



How do the differences between *Condominiums*, *Planned Unit Developments* *(PUD)*, and *Townhomes* affect Title Transactions?

Orange Coast Title must request CC&R's (Covenants, Conditions & Restrictions) and Bylaws at the opening of every transaction involving Condominiums and PUD's so that the parties involved, escrows, homebuyers and lenders, can receive a copy in time to review prior to close of escrow. CC&R's will be reflected as coverage exceptions in the preliminary report and title policy.

CC&R's and Bylaws are the rules and regulations of the community. Buyers should be aware that CC&R's and Bylaws may be written so as to restrict **NOT** only property use, but also to restrict owners' lifestyles, for instance, spelling out hours during which entertainment, such as parties, may be hosted. CC&R's and By-laws are highly important and should be thoroughly examined and understood prior to purchase.

CONDOMINIUMS AND PUD'S common characteristics

1. Common ownership of private residential property;
2. Mandatory membership of all owners in an association which controls use of the common property;
3. Governing documents which establish the procedures for governing the association, the rules which the owners must follow in the use of their individual lots or units as well as the common properties; and a means by which owners are assessed to finance the operation of the association and maintenance of the common properties.

CONDOMINIUMS AND PUD'S differences

The owner(s) of a unit within a typical Condominium project owns 100% of the unit, as defined by a recorded Condominium Plan. As well, they will own a fractional or percentage interest in all common areas of the Condominium project.

The owner(s) of a lot within a PUD own the lot which has been conveyed to them, as shown in the recorded Tract Map or Parcel Map, and the structure and improvements thereon. In addition, they receive rights and easements to use in common areas owned by another, frequently a homeowner's association, of which the individual lot owners are members. The above are basic descriptions and should not be considered legal definitions.

TOWNHOMES

The terms Condominium and PUD refer to types of interests in land, not to physical styles of dwellings. A townhouse might legally be a Condominium, a unit or lot in a Planned Development, or a single family detached residence.

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