I	* POLICY INCLUDES SMALL CORPS. AND LOWER DENSITIES.
NO	YES*			YES	CDM	APT-B TH-I	REGION SEWER-NOT-WATER	APT-B TH-I	** WHEN TRUCK CAN BACK UP.
									* IF REQUESTED
NO	NO	N/A	N/A	NO	N/A	BULK	NO	IND.	
NO	NO	N/A	N/A	YES	CDM.	BULK	NO	APT-B TH-I	
YES	NO		COLLECTOR						

MUNICIPALITY	GENERAL			PLANNING				CONDOMINIUM ROADS				STANDARDS
	#CDM. APT. CORPS. #UNITS	#TOWNHOUSE CORPS. #UNITS	GENERAL CDM. POLICY	REGULAR SUBJ. AGREEMENT AT SITE PLAN STAGE	SITE PLANNING CONTROLS	HOW ENFORCED	COMMITMENT CDM. OR RENTAL	UP TO MUNICIPAL STANDARDS	MUNICIPAL MAINTENANCE	MUNICIPAL SNOW PLOW	FIRE ROUTE BY-LAW	
BARRIE	1/60	9/360	YES	YES	35A	LETTERS OF CREDIT	YES	NO	NO	NO	NO	125% + VISITOR
BELLEVILLE	N/A	3/171	NO	YES	YES-NO LEGIS.	BLDG INSP	NO	NO	NO	NO	YES	NO
KINGSTON	1/71	2/44	NO	YES	35A	BLDG INSP	ORAL	NO (IN FUTURE YES)	NO	NO	YES	NO
LONDON	N/A	30/1722	NO	YES	35A	NO	NO	NO	NO	NO	NO	AS RENTAL
OWEN SOUND	1/39	1/99	NO	YES	NO	NO	NO	NO	NO	NO	NO	NO
PETERBOROUGH	N/A	1/22	NO	YES	35A		NO	NO	NO	NO	NO	125%
SARNIA	N/A	4/208	NO	YES	35A	AGREEMENT	YES	NO	NO	NO	YES	YES
SARNIA TWP.	N/A	1/76	NO	YES	35A	AGREEMENT REG ON TITLED	YES	NO	NO	NO	YES	YES
STRATFORD	N/A	1/43	NO	YES	35A	DEPOSIT BY DEVELOPER	YES	NO	NO	NO	NO	125%
THUNDER BAY	1/22	1/48	NO CONVERSION	YES	IF ZONING CHANGE		NO	YES QUALITY	NO	NO	NO	NO
WINDSOR	1/150	10/800	NO	YES	35A + AMENDING BYLAW		NO	YES	YES **	YES	YES	125%
REGION OF HALTON												
BURLINGTON	2/314	27/1738	NO	NO*	YES	BONDING	NO **	NO	NO	NO	NO	NO
HALTON HILLS	N/A	6/240	NO	YES	35A	AGREEMENT	YES	NO	NO	NO	NO	NO
MILTON	1/76	14/909	YES	YES	35A	BLDG INSP.	YES	YES	NO	NO	NO	NO
OAKVILLE	2/260	5/99	YES	YES	NO	NO	NO		NO	NO	YES	YES
REGION OF HALDIMAND-NORFOLK	N/A	4/197 *	NO**	YES	35A	***	YES	NO	NO	NO	NO	NO
REGION OF HAMILTON-WENTWORTH												
DUNDAS	N/A	7/263	NO	YES	35A	BLDG INSP.	NO	NO	NO	NO	NO	NO
HAMILTON	9/1731	54/4166	NO	YES	35A	BLDG INSP. + AGREEMENT	NO	NO	NO	NO	NO	NO
BRANTFORD	2/230	5/158	NO	YES	YES-NO LEGIS.	BLDG INSP + AGREEMENT	NO	NO	NO	NO	YES	NO

(Compiled by the Ministry of Treasury, Economics and Intergovernmental Affairs, Regional Offices and staff from the Ministry of Housing, Plans Administration Division)

Chapter 3
Municipal rules and standards

COMPLAINTS OR HOW HANDLED	GARBAGE COLLECTION			FIRE HYDRANTS		SEWER & WATER		HYDRO	OTHER
	ON CDM PROPERTY	CHARGE	MUNICIPAL LIABILITY	ON CDM PROPERTY	MAINTENANCE ON CDM PROPERTY	METERING	SERVICING	METERING	
NO	YES	NO	COLLECTOR INS	YES	CDM.	BULK	YES	BULK	
NO	NO	N/A	N/A	YES	*	APT-B TH-1	*	APT-B TH-1	* USUALLY CDM. CORR; WATER SOMETIMES AND P.U.C. CHARGE BACK
NO	YES	NO	NO	YES	CDM.	SOMETIMES I	SOMETIMES	APT-B TH-1*	* LEAVE IT UP TO THE DEVELOPER
CDM	YES	NO	INSURANCE	YES	CDM.	B+1	NO	B+1	
NO	YES	YES	COLLECTOR INS	YES	CDM	I	NO	I	
NO	NO	N/A	N/A	YES	CDM	I	NO	IND.	
CDM	NO	N/A	N/A	NO	N/A	BULK	NO	BULK	
CDM	YES	NO	INSURANCE	NO	N/A	BULK	NO	BULK	
CDM	NO	N/A	N/A	NO	N/A	I*	NO	I	* I METER FOR EACH CLUSTER OF UNITS- 6 ALTOGETHER
YES	YES	NO	NO	NO	N/A	APT-B TH-1	NO	APT-B TH-1	
CDM	YES	NO	NO*	YES	P.U.C. NO CHARGE	BULK	NO	BULK	*CITY EXEMPTED BY AGREEMENTS WITH CDM. CORPORATIONS **SERVICING AGREEMENTS- MUNICIPALITY AND CORPORATIONS
CDM	YES	YES	NO	YES	CDM.	BULK	SOMETIMES	APT-B TH-1	*UNLESS PROPERTY IS LOCATED WITHIN A PREVIOUS REGISTERED PLAN **BUT MAKE AN AGREEMENT AT APPROVAL STAGE
NO	NO+ YES	NO	NO	YES		I	NO	I	
NO	YES	YES	INSURANCE	YES	CDM.	BULK	YES	I	
NO	NO *	N/A	N/A	YES	CDM.	**	NO	**	*COLLECTED AT CENTRAL LOCATION NEAR MUNICIPAL ROAD. **VARIES REGARDLESS OF UNIT TYPE
NO	YES	NO	NO	YES	CDM.	SOMETIMES I	YES	SOMETIMES I	* PORT DOVER: 3/95, SIMCOE: 1/18, JARVIS: 1/40, DUNNVILLE: 1/44 **TOWNHOUSE CONVERSIONS ARE DISCOURAGED ***REGISTERED ON TITLE, POSTING OF BOND, BLDG. INSPECTOR, OCCUPANCY PERMIT
CDM	YES	NO	NO	YES	CDM.	BULK	NO	I	
NO	YES	NO	INSURANCE	YES	CDM.	BULK	NO	I + BULK	
CDM			NO	YES	P.U.C. + CHARGE	I	NO	I	

Recommendation No. 13:
Municipalities enforce their site plan agreements according to Section 35a of The Planning Act.

Recommendation No. 14:
Municipalities adopt consistent standards relating to width and construction of internal roads, internal services and other facilities required for condominium developments. Water and sewer easements be required to follow the road wherever possible.

The chapter on municipal services outlines this need in greater detail. Higher standards will mean higher initial costs, but it is hoped, lower long-term maintenance costs.

Recommendation No. 15:
Municipalities have formal guidelines dealing with matters such as parking requirements, service facilities and design criteria.

Policies can be adopted by a resolution of council or they can be a formal amendment to an official plan as has been done by the Borough of Etobicoke. Policies are essential to the evaluation of new developments and conversions and for the imposition of proper development and design standards.

Recommendation No. 16:
Municipalities develop policies and guidelines for condominiums and adopt them as amendments to their official plans. These policies address all matters listed under Subsection 35a(2) of The Planning Act and consider the following:

A. *The size and complexity of condominium corporations: apartment and townhouse condominiums to be treated differently:*

It is important to consider complexity as well as size because several condominium corporations have discovered that where common recreation facilities are provided to several corporations, for instance, there is a potential for conflict.

Size remains a problem. Concern was expressed that very large corporations were unruly and difficult to manage. The larger the corporation, the less was the likelihood of developing in owners a sense of community spirit, co-operation and involvement in corporation affairs.

B) *Parking, both in the number of spaces per unit and guidelines for the location of visitor parking areas (see chapter on Municipal Services).*

C) *Whether internal streets in new and existing condominium projects should be public streets (see chapter on Municipal Services).*

D) *The services the municipality intends to provide and whether or not they will be provided on a chargeback system (the chapter on Municipal Services makes recommendations pertinent to this).*

E) *Design standards for condominiums if different from rental accommodation.*

It is essential that the municipality establish clear policies on condominium conversions so that discrimination cannot be claimed by the development industry, and there is less likelihood that municipal decisions will be challenged.

F) *Designs that treat the issue of private spaces with more sensitivity.*

In high-density accommodation, people need their own private spaces. This can be built into the design, with a little imagination and creativity.

G) *Encouraging garbage storage areas adjacent to public roads so that they are accessible to municipal trucks.*

This will be useful where municipalities intend to provide garbage pick-up services.

Although conversions were not raised as an issue at the hearings, recommendations pertinent to conversions are justified for several reasons, including the age and maintenance problems inherent in an older building, the fact that conversions are not covered under the HUDAC New Home Warranty Program, and the lower selling price of many conversions compared to newer condominiums.

Recommendation No. 17:
Municipalities adopt an amendment to their official plan to provide policies on condominium conversion, including the following considerations:

A) *Conversions have the same standards as new condominiums.*

B) *The issues of:*
i) *The overall mix of rental and freehold accommodation in the municipality.*
ii) *The availability of rental accommodation similar to that proposed for conversion, in the general neighbourhood, for those existing tenants who wish to remain in rental accommodation.*
iii) *The vacancy rate for rental accommodation in the municipality.*

C) *The process that conversion applications should go through, e.g., that the developer be required to indicate the quality of the building and its life expectancy (see chapter on The Registrar).*

D) *Detailed inspection before recommending draft approval.*

To initiate the new procedure and have it understood, it is necessary that workshops be held.

Recommendation No. 18:
The Ministry of Housing have its appropriate officials organize a series of workshops for municipalities across the province to discuss the new approval procedure and the methods available to administer it.

Chapter 4

Municipal services

"While condominium owners pay municipal taxes at the same rate as owners of individual houses, we receive fewer services. We feel that municipalities should be ordered to regularly clear roadways on condominium property and pay for the power of street lighting on such roadways."

—From a brief presented by York Condominium Corporation No. 78

The problem of municipal services was raised at every public hearing. Many condominium owners complained that, although they had been taxed at the same rate as other home owners in the same municipality, they had not received the same level of municipal services. They stated that snow was not plowed from roads on condominium property; improperly parked cars were not ticketed; and garbage was not collected by the municipality. Condominium owners resented having to pay for private service. The injustice they perceived, their treatment as "second-class citizens", seemed to disturb them as much as the actual monetary loss.

Background

Services provided by the municipality do not relate directly to property tax paid, any more than services provided by federal and provincial governments relate to income and sales taxes. Municipalities, at one time, were mainly in the business of servicing property with sewers, water and roads. Today, municipalities service people as well as property. It is difficult to measure the benefit of most services provided through municipal taxation such as education, social services, landuse planning, fire and police protection.

Moreover, municipalities are not legally empowered to provide services to maintain roads and sewers on condominium property, just as they are not empowered to maintain roads and sewers on other private properties. Legally, plowing snow from a condominium road is analogous to plowing snow from a private driveway.

One reason for the popularity of condominium housing in Ontario in recent years is the fact that the cost is generally less than that of other forms of housing. This low cost relates directly to the lack of municipal services. In a single-family non-condominium project, the municipality requires the developer to build roads, sewers and other services to a high standard because the roads will be assumed by, and therefore maintained by, the municipality. Each buyer pays his share of the higher cost of these services in the purchase price of his house. Since municipal standards for condominium roads are lower than for public roads, the cost of building a condominium is less and thus the purchase price of a unit is lower, but the long-term maintenance costs of what may be substandard roads must be shared by the condominium owners and not by all taxpayers in the municipality.

Although condominium homeowners may not be receiving municipal services on condominium property, they are benefiting generally from local services such as trunk sewers, police, fire, social services, education and the use of public roads throughout the municipality.

Unfortunately, in the past, some municipalities have regarded condominiums as a totally private concern, because no land internal to the development is deeded to the municipality, and they have therefore exercised no site development control.

When the development is to be rented, the owner/builder remains responsible for maintenance problems. It is quite different when a condominium corporation must take over problems not of its own making. Since the municipality has responsibility for development control, it has an obligation to assume the interests of future condominium owners.

The reasons for the existing lack of municipal services on condominium property do not preclude a municipal responsibility for amenities on present or future condominium property. Under The Planning Act, municipalities have extensive powers of development control as was discussed in the previous chapter on Municipal Policy and Standards. A municipality can determine the facilities to be provided by the condominium developer and have an agreement describing the developer's obligations registered against title. This enables the municipality to control the placing of underground services, roadway design, access, parking facilities, landscaping, etc. Proper site planning can prevent many of the complaints levelled at the municipality, such as parked cars blocking narrow streets and insufficient access for fire trucks and garbage trucks.

Even though the municipalities' most effective role can be played at the development stage, the provincial government should make legislative amendments that enable municipalities to assist existing condominiums with their servicing problems. Equity for condominium owners can best be achieved by improving public services to condominium corporations, where possible, rather than through tax rebates or other means.

At present, local governments do not have specific legal authority to provide services on condominium property. Under Section 92 of The British North America Act, local governments are the responsibility of the provinces. All powers of local governments must be delegated by the province through provincial statute. The courts, over the years, have interpreted this very narrowly. Their decisions have established that municipal powers must be specifically spelled out in provincial legislation. The legal situation regarding services has been unclear for two major reasons: there are only minimal references in Ontario legislation to

municipal powers relating to provision of services on private property; and, there is no mention in Ontario legislation of providing municipal services on condominium property. There is a need for legislative amendments to clarify this situation.

Roads

Many people purchasing condominium housing are unaware at the time of purchase that the internal roads in the development are the property of the condominium corporation and not of the municipality. The truth sometimes does not dawn until the corporation is faced with expensive maintenance costs.

Some condominium owners suggested to the Study Group that internal roads in a condominium should be public and that there is no advantage to having a private road system. Private roads automatically limit other municipal services, such as garbage collection and snow-plowing provided to the condominium corporation, and burden condominium owners with heavy road maintenance costs. Other condominium owners expressed a preference for a private road system, indicating that this protects their privacy and contributes to a sense of community by providing an available place for street fairs, dances, and other owner activities, which are not readily organized on public roads.

Options

A municipality has four possible policies that could be pursued in attempting to prevent road problems in new condominiums: it could insist that private roads were of a quality standard equal to that of public roads. It could agree, if there is legislative authority given, to provide services on condominium roads. It could assume roads internal to condominiums as municipal roads. It could encourage the development of other forms of housing on public roads (see chapter on Housing Choice). Each of these policies will be examined in turn. Recommendations are made only to allow for the possibility of a policy. The selection of the particular policy should be up to the municipality.

1. Standards for internal roads

In the chapter on The Approval Process, it is recommended that Section 35a of The Planning Act be amended to enable municipalities to set standards of quality and size for internal roads in condominium developments and inspect roads to ensure that those standards are met. This would give municipalities the power to ensure that roads within condominiums were of sufficient quality to prevent exorbitant maintenance costs to condominium corporations.

If the municipality insisted that the internal condominium roads were of the same construction quality as public roads, the initial cost to condominium buyers would increase but the long-term maintenance cost would decrease.

2. Servicing internal roads

Municipalities should be enabled to provide services on private condominium roads where the condominium requests them and where a suitable arrangement can be made. The municipality might, in some instances, find it necessary to charge a fee to the condominium corporation because the narrow roads, difficult to maintain and plow, might require special equipment. However, charges levied by a municipality would probably be lower than those of a private contractor. According to a brief submitted by March Township and its condominium corporations, the township, at one time, plowed snow from condominium roads at cost, which was about 50 per cent lower than that of a similar private service.

Recommendation No. 19:

The Municipal Act be amended:

A. *To define a condominium road.*

B. *To enable municipalities to provide road maintenance, including snowplowing, on condominium roads.*

C. *To enable municipalities to levy fees for that purpose, if necessary.*

3. Municipal status for internal roads

Municipalities might consider insisting that condominium roads be built to municipal standards to be deeded to the municipality as public roads. It is assumed that these roads would be of the same quality as any other municipal roads, but would be narrower than the standard width of 66 feet. Under Section 450 of The Municipal Act, a road of less than 66 feet can be established as a municipal road if it is approved by the municipal council and by the Minister of Housing. The Ministry of Transportation and Communications has indicated that it would include such roads in its calculations for roads subsidies to municipalities if these roads have been approved by the Ministry of Housing.

We are confident that the Ministry of Housing, with the concurrence of the municipal council, would approve such roads wherever safety was not sacrificed, and where servicing and maintenance seemed feasible.

Recommendation No. 20:

A. *Municipalities consider the possibility of assuming as public roads the roads internal to condominiums when a development is first considered.*

B. *The Ministry of Housing grant approval of municipal status for roads of less than 66 feet that are on condominium property, wherever feasible.*

4. Other forms of housing

There is some question about the advisability of condominium housing on public roads. Once the concept of a private community has been diluted to this extent, perhaps other forms of freehold housing provide a better alternative. Elaborate arrangements for collective decision-making seem unnecessary in a development which differs from any other housing project only in the width of its streets and the size of its lots. Perhaps zero lot line would be preferable (see chapter on Housing Choice).

Existing roads

The policies described above are available to the municipality when it is considering new development. Only one is really applicable to existing condominium development and that is the second, the possibility of municipalities providing services on private condominium roads. However, the municipality would be more likely to find it necessary to charge fees in the case of existing roads because it would have had little or no control over the quality of the roads with a resulting increase in maintenance difficulties.

There is a slight possibility that some condominium roads within existing condominiums could be brought up to the standard that the municipality is insisting on for the assumption of roads as public roads within new condominiums. Condominium corporations interested in deeding their roads to the municipality might explore this possibility. It is assumed that the condominium corporation would pay for bringing the roads up to standard. Corporations might require some assistance in raising the necessary funds.

Recommendation No. 21:

Government-guaranteed loans be made available to condominium corporations for the purpose of bringing roads up to municipal standards.

Parking

Improperly parked cars are a common complaint of condominium owners. The problem is directly related to the narrowness of condominium roads and the fact that condominium roads often cannot be used for parking. Older neighbourhoods, by contrast, have few and sometimes no garages or driveways, but wide roads which can be used for parking. Not only do visitors to condominiums attempt to use the narrow roads for parking, but sometimes the owners themselves use roads, not wanting to bother to put a car in its designated parking space. Municipalities, in approving condominium designs, must look at the street system in conjunction with parking spaces, when considering parking. However, there is some indication that expectations regarding parking are too high. Parking facilities should not expand indefinitely to meet the demands of condominium owners. When establishing standards, municipalities should weigh this consideration against others, such as the high cost and best use of residential land.

Nonetheless, there will always be improperly parked cars on condominium roads from time to time, just

as there are on all roads, public and private. At the present time, municipalities have the power to establish fire routes under Section 354(1) of The Municipal Act, and cars parked on fire routes on private property can be towed away by the police. Once the municipality has passed a by-law to establish a fire route on condominium roads, there should be no difficulty in keeping it free of cars.

Municipalities can also pass by-laws providing for the ticketing and removal of cars parked on private property not designated as a fire route under Section 354(1) 112 of The Municipal Act. However, the section stipulates that only cars parked "without the consent of the owners" of the private property can be ticketed and towed.

Recommendation No. 22:

Section 354(1) 112 of The Municipal Act be amended to specify that, in the case of a condominium, the "owner" is a person delegated by the board to act for the purpose of this section, notwithstanding that the car owner is a unit owner in the condominium project.

Some condominium owners expressed concern about a lack of cooperation from the police in dealing with parking and other problems. Some of these difficulties may result from inadequate communication and lack of understanding of condominium laws by police.

Recommendation No. 23:

A. A condominium corporation experiencing policing difficulties contact its local police department to set up a meeting to discuss mutual concerns.

B. The Ministry of the Solicitor General, with the assistance of the Registrar of condominiums, provide material on condominiums to boards of police commissioners (see chapter on Registrar).

Garbage collection

Many condominium owners complained of inadequate or non-existent garbage collection by the municipality. In most municipalities the garbage is collected only from a central place for both rental and condominium developments. However, some municipalities do collect garbage door-to-door within townhouse corporations.

The problem in this instance does not seem to be a lack of statutory authority. Legally, municipalities can go onto private property to collect garbage. The problem here seems to be one of practicality. Most municipalities, for example, will collect door-to-door in townhouse developments if it is physically possible. They refuse to do so when roads are too narrow or have insufficient turning space.

Recommendation No. 24:

Municipalities exercise greater development control over private condominium roads, and give consideration to the problem of waste collection at the design stage.

Recommendation No. 25:

The Municipal Act be amended to enable municipalities to levy fees, if necessary, to condominium corporations for special garbage collection.

As with snow removal, this recommendation would enable municipalities to assist condominium corporations in servicing problems, without burdening the municipality's taxpayers with expenses for special equipment and services.

Recommendation No. 26:

All legislation regarding municipal services on condominium roads exculpate the municipality from any action on the part of the condominium corporation for damage to private property.

Water and sewer

Condominium owners presented two major complaints regarding water and sewer services. The first is that they have to make private arrangements for maintenance and repairs on condominium property; the public utility or municipality, as the case may be, does not provide such service. The second complaint is that water is very often on one meter and one condominium owner has to support the excesses of another. A similar complaint is made about electricity.

The first complaint relates to what has been said about adequate municipal planning controls. At the design stage municipalities should insist that water and sewer pipes be within the public road allowance, where possible, and where this is not possible, that they follow the condominium road so that they may be easily located and serviced.

Recommendation No. 27:

Municipalities ensure that maintenance and repair are facilitated by insisting that pipes follow the road.

Recommendation No. 28:

Legislation be amended to enable municipalities or their public utilities commissions to maintain and repair water and sewer pipes on condominium property and charge a fee, if necessary.

At the present time, condominium corporations are responsible for the maintenance of fire hydrants that are on their property. Many condominium corporations are unaware of this fact and it is probable that many fire hydrants are not being maintained.

Recommendation No. 29:

Legislation be amended to require, in the interest of public safety, municipalities or their public utilities commissions to maintain condominium fire hydrants, and to allow them to charge a fee for such service, if necessary.

Metering

The issue of individual utility metering was raised many times at the hearings. Condominium owners resent having to pay for the wastefulness of others.

This is true for such utilities as water, electricity, natural gas and oil.

Presumably, bulk metering is less expensive for the developer to install, cheap to the unit owner because of a bulk rate and more convenient for the utility. It could also be argued that condominium owners should share the costs as well as the benefits of communal living. However, far outweighing either of these considerations are the resource-saving, particularly energy-saving, benefits of individual metering. If each owner is responsible for his own water or hydro bill he will keep a closer watch on the consumption of his household. If, in the future, there are severe energy shortages, individual metering could become essential.

Recommendation No. 30:

A. Municipalities and public utilities commissions insist on individual metering for all new condominiums.

B. Municipalities and the province consider assisting existing condominiums to convert from bulk to individual metering.

Street names and numbers

During the course of the hearings, the Study Group learned that large condominiums experience difficulties because they have only one address, the address on the public road. Internal streets are neither named nor numbered by the municipality. This often makes it difficult to receive mail promptly and for strangers to find specific households within the condominium development. This is particularly serious when emergency vehicles, such as fire trucks and ambulances, are trying to find a particular household. This problem would be eliminated if roads within condominiums were public roads.

It does not seem realistic to suggest that provincial legislation be enacted to enable municipalities to provide names and numbers on private roads because the municipalities' actions might imply some degree of responsibility for the streets.

However, one of the ideas that emerged during our investigations, which may provide a partial solution, is that existing condominium corporations consider a colour-coded map at the street entrance to facilitate navigation within the condominium property.

Service agreements

Once provincial legislation is enacted that enables municipalities to provide services on condominium property upon the request of the condominium corporation a general service agreement could be made.

Recommendation No. 31:

Municipalities draw up a service agreement with each condominium corporation, to be renewed annually. This agreement to outline exactly what services the municipality would provide and what, if anything, the condominium corporation might pay for these services.

Chapter 5

Lending Institutions

Financing for a builder interested in constructing a condominium is usually provided by a major institutional lender because of the large amount of capital required to construct a multiple-dwelling project. Lenders capable of such financing include chartered banks, loan and trust companies, life insurance companies, some pension funds and certain government agencies such as Central Mortgage and Housing Corporation (CMHC) and Ontario Mortgage Corporation.

The major consideration common to most lenders is that the investment of money be secure, as the lender is obliged to repay its source of funds. Given this consideration, lenders will provide money for condominium development in direct proportion to the security of their investment. This question of the mortgagee's security must be borne in mind in examining this report. Any recommendation that jeopardizes this security will reduce the funds available for condominiums.

Types of financing

The financing available from the lending industry is of three basic types:

1. bridge financing -- a straight loan from a chartered bank to provide money for paying tradesmen as accounts become due.
2. construction mortgage financing -- providing money at certain stages of completion so that the builder may keep his bridge financing at a reasonable level.
3. takeout financing -- long-term unit mortgage financing in which the debt is assumed by purchasers.

Construction and takeout mortgagees most directly affect the condominium process.

Letter of commitment

When a lender has decided to grant the loan, he issues a letter of commitment of funds.

A survey by the Study Group of commitment letters of 10 lenders reveals the following standard provisions:

- a) loan amount of the construction mortgage and the individual unit mortgages to replace the construction mortgage when the condominium is registered.
- b) term and interest rate.
- c) amortization of the unit mortgages (the length of time it would take to pay off a mortgage if periodic payments of the proposed amount of payment were made).
- d) payment of administration charges to the lender.
- e) amount of property insurance required.
- f) necessity of lender's approval of the

- g) necessity for professional property management.
- h) payment of the lender's legal, appraisal and other costs by the builder.
- i) construction of the proposed buildings in accordance with approved plans and specifications.

Provisions that appear in the commitments of some lenders, but not all, include:

- a) the builder must sell a minimum number of units to approved purchasers before the lender will consent to the registration of a condominium.
- b) the builder must have the loan insured.
- c) the builder must pay a standby fee if he does not require money immediately.
- d) the principals of the building company must personally guarantee payment of the mortgage.
- e) purchasers' deposits and downpayments must be protected by being held in trust or insured (a provision now falling out of use because of the HUDAC warranty, which covers purchasers' deposits and downpayments).

When the builder signs an agreement to the conditions in the commitment letter, the lender retains a lawyer to search title to the property and to prepare, have signed and register the construction mortgage.

The construction mortgage is usually a printed form containing the builder's promise to pay back the money he has borrowed and an agreement that in the event the builder fails to make payment, the lender may use the property to raise money to pay the debt.

Nature of advances

As construction progresses, the lender advances money.

Because the value of the protection of the loan conferred by the mortgage is the value of the property, the lender periodically inspects the property to determine the value of the construction in place. The lender then calculates how much it would cost to complete the building, and releases the difference to the builder, less a holdback in case there are claims by unpaid tradesmen.

It should be emphasized that the current practice of lenders is to have the construction inspected primarily to determine the value of the work in place. The inspection organization employed by the mortgagee may examine the structural integrity of the building or adherence to the plans and specifications provided originally to the lender; but, the inspection is in no sense a quality control.

The nature of lender inspections is best illustrated by the variations in inspection practice within the industry. For example, fairly detailed inspections are conducted by Central Mortgage and Housing Corporation inspectors for mortgages insured under the National Housing Act. Some lenders, however, in non-NHA loans, simply accept certificates from the builder's architect or engineer.

Liability for construction quality

At the public hearings, it was suggested that because the lender has reviewed the working drawings and has inspected the construction, the purchaser is entitled to rely on the lender to ensure that there are no gross errors in the specifications, and that the building has been built in reasonable accordance with the plans and good building practice.

In a Nova Scotia law suit recently, the purchaser of a single-family dwelling successfully argued that the lender was liable for construction deficiencies, although the lender's mortgage application stated that inspections were only to ensure reasonable conformity with construction standards and not for the purchaser's protection (*CMHC vs. Graham* — Nova Scotia Supreme Court, Trial Division).

The decision turned on whether, by approving purchasers, reviewing plans, and inspecting, the lender was engaged in a joint venture with the builder. At least seven condominium corporations in Ontario have relied on the case to join their major construction lender as a co-defendant in a law suit against their builder for deficiencies. None of these cases have yet come to trial.

Lenders are not willing to undertake liability for inadequate construction, and not willing to ensure that purchasers' requirements will be met. In fact, the lenders generally stated that they would refuse to lend money in the condominium field if liability were imposed on them. The responsibility for the quality of construction lies rather with builders, municipal inspectors and an adequate building code. (see chapter on Construction.)

Recommendation No. 32:

No liability be placed by legislation on lenders for the quality of design or construction.

Remedies and delay in registration

Because the value of the lender's remedies relates to the value of the property, the lender will usually not provide more than 85 per cent of the money to be advanced on the mortgage until after the condominium is registered, even though construction is completed.

If the lender sells the condominium property prior to its registration, the property can only be sold wholesale. After registration, the property can be retailed to purchasers or wholesaled to an investor who in turn will sell retail to purchasers.

The wholesale value of a rental property is usually at least 15 to 20 per cent lower than its retail value because this is the extra money that a vendor can get from the purchaser of a unit over someone who merely wishes to rent a unit.

The value of the property as a rental building may be even less if the building has particular design features such as in-suite laundry facilities, for which there is little rental market due to the higher rent that would be required.

After registration, but before title is passed to any individual unit purchasers, the lender may also wish to sell the property wholesale in order to avoid the lengthy and cumbersome process of selling individual units. Purchasers may look to the HUDAC Warranty for protection of their money in this situation.

The lender wishes specifically to avoid a situation in which only a few purchasers have title, preventing sale of the building as a rental property, yet an uncertain real estate market means a long and costly program of selling the remaining units.

One method of avoiding the situation is for the lender to prevent the builder from registering the condominium until a substantial number of purchasers have been obtained.

The lender is required to consent to the registration of the property as a condominium, according to Section 3(1)(b) of The Condominium Act. The builder, under Section 24a(1)(a), covenants, in each agreement of purchase and sale of a unit, to take all reasonable steps to register the condominium without delay.

Entry into a commitment agreement with the lender which provides that the property will not be registered until a certain sales level is achieved is probably sufficient to render the statutory provision unenforceable (see chapter on Purchasing a Condominium for recommendation).

As yet, there is no clear definition of the reasonable steps which a builder must take to register a condominium, nor is there any legislative authority to compel the lender to expedite registration.

The lender, before consenting to registration, will examine the proposed declaration and may examine the proposed by-laws and contracts to be entered into by the proposed condominium corporation.

If the lender is lending under the provisions of the National Housing Act, the lender will require Central Mortgage and Housing Corporation approval of the documents. If lending conventionally, he may insist upon the use of a form more or less standard in the industry.

To prevent major changes in documents occurring after drafts have been given to prospective purchasers, careful builders have the form of the documents approved prior to entering into the sales campaign (see chapter on The Condominium Corporation for recommendation).

Approval of purchasers

The builder's sales campaign may begin at any time before, during or after construction. In practice, the builder ascertains from the take-out lender what financial requirements the lender may have for the acceptability of prospective purchasers. He forwards to the lender the applications to assume the unit mortgages of those purchasers likely to qualify.

Traditionally, a lender examines the financial capacity of a purchaser to assume a mortgage by examining the purchaser's fixed expenses and concluding that the principal, interest and taxes to be paid annually by the purchaser should not exceed 30 per cent of the purchaser's annual gross income.

In a single-family dwelling, the purchaser may postpone repairs or do them himself or cut back on utility use if he is in financial difficulty. In a condominium, however, the purchaser must pay monthly common expenses for the maintenance of the property. This may include items which he could do himself on a single-family dwelling, such as painting or landscaping, or which he would never have to undertake.

It was suggested at public hearings that some lenders have not considered the significance of the fixed payment of common expenses, and that inexperienced purchasers to their detriment have relied on the lender's financial expertise in determining their capacity to carry a condominium unit.

Some of the common expenses can be determined as those which also have to be paid by a single-family dwelling purchaser on which the lender's experience is based. Thus, including the entire amount of common expenses in the 30 per cent shelter allowance is not always appropriate.

As the ratio of shelter costs changes from time to time according to the costs of other necessities, this is not a matter appropriate for legislation. Nonetheless, it is vital that purchasers be helped in avoiding getting into debt over their heads because of a financing arrangement that does not present a true picture of costs to them. Losses to the lender resulting from abandonment of the condominium unit by a purchaser who cannot afford the monthly costs should also be prevented.

Recommendation No. 33:

Lenders include 50 per cent of the estimated annual common expenses in the gross debt service ratio of principal, interest and taxes in determining a purchaser's eligibility for financing, or such other percentage the lender deems appropriate given the nature of the proposed common expenses.

After registration

Assuming the construction lender and the take-out lender are the same lender on registration of the condominium, several courses may be followed in the preparation of unit mortgages for purchasers to assume.

Where the lender has fixed the sum to be allocated to the property, individual mortgages for specified amounts are registered against the units. After the lender is satisfied that the unit mortgages are registered correctly, the construction mortgage is discharged.

Where the lender sets the amount of the unit mortgage according to amount the purchaser wishes to assume or where the lender registers a unit mortgage only on a sale, the construction mortgage may remain on title to all the units until the last unit is sold. Alternatively, the construction mortgage may be partially discharged as each unit is sold (refer to chapter on Termination).

Unit mortgage and assumption agreements

Unit mortgages are similar in form and in consequence to the construction mortgage.

There is the promise to pay and the right of the lender to go against the property in default of payment. There are also several rights exclusive to the unit mortgage.

For example, the unit mortgage usually provides that the right of the owner to vote at condominium corporation meetings is assigned to the lender.

When the purchaser of a unit receives title to his unit from the builder, he usually assumes from the builder the burden of paying the unit mortgage as part of the purchase price.

Assumption of this debt is ordinarily done through an assumption agreement signed by the purchaser, the builder and the lender. The agreement provides:

- a) a direction from the purchaser to the lender authorizing the lender to continue making mortgage advances to the builder;
- b) an agreement by the purchaser to assume the promise in the unit mortgage by the builder to make payments on that mortgage; and, the agreement by the lender to look to the purchaser to pay the debt;

c) a variation in repayment terms whereby the amount of the mortgage, the interest rate, or the dates of payment of the mortgage may be changed.

Some of the consequences of the assumption agreement are examined in the following:

a) The builder will require that the purchaser do nothing which might interrupt the final advance to the builders of that 15 to 20 per cent, of the mortgage money, which was the difference between the wholesale and retail value of the unit.

As the direction to pay money to the builder is good only if it comes from the unit owner, the builder will attempt to prevent a resale of the unit until the builder has received his money. Any delay in that final advance will inhibit the unit owner from reselling.

b) Although the purchaser assumes the unit mortgage, the unit is still encumbered for a while with the construction mortgage, which is registered against the entire property.

The Condominium Act provides that any unit and its common interest may be discharged from such an encumbrance by payment of a portion of the sum claimed. This amount is determined by the proportions specified in the declaration for sharing the common expenses. The assumption of the unit mortgage may be a payment of such an encumbrance. A difficulty, however, would arise where the values of the individual unit mortgages did not accurately reflect the percentage distribution in the declaration, or where the purchaser was assuming a reduced unit mortgage as a result of an increased downpayment and the increased portion of the downpayment had not been paid by the builder to the lender.

The purchaser in such cases may have to pay the difference between the mortgage assumed and the proportionate share of the construction mortgage, in the event of a default by the builder on the construction mortgage. The situation is compounded by the variation in accounting practice in the mortgage industry.

Technically the lender, on the replacement of the construction mortgage by the unit mortgage, should distribute in its accounting the money advanced under the construction mortgage among the unit mortgages. In this way, each unit mortgage will reflect the percentage of money actually advanced on the construction mortgage.

This practice gives rise to the problem that if there are lien claimants and the lender wishes to complete the building, he cannot exclude the claims of the lien claimants by selling all the units under his power of sale without also selling the interests of the unit purchasers. The lender is therefore forced to make an application under Section 34(2) of The

Mechanics' Lien Act for permission to complete the work. As the section is primarily for work necessary to make property saleable and the units have already been sold, there is some doubt as to its success.

Some lenders, however, treat the unit mortgages of those units, which were first sold as fully-advanced, with the mortgages on the remaining units as unadvanced or only partially advanced.

This practice gives rise to the problem that when the lender wishes to complete the common elements and charge the cost to the amount of money he can recover from a sale under his power of sale, before he must turn over excess proceeds to other creditors, he will have difficulty in justifying total completion of the entire project as a necessary expense in completing a few units.

The HUDAC New Home Warranty Program may mean that lenders no longer have to worry about completion. However, mortgage advances should be able to go to HUDAC to aid in the completion so that money will be available for completion (See chapter on Construction).

Other lenders treat all unit mortgages as being fully-advanced, although the construction mortgage was not fully advanced.

This presents the lender with the problem that interest that is paid by purchasers on money not advanced must be credited to the builder or the unit owner and it is difficult to prove from advancing records the full advancing in the face of claims from creditors.

Recommendation No. 34:

Lenders distribute advances on the construction mortgage among the unit mortgages on registration.

In any of these cases, the purchaser will wish evidence that the mortgage being assumed is in good standing and that there are no arrears of interest to increase the amount outstanding on the mortgage beyond the amount of the registered unit mortgage. Where the mortgage being assumed has been reduced in the assumption agreement, the purchaser wants assurance that there are no interest arrears and the changes in the mortgage are reflected in the lender's records.

c) The general practice of all lenders is to release to the builder 15 to 20 per cent of the mortgage money which could be allocated to a unit on the transfer of title to a purchaser.

The effect of the final advance should be reflected in any mortgage statement issued by the lender.

Long term arrangements

After the assumption of the individual unit mortgages by purchasers, the lender's sole interest is in collecting the monthly payments of principal, interest and taxes.

The lender is obliged to collect taxes because the municipality's claim for unpaid taxes ranks in priority to the mortgage. The lenders have developed a system of collecting taxes in monthly instalments and remitting the money to the municipality on receipt of a tax bill.

If the tax bill is larger than the amount of money in the tax account, the lender charges the unit owner interest on the deficit at the mortgage rate.

Several lenders have experimented in the collection of condominium common expenses, but found that the condominium corporations were relying on the lender to collect arrears yet make prompt payment to the condominium corporation. As there was no priority over the mortgage for common expense arrears, and as many lenders adopted standardized computer systems in which this administration was an added expense, the lenders discontinued the collection (see chapter on Financial Administration).

Reluctance of lenders to refinance

Many owners of condominium units said they were having difficulty in arranging refinancing of their units on resale. This was because of the reluctance of many major lenders to refinance a single unit in a condominium development where another lender had provided a majority of the financing.

The Study Group poll of several major lenders showed that only one was prepared to refinance a unit in a project which he did not finance originally. Several reasons were given for the failure to enter a project.

First, the amount of research necessary to establish the workability of a project was far more than for the refinancing of a single-family dwelling. Second, the lender did not have voting control of the project.

A sampling of condominium unit registers in the land registry office (land titles division) in Toronto revealed that on resale, refinancing was done either by the original lender on the project, by a minor lender such as a finance or trust company with real estate sales interests, or by a second mortgage taken back by the vendor and subsequently disposed of.

It is evident to us that a condominium unit owner does not have the full range of refinancing opportunities that are available to the single-family owner.

Recommendations relating to standardizing documents and improving financial controls should alleviate the difficulty (see chapter on Registrar).

Chapter 6

Condominium insurance

"The large print giveth and the small print taketh away."

— *Anonymous*

Nature of insurance

It is necessary to consider insurance at length because it is probable that the majority of condominiums are improperly insured due to lack of knowledge on the part of agents, insurers, and condominium corporations.

The availability of money to a condominium corporation in the event of damage is important. Because it is possible for that money not to be available if the condominium is improperly insured, the insurance requirements for a condominium and for individual unit owners should be carefully examined by the condominium corporation and the unit purchaser's solicitor.

The condominium policy

Many early condominium declarations contained extensive insurance requirements. Few insurance companies were able to study these requirements and endorse and adapt their standard builder's construction period policies to meet these obligations. Even fewer companies were able to write an insurance policy specifically for condominiums. There remains today a considerable variation in the quality of coverage from policy to policy and in the technical sophistication of insurance agents, brokers and companies.

Defects exist because of failure to adhere to the requirements of the declarations of the policy, insufficiency in those declaration requirements, and general failure by the parties to understand the considerations involved. Some of these considerations are outlined below. The insurance policy considered here is of the type maintained by a condominium corporation. A unit owner's policy is considered separately.

Interests insured

Unless otherwise provided in the condominium declaration, a condominium corporation, by statute, is obligated to repair the units and common elements after damage.

Some declarations vary this by requiring the unit owner to repair his unit after damage, on the theory that unit damage is often caused by negligence of the unit owner. In any case, the condominium corporation must make any repairs that a unit owner is obligated to make but does not make within a reasonable time.

The definition of unit boundaries varies from one condominium corporation to another. So, it may be more or less important for a unit owner to repair his unit after damage for the protection of other unit owners. The most efficient solution is for the insurance policy maintained by the condominium corporation to insure the interests of both the condominium corporation and the unit owners who hold title from time to time.

Such joint insurance prevents the condominium corporation from having to wait for a unit owner to repair damage or to discover he has insufficient insurance before the condominium corporation can present a claim to the insurance company.

This joint insurance also protects the unit owner in the event that, after damage and a failure to vote for repair, the condominium is terminated and the corporation ceases to exist for the purpose of collecting insurance (see chapter on Termination).

However, as the condominium corporation does not own the property but merely has an obligation to repair, there is a possibility that the condominium corporation does not have an insurable interest in the normal form of policy, i.e., a policy insuring the buildings and not the obligation to repair and, in the payout of the policy, would only receive the sum of the unit owners' interests.

Manitoba, for example, has specifically legislated that the condominium has an insurable interest to alleviate these problems.

Recommendation No. 35:

The Insurance Act be amended to give the condominium corporation an insurable interest in the property.

Property insured

The condominium corporation usually contains an internal road system, outdoor recreation areas, out-buildings and underground trunk services not normally covered in an insurance policy's definition of buildings.

One method of making sure that all the property which could be damaged is covered is to insure the buildings and all services to the property line, and to define services as including both underground services, such as sewers, and above ground, such as roads. With this definition, additional coverage must still be specified, such as coverage of landscaping. Buildings must be defined as including all appurtenances, whether they form part of the buildings or not, such as carpeting. Another method of ensuring coverage is to insure all the units and common elements.

Both methods have their dangers. It is possible in the first method to omit something so that it does not fall within the extended definition of buildings. In the second, it is possible to omit something because it is not a common element but merely an asset of the corporation.

The latter omission could include carpeting not attached to the building and thereby not forming part of the real property; significantly, it could also include real estate owned as an asset of the condominium corporation, such as a recreation centre.

In any case, attention should specifically be paid to the proper insurance of the condominium corporation's personal property. As indicated in relation to the real property, it may not fall within the definition of buildings or of common elements in the policy. If there is such personal property, it may be wise to have an endorsement on the policy specifically referring to it.

The policy should clearly distinguish between improvements made to the units by the builder and improvements made by unit owners. This latter should not be covered by the condominium policy, but by an individual policy obtained by the unit owner.

Most insurance policies define units by the definition set out in The Condominium Act which defines units terms of their state at the time of registration. It is preferable to define unit as including any work done after registration by the builder in accordance with his architectural plans.

This separation of insurance on improvements avoids a possible dispute should the condominium be terminated. Without such separation, there could be disagreement, after extensive damage, over whether the insurance proceeds should be distributed as condominium assets in accordance with the declaration's schedule of common interests, or be distributed as unit owners' assets in accordance with the value of the units (see chapter on Termination).

As it is, there is ambiguity in some of the agreements with the trustees who would pay out the insurance proceeds; the ambiguity relates to the question of on what basis the money should be paid to unit owners on termination. The separation also avoids unit owners of unimproved units having to pay a portion of the insurance premium which could be attributable to improvements made by other unit owners.

The separation of improvements should not prevent coverage of improvements to the common elements made by the condominium corporation.

When examining a policy for the extent of the coverage, one cannot rely on the definition of what is insured. This is because most policies have a separate group of clauses excluding sections of the buildings. Most common exclusions include boilers and pressure vessels, plate glass and, on occasion, sewers and watermains beyond the foundation walls. For this reason, these exclusions must be carefully read by a condominium corporation and compared with what is intended to be insured.

Risk insured

There are several types of policies available. There are policies that insure against loss by fire damage, or fire with extensions to other damage causes such as explosion, falling objects, aircraft impact and smoke.

Coverage is also obtainable under the designation, "all risk", which is the more desirable coverage. This type of coverage insures against any event except those specifically excluded, such as flood or bursting of pressure vessels.

Property risk and coverage may also be extended to include such things as payment of the insurance trustees' handling fees, loss of business records, removal of debris, landscaping, TV antennae and other normal exclusions, or loss of business income.

Amount of coverage

Normally an insurance policy insures the depreciated value of property; that is, the insurer pays the original value less depreciation. This obviously presents problems when the money must be used in a time of cost escalation to repair or replace the original.

The normal non-condominium insurance policy also requires the insured to maintain insurance coverage on at least 80 per cent of the value of the construction. In the event that coverage is less, then the insured is deemed to be a co-insurer and the insurance company will pay only the percentage of a claim that is equal to the percentage of insurance on the building. To ensure that there is adequate money from the insurer to repair the building, the insurer must agree that the amount of insurance is sufficient and that the insurer will waive the co-insurance provision.

To prevent the depreciated value of the property being paid, the insurer should agree to pay the replacement cost of the repair.

The replacement cost provision should also include the costs of increasing quality of construction to the standards of any changes in the law. This is because the introduction of the Ontario Building Code has changed the minimum construction requirements of many municipalities; and, it is likely that the code will be amended to upgrade requirements for insulation, or other matters as recommended in this report.

Provision should also be made that the payment of one claim does not diminish the amount of coverage available for a later claim.