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# An introduction to condominiums

## Condominium

Unlike an apartment building, where tenants rent or lease space from the owner of the building, each unit of a condominium is separately owned. Condominiums include jointly owned common property and common assets and are governed by a condominium corporation.

## Condominium types

The *Condominium Act, 2015* provides for several types of condominiums, such as conventional, bare land, phased development, converted, mixed use and condominiums on leasehold land.

## Condominium unit

A condominium is divided into units that are identified in the condominium plan. Units are typically intended for separate ownership and have a specified type of use (such as residential, commercial, recreational, storage or other). The number of units is determined by the condominium plan.

## Ownership

When you purchase a condominium unit, you own the unit and an interest in any common property and common assets. Units can be mortgaged or sold, and owners are shown on a condominium Certificate of Title in the Land Titles Office. In the case of a leasehold condominium, it's the leasehold interest that is mortgaged or sold.

## Creation of a condominium

A condominium and the condominium corporation are created after a developer registers the necessary documents in the Land Titles Office.

## Developer

A developer generally is the initial seller of condominium units to the public. Developers can include the builders of the condominium, as well as those who convert an existing building into a condominium.

## Common assets, managed real property and common property

**Common assets** are owned by a condominium corporation on behalf of the unit owners. The common assets may be personal property, like a lawn mower, or other property, like a land or building.

**Managed real property** is a type of common asset and is specific to attached buildings, like row housing, and refers to parts of a building that the condominium corporation is required to maintain, repair or replace. Examples include a shared roof, siding, exterior doors, exterior windows, etc.

**Common property** is a part of a condominium that is owned in common by all unit owners. Common property exists outside of the boundaries of a condominium unit. Examples include a lobby area, fitness centre, parking areas, pools and outside gardens.

The condominium corporation may give a unit owner or tenant permission to exclusively use common property and common assets.

## Condominium corporation

A condominium corporation is a legal entity comprised of all of the unit owners in the condominium. The eligible voters elect a board of directors to govern the corporation and perform the corporation's responsibilities.

## Change of control from developer to elected board of directors

The *Condominium Act, 2015* provides rules for the change of control from a developer to an elected board of directors.

**The first board of directors** is responsible for governing the condominium corporation until an elected board takes over at the first annual general meeting. The first board is appointed by the developer, who is responsible for the board's activities.

**The first annual general meeting** must be held when 50 per cent plus one of the units has been sold or within nine months of the sale of the first unit, whichever is sooner. During first annual general meeting, the new board will be elected from among the unit owners and other eligible individuals.

## Condominium fees

Unit owners are responsible for paying monthly fees to the condominium corporation. These fees allow the corporation to pay common expenses and are based on each unit's annual assessment of their share of common expenses, reserve fund contribution, and any other contribution to funds established by the condominium corporation under the *Condominium Act, 2015*.

**⚠ Note:** this fact sheet is based on the *Condominium Act, 2015* and its regulations which come into force October 1, 2022. It is intended as a simplified general resource and is not to be considered legal advice or legal opinion. Please seek legal advice about any specific issues.

## Reserve fund

To share the expense of major repairs of high-cost items, most condominium corporations keep a separate reserve fund. This would cover the repair or replacement of items such as roofing, siding, insulation and mechanical systems.

Reserve fund requirements do not apply to condominiums with two or fewer units.

The *Condominium Act, 2015* provides transition periods for pre-existing condominiums to establish reserve funds.

[📄 See fact sheet #2 for details on the reserve fund.](#)

## Insurance

A condominium corporation must obtain and maintain property insurance on the common property, common assets, and condominium units (apart from the bare land units). The insurance must cover the full cost, without deduction, of losses resulting from destruction or damage caused by perils (fire, for example) as specified in the regulations or bylaws.

Condominium corporations are not required to insure buildings and improvements on bare land units – insurance for these are the unit owners' responsibility. Bare land condominiums with attached units (such as row-housing) can have managed real property, such as a shared roof, siding, exterior doors, exterior windows, etc. For bare land condominiums, it will be a condominium corporation's responsibility to maintain and insure managed real property.

General liability insurance must be obtained by both the condominium corporation and the unit owners. The unit owner should get insurance for their own contents and belongings.

[📄 See fact sheet #3 for details on condominium insurance.](#)