

COMMON INTEREST OWNERSHIP: WHAT ARE THE DIFFERENCES?

CONDOMINIUM • TOWNHOUSE • PUD • OWN-YOUR-OWN • CO-OP

PROPERTY TYPE	WHAT IT IS LEGALLY	OWNERSHIP	GOVERNED BY
Condominium	A single unit within a common interest development. The unit is its own legal parcel, defined as an airspace envelope on a recorded condominium plan. Found in high-rise and low-rise complexes alike.	Owner holds title to the interior space of the unit plus an undivided fractional interest in the common areas of the complex.	The association's board of directors, elected by owners, acting under the Bylaws and the Covenants, Conditions & Restrictions (CC&Rs).
Townhouse	A style of construction rather than a form of title: a multi-floor unit sharing at least one common wall with another unit (also called a rowhouse). Legally held as a PUD or a condominium.	Typically the owner holds title to the unit and the land beneath it, and shares title to any common areas. Some arrangements more closely resemble a condominium.	A homeowners association in most cases, elected by the residents, under recorded CC&Rs.
Planned Unit Development (PUD)	A single-family residential lot inside a development approved and recorded as a whole. Usually a detached home, with rights and easements for use of the common areas.	Owner holds fee title to the land and the improvements on it, and in addition may have rights and easements to use the common areas.	A homeowners association in most cases, elected by the residents; dues fund maintenance of the common areas.
Own-Your-Own Apartment	An older apartment building divided among its owners before modern condominium statutes, creating a tenancy-in-common style arrangement. Financing can be difficult to obtain.	Owner has a fractional interest in the entire property coupled with the exclusive right to occupy a particular apartment, and sometimes a parking space.	Usually a homeowners association, operating under an owners' agreement rather than condominium law.
Co-Op	A corporation owns the entire building and land. Residents own shares in that corporation rather than real estate, so the interest conveyed is personal property.	Shareholder owns stock in the corporation plus a proprietary lease giving the exclusive right to occupy a specific unit.	The corporation's board of directors; sales, sublets and financing typically require board approval.

DOCUMENTS TO REVIEW BEFORE YOU BUY

Bylaws — the association's operating rules, with legal descriptions of the units and common areas.

House Rules — what is and is not allowed in the common areas.

CC&Rs — private restrictions recorded against the use of the property.

CRITICAL QUESTIONS TO ASK

How large a reserve fund does the association hold for repairs to the common areas?

Is it enough to cover maintenance without special assessments to the homeowners?

Is the association involved in litigation against the builder — and if so, what is its status?



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