

Essential Elements of a Condominium

What Is a Condominium?

A condominium – known as a strata title in some Canadian jurisdictions – is a form of ownership of real property in which the owner has title to a specific dwelling unit in a specific parcel of land as well as an undivided interest in the common areas (usually referred to as common elements) of the parcel. In a condominium, the owners have agreed to share ownership and maintenance of common areas, while keeping individual ownership of their own units. Although all of the units in a condominium are on a single surveyed parcel of land, a separate title is issued in the Land Titles Office for each unit.

Condominiums are often thought of as multi-story residential buildings, but this form of ownership can also apply to townhouse complexes, duplexes, individual houses, low-rise or high-rise residential buildings, retirement homes and dormitories as well as non-residential property such as offices, hotel rooms, retail shops, or storage.

What Do I Own When I Buy a Condominium?

When the condominium is part of a multi-unit building, the unit owner usually owns the internal unit space and is a shareholder in the condominium corporation which manages the condominium and makes decisions in respect of the common elements. The common elements would normally include the exterior of the building, the roof, lobbies, hallways, elevators, recreational facilities, walkways, gardens and grounds, etc. Common elements may also include structural elements and mechanical and electrical services. The cost of the operation, maintenance and ongoing replacement of the common elements is shared amongst the individual unit owners.

Some condominiums consist of units of land on a single surveyed parcel and the owner is able to construct an individual residence on their unit. In such condominiums, the common elements are likely to include walkways, grounds and potentially mechanical, electrical or other infrastructure. The members of the condominium corporation will be all of the owners of the units of land even though each unit has a separate residence constructed on it.

Similarly, when a duplex or triplex is a condominium, the common elements are often the roof and the electrical, mechanical or other infrastructure. The owners of the duplex or triplex units are, together, the condominium corporation.

The boundaries of the unit and an owner's share of the common elements are specified in the condominium's governing documents that are filed in the Land Titles Office. An owner's share in the condominium corporation will generally be calculated as a proportion of the value that each unit has in relation to the total value of all of the units in

the corporation. This percentage share will also be used in calculating the monthly fees that must be paid towards upkeep and renewal of the common elements.

What Does a Condominium Corporation Do?

The primary purpose of the Condominium Corporation is to manage the condominium's property and business affairs. The members of the corporation are the owners of the units. Its duties include setting up a Board of Directors, managing the common elements and paying common expenses, preparing the annual budget, collecting owners' fees, insuring the condominium, and holding meetings of owners.

Who is on the Board of Directors?

Membership on the Board is defined in the condominium declaration or its bylaws, and is governed by the *Condominium Act*. The board of directors will oversee the management of the corporation. Unit owners are usually entitled to one vote for each unit they own for each position on the board of directors.

The Condominium Reserve Fund

The purpose of a reserve fund is to ensure that there will be sufficient funds to replace major capital items, such as the roof, and make major repairs over the life of the condominium building. The amount in the fund should take into account the condition and life expectancy of all of the common elements in the building and the estimated cost to replace them over the life of the building. Owners' monthly condominium fees contribute to the fund.

Disclaimer: This information document is not legal advice, and must not be relied upon for legal purposes. This document is solely intended to provide an introduction to information about condominiums. Reference to this document does not replace nor excuse reference to the legislation for legal purpose where required.