

---

## CHART 1: UNDERSTANDING CONDOMINIUMS AND CO-OPERATIVES

---

Condominiums and Co-operatives are legal structures that define both the exclusive rights and the shared rights of individuals who purchase a unit/percentage interest in buildings created as one of these types of legal entity.

### IMPORTANT FEATURES OF CONDOMINIUMS AND CO-OPERATIVES FOR THE PURCHASER

Condominium	Co-Operative (No Shared Liability)
Purchaser acquires ownership of an individual unit by a Deed.	The co-operative corporation is the only registered owner of property (registered on title); purchaser does not own unit but acquires shares in the co-operative corporation and is a shareholder in the corporation.
Purchaser acquires ownership to individual unit by a Deed pursuant to provisions of the <i>Condominium Act, 1998</i> .	Purchaser acquires the exclusive right to occupy a specific unit through a Lease, or Occupancy Agreement, not a Deed.
Purchaser acquires a percentage interest in the common areas of the building.	Purchaser acquires a percentage interest in the building commensurate with the percentage interest represented by his/her shares, based on the size of the subject unit.
Purchaser becomes a member of the condominium corporation which: (a) manages the affairs of the building on behalf of the members according to the <i>Condominium Act, 1998</i> , and more particularly the Declaration, By-laws and the Rules and regulations; and, (b) represents the interests of the Owners.	Purchaser becomes a shareholder of the co-operative corporation which: (a) owns and manages the affairs of the building on behalf of the shareholders according to the Co-operative/ Shareholder/ Occupancy Agreement, the Corporation's By-laws, and/or private contracts, and the Rules and regulations; (b) grants exclusive occupation rights to shareholders of a specific unit; and, (c) represents the interests of the Shareholders.
Purchaser can individually finance her/his own unit. Large numbers of lending institutions finance purchases of condominiums and/or grant loans on these types of properties.	Purchaser can finance the unit, using his/her shares and leasehold interest in the unit, only if there is no prohibition on pledging shares as security.  Only a few lending institutions finance these types of purchases of shares and/or grant loans on these

---

MARTIN K.I. RUMACK  
202-2 ST. CLAIR AVENUE EAST  
TORONTO, ONTARIO  
M4T 2T5  
TEL: 416-961-3441  
FAX: 416-961-1045

Condominium

Co-Operative (No Shared Liability)

types of properties.

Owner receives an individual property tax bill.

Shareholder is assessed for a percentage share of common expenses, based on the size of unit in comparison to the whole building.

Purchaser is assessed for percentage share of common expenses, based on the size of unit in comparison to the whole building.

Shareholder pays for his/her percentage share of property taxes as a part of their monthly common expenses. The co-operative building is assessed and taxed as one structure. Shareholder does not receive an individual tax bill.

The *Condominium Act, 1998* requires a Reserve Monetary Fund to be established for maintenance of building. Must comply with the provisions of the Act and generally with the Reserve Fund Study. Study must be updated every 3 years.

No legislation requiring a Capital Reserve Fund to be established for maintenance of building. Most co-operative corporations do have a Capital Reserve Fund for maintenance of building. No legislation exists requiring or outlining requirements for a Reserve Fund Study. No legislation exists requiring compliance with the recommendations of a Reserve Fund Study.

Owner can participate in management decisions by sitting on the Board of Directors and voting as a member of the condominium corporation at Annual General Meetings.

Shareholder can participate in management decisions by sitting on the Board of Directors and voting as a shareholder of the co-operative corporation at the General Annual Meetings.

Owner is subject to the Declaration, Rules and regulations, and By-laws of the condominium corporation.

Shareholder is subject to the co-operative/shareholder/ occupancy agreements, Rules and regulations, and the By-laws of the co-operative corporation and other contractual documentation.

Owner does not need consent of the other owners or the condominium corporation to sell his/her unit.

Shareholder does need consent of the Board of Directors of the co-operative corporation to sell shares, assign Lease for unit and to rent unit, which is not unreasonably withheld. There is the odd exception. Buyer / existing shareholders require consent to pledge of shares as security for a loan and to rent their unit.

Owner does not need consent to rent or mortgage his/her unit.

Purchase of a unit should be subject to receipt of a Status Certificate which identifies any outstanding or pending payments, special assessments, or legal actions, re:

Purchase of a share should be subject to receipt of an Estoppel Certificate which identifies any outstanding or pending payments, special assessments, or legal actions in connection with

MARTIN K.I. RUMACK  
202-2 ST. CLAIR AVENUE EAST  
TORONTO, ONTARIO  
M4T 2T5  
TEL: 416-961-3441  
FAX: 416-961-1045

---

**Condominium**

the unit or Corporation, amongst other items together with all other documents required to be included.

Condominium corporations must have, with certain limited exceptions, yearly audited Financial Reports issued to all owners and are almost always managed by a professional Management Company but may be self-managed.

**Co-Operative (No Shared Liability)**

the unit or Corporation amongst other items, together with all other documents which are included.

Co-operative corporations may (but are not required to) have yearly audited Financial Reports issued to all shareholders and are self-managed or managed by a professional Management Company.

---

These materials have been prepared to provide information of a general nature only. If you are interested in a Condominium and/or Co-operative, you should ensure that your Real Estate Agent and your Solicitor are knowledgeable about these types of ownership. The *Real Estate and Business Brokers Act* and the common law respecting the duties and obligations of Real Estate sales persons apply equally to the sale/purchase of both Condominiums and Co-operatives.

The above information cannot be copied without permission of the writer/solicitor.