

The Ramifications of Wrongfully Terminating a Condominium Manager

In a recent case, [Win2 Management Inc. v. MTCC No. 1049](#), a condominium corporation that terminated its contract with its manager, without complying with the termination provisions in the contract, was held liable to pay damages to the manager in the amount of \$24,916.

After signing a management contract for a two-year term, the corporation summarily terminated the manager just a couple of months later without any notice. The management contract (which was drafted by or on behalf of the condominium corporation) contained a provision that permitted the corporation to terminate it without cause by giving the manager 60 days' written notice and paying any moneys due to the manager to the date of termination.

The manager not only sued for its management fee for the 60 days' notice period, but also sued for fees in respect of the first month of the contract, which had not been billed by the manager. Prior to the contract being signed, there were discussions between the parties that there would be no fee charged for the first month of the contract. However, this verbal agreement never made its way into the signed contract.

After the manager sued for payment of the fees, the condominium corporation filed a statement of defence that asserted that the manager had been terminated for cause as a result of fundamental breach of the contract by the manager by allowing unlicensed contractors to carry out work in the condominium after hours. The condominium corporation counterclaimed for damages including the following amounts:

- \$6000 paid to a replacement contractor to do work for which unlicensed contractors were originally hired to do
- \$6,000 paid for sprinklers which the corporation claimed was not a competitive price

The corporation's counterclaim was dismissed in full as the condominium corporation did not provide evidence that it had in fact hired and paid a replacement contractor or that the price for the sprinklers was not competitive.

On the other hand, the manager obtained judgment for all of the amounts claimed. Even though there was a verbal agreement that there would be no fees for the first month of the contract, and the manager had not previously billed for those fees, there was a provision in the management contract that the written agreement was the entire agreement between the parties. As a result, the Court held that any verbal agreement was not enforceable.

Most management contracts contain termination provisions prior to the expiry of the term of the contract. There is usually a provision that allows for termination for cause and another provision that allows for termination without cause. If a condominium corporation wants to terminate a management agreement prior to the expiry date of the contract, before taking any steps to do so, the corporation should be consulting with legal counsel who will assist in interpreting the termination provisions and advise as to what steps should be taken to comply with the contract.