



Ontario

# Condominium Living—

*Tips for buyers  
and owners*



Ministry of Consumer and  
Business Services



## IF YOU PLAN TO BUY A CONDOMINIUM

It's often said that buying a condominium is buying a lifestyle. What does that mean?

Condominium living is different from owning or renting a single dwelling, town house or apartment, because condos have a dual nature. Condominium owners hold title to their units and share responsibility for the operating costs of the balance of the property (common elements such as lobbies) that makes up the condominium.

There are many advantages to condominium ownership. It may be less expensive than other types of home ownership. It can provide an "instant" sense of community. While someone else is shoveling the snow, you can participate in community decision-making.

But condominiums are not everyone's cup of tea. Condominium corporations may set restrictions on such things as owning pets, or having an outdoor barbeque.

## ONTARIO'S NEW CONDOMINIUM ACT

Ontario's new *Condominium Act* provides better protection for consumers. It provides stronger protection for purchasers by setting out information (e.g. whether the developer intends to lease some of the units) to be provided when they buy a unit. It makes sure owners have a say in the way the corporation is run. It also establishes new types of condominiums.

If you want to change your mind and cancel the contract, the legislation gives you a 10-day "cooling off" period from the time you receive a copy of the signed purchase and sale agreement or the disclosure statement (whichever comes later). In some circumstances you may have additional time to cancel the contract if there has been a material change as defined in the *Act*.

## MAKING THE FINE PRINT CLEAR

Some new condo owners say they don't know what they're getting when they buy a condominium.

The developer must provide a table of contents as part of the disclosure statement. The table of contents will help the purchaser find information quickly and easily in the declaration, bylaws, rules or disclosure statement about such things as whether a building on the property has been converted from a previous use or any restrictions on pets.

Purchasers will want to look closely at the types of facilities and services that are offered. The Ontario Human Rights Commission has ruled that adult-only buildings discriminate against families. However, some condos do aim to meet the specialized needs of families with small children, for example, by providing playgrounds. Others may be built with seniors in mind.

## HOW IS THE CONDOMINIUM RUN?

The condominium corporation is run by a board of directors elected by the owners. The board's function is to manage the corporation.

A new requirement will ensure that if at least 15 per cent of the units are owner-occupied, one position on the board will be reserved for election by owner-occupants. In this way owner-occupants are assured representation on the board.

Major decisions are voted on at owners' meetings. Under the new *Act*, annual general meetings must be held within six months of the end of the condo corporation's fiscal year to ensure that unit-owners have an opportunity to review the financial statements in a timely manner. Participation in community decision-making is a benefit of condo-minium living.

## NEW KINDS OF CONDOMINIUMS

The new legislation makes possible new kinds of condominium developments:

- **"Phased" condo.** Although you may have seen condos marketed as "phased" in the past, they are really separate condominium corporations. Under the new *Act* units and common elements can now be added in stages, over a maximum 10-year period, as part of **one** condominium corporation.
- **"Common elements".** These are condominiums that consist only of common elements, but no units. For example, homes could be on separate pieces of land, with facilities such as a golf course or recreational centre as the common elements condominium.

- **“Vacant land” condo.** Under this type of condominium corporation the units can consist of vacant land and owners can decide later what to build. This may be suitable for a mobile home development, for example.
- **“Leasehold” condo.** These are units built on land that is leased by the developer—purchasers will never own the land. They buy a leasehold interest in the unit and common elements for a fixed number of years. This interest can be sold.

## IF YOU OWN A CONDOMINIUM

A performance audit requires an inspection of the common elements of new condominiums, such as the foundation, walls, doors, roof, parking garages and elevators.

This is to ensure that any major problems are found before the 12-month deadline for submitting warranty claims under the Ontario New Home Warranty Program. The performance audit also includes a survey of owners, which asks them about any damage to their units that may have been or may be caused by defects in the common elements.

## RESERVE FUND STUDIES

A condo corporation must maintain a reserve fund for the sole purpose of paying for major repairs and replacement of the corporation’s common elements and assets. Corporations are required to conduct a reserve fund study to determine whether the fund will cover these costs. Once the study is done, the board proposes a plan to ensure the reserve fund is adequate. All owners must be given a notice containing summaries of the study and plan and a statement indicating any differences between the two.

All existing condominiums must complete a reserve fund study by May 5, 2004. The fund must become fully funded within 10 years of the study. New condominiums must complete a study within one year of registration and the fund must be fully funded by the end of the following fiscal year.

## AMALGAMATION

The corporations of standard condominiums (for example, existing condos) will now be able to amalgamate. This could help lower costs and make administration simpler by pooling resources. A meeting of owners must be called to consider amalgamation with another condo corporation.

## CHANGES IN DECLARATIONS

A declaration is the “constitution” of the condominium corporation, and sets out what interest each owner has in the common elements and the percentage each must pay in common expenses.

To change the declaration you’ll need the support of the owners of at least 80 or 90 per cent of the units, depending on what is being changed. For example, under the *Act*, to change contributions to common expenses for each unit, 90 per cent would be required. If pet ownership is covered in the declaration, 80 per cent would be required.

## RESOLVING DISPUTES

The new *Condominium Act* allows for dispute resolution through arbitration and mediation. If mediation and arbitration don’t resolve the dispute the matter can still go to court.

## MORE INFORMATION

For more information contact the Ministry of Consumer and Business Services at 416-326-8555 in Toronto or toll free at 1-800-268-1142 from other parts of the province. Special electronic equipment for people who have hearing or speech difficulties is available at 416-326-8566. Or visit the ministry’s Web site at [www.ccr.gov.on.ca](http://www.ccr.gov.on.ca). If you have a specific problem, or are considering buying a condominium, you are advised to seek legal counsel.

*Please note: The effective date of the Condominium Act, 1998 is May 5, 2001, except for the subsection concerning the timing of annual general meetings. Its effective date is July 4, 2001.*