

## Condo vs. House Purchase: What are the differences?

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When purchasing property, you are purchasing the title to the land and whatever is situated on the land including the structure. The most common types of titles are fee simple (stand-alone houses) and condominiums (from free-standing units to duplexes to large multi-unit buildings). As part of the home buying process, you will need to decide whether you are in the market for a house or a condo.

The following are five key differences between owning a condominium and a stand-alone house:

### 1. Ownership

Condo: You own the unit itself which generally refers to the interior walls of one unit within the whole of the Condominium development; and a share of common elements in the development being your proportional share in the whole. The common elements refer to all the shared aspects of the Condominium, and typically include the exterior of the building(s), the green space, shared services such as amenities and grounds maintenance.

House: You own the whole of the title including all structures located on the land.

### 2. Regular Maintenance

Condo: Due to this fractional interest in the common elements, you become partly responsible for funding the maintenance and operation of those common elements. Generally, each unit holder will make an initial contribution to a reserve fund and pay a monthly fee as a contribution to the common elements.

House: As the sole owner you are required to attend to payment of ongoing costs of the house, but you have the option of selecting the contractor you want to complete the work, or completing work on your own where appropriate.

### 3. Major Repairs

Condo: Each condominium has a reserve fund to help pay for substantial repairs or upgrades to the development. It would be wise to review the reserve fund of the condominium before purchasing to ensure that there has been sufficient savings in recent years to address future substantial expenses. For example, if the roof needs to be re-shingled, and insufficient funds

have been saved to date, you may see a significant increase to your common element fees to come up with the required funds for the repairs.

House: You are solely responsible for the cost of any major renovations to the property. In the event that you have a significant expense, you would have the option to ask your lender about advancing funds on your mortgage to cover some of significant expense so that you can pay it over time.

#### **4. Decision Making**

Condo: Another consideration when purchasing a condo is the involvement of the condo board that is responsible for managing the condo development. It is essential that you review the rules and by-laws fully so that you can consider all the rules that may be imposed on this property – from how many parking spots you can access – to whether or not you can have pets in the property – to whether you can rent out the unit to third parties; condo boards have the authority to establish limits on what you can and cannot do with your unit. You should also review the disclosure so that you understand how individuals are elected to the board and how voting works for this condominium.

House: For the most part you are allowed to use the property in the fashion you chose. You will want to ensure that you check with your insurance company if you're going to change who is residing in the property. Of course, you must continue to follow all pertinent bylaws within the city or community where the house is located.

#### **5. Property Aesthetics**

Condo: Typically, within the confines of your unit you are permitted to decorate as you see fit. However, you have very little control over the exterior look of the units as that is decided collectively by the condo board.

House: You have control over both the interior and exterior look of your property. However, some houses in certain areas will have a Development Agreement registered against the properties in the area which would contain certain rules that you will have to consider and follow when making any changes to the property. Your lawyer will tell you if there are any such registrations on the property you're purchasing and can obtain copies of it should you wish.

All in all, there are pros and cons to both house and condo ownership. It is important that you as a buyer carefully research each option before purchasing a property. If you have any questions about home ownership or buying a property, the team of experienced lawyers at Meighen Haddad LLP are able to assist you.

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