



CONDOMINIUM vs CO-OP

Condominiums and Co-Ops can be confusing, since physically both types of projects can look the same. Both are also considered common interest developments. The main difference between the two is what you actually own. Let's start with the definitions of these two estates. A **“Condominium”** means an undivided interest in common with the other condominium owners in a portion of real property together with a separate interest in space called a unit. A **“Stock Cooperative”** (also sometimes called a “Co-Op”) means a development in which a corporation is formed for the purposes of holding title to the improved real property, either in fee or by lease, and the shareholders receive a right of exclusive occupancy in a portion of the real property and title to which is held by the corporation.

When you purchase a condominium unit, what you actually own is the air space within the walls of the unit. This can either be in fee or by lease. The air space is shown and defined on the Condominium Plan, which shows the dimensions of each unit and their location within the boundaries of the project. You do not own the land that the condo project sits on. You will also own an interest in the common area of the entire project, which is also shown and defined on the Condominium Plan. The amount of this interest will be established in the Covenants, Conditions and Restrictions that govern the use of the entire project. Depending on how the condo project is structured, you may also own an interest in certain other improvements, such as patios, balconies, yards, garages, parking areas or storage spaces. These improvements can either be a part of a unit or a part of a common area. They will be shown and defined on the Condominium Plan. You will also become a member of the homeowner's association which is responsible for, among

other things, the maintenance and upkeep of the common areas, and you will be assessed dues, usually monthly, to help fund this maintenance and upkeep pursuant to the terms and conditions set out in the Covenants, Conditions, and Restrictions.

When you purchase a stock Co-Op, you are not purchasing any interest in real property or air space. You are becoming a shareholder in the corporation that holds title to the project. A share, or shares, of stock or a certificate of membership can evidence this. By becoming a shareholder, you receive a right of exclusive occupancy in a portion of the project. This right is customarily in the form of a lease between the corporation holding title to the project (the Lessor) and the shareholder (the Lessee). The portion of the project you gain the right to use will be described in the lease and will be shown and defined on a diagrammatic floor plan which can be recorded as a separate document or made a part of some other document. The use of this portion of the project will be regulated by some form of Covenants, Conditions, and Restrictions and may be further regulated by the terms of the lease. Just as with a Condominium, you will become a member of a homeowner's association with similar rights and obligations as outlined above.

Just remember that when you purchase a Condominium, you are purchasing the air space within your unit and an undivided interest in the common area. When you purchase a Co-Op, you are becoming a shareholder in the corporation that owns the project, and you receive an exclusive right to use a portion of that project.

Customer Service cs@caltitle.com | 844.544.2752
Los Angeles 100 N. First Street, Suite 404 | 818.382.9889
Orange County 28202 Cabot Road, Suite 625 | 949.582.8709
San Diego 2355 Northside Drive, Suite 310 | 619.516.5227

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