

the Black Book

EVERYTHING PRE-CONSTRUCTION GUIDE

ISSUE 1 / VOLUME 1

TOP 5

THINGS EVERY NEW CONDO
BUYER MUST KNOW

Before making the deal!

INVESTING

EVALUATING THE NUMBERS

Important factors every investor should
consider in their business model

THE 'IT' PROJECTS

FINDING THE PERFECT PROJECT

The needs and expectations of the
market both now and in the future.

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An insider's guide to everything you need to know before you commit to buying pre-construction real estate.

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DIANA QUINN

I would like to welcome you all to our ultimate guide to buying pre-construction. This guidebook will give you all the information and instructions to help you begin to understand pre-construction real estate.

Buying pre construction is an exciting proposition that needs to be planned and approached diligently and is different than purchasing a property that already exists.

Our experienced pre-construction team will guide you on selecting developers, buildings and neighbourhoods and how to use the new construction timelines to your advantage. We will introduce you to projects where first tier pricing is available, special incentives and unique offerings.

We have a strong reputation and professional network that will allow you to get in on new projects and specials before others know about them. Contact us for more information about purchasing pre-construction in the GTA.

“

RYAN SERHANT

**EXPANSION
ALWAYS,
IN ALL WAYS.**

”

The Buyer Journey

Buying pre construction is an exciting proposition that needs to be planned and approached diligently. When you choose to invest in a development before its construction, you are investing in a vision of the completed project based on designs, concepts, digital presentations by the developer. Yet, pre-construction projects offer deep discounts to buyers so they can attract financing. You also have the opportunity to be the first owner and have your first choice of floor plans, making the idea of buying pre-construction an attractive option. Here are some of the major things you need to know and steps to take when buying pre-construction.

PRE-SALE

STEP 1. GET IN TOUCH AND REGISTER WITH US.

This is how you can be the first to receive all the latest information about pre-construction condos in the GTA. You'll be up to date with today's ever-changing real estate market, and you will be notified of any new sales events or condominium projects that are launching.

Once you register you will receive full project details including brochures, floor plans, price lists and exclusive offerings and incentives. If the project has not yet launched, your name will be added to our priority list, so that we can let you know once the developer provides us with full details.

STEP 2. LIFE IS ABOUT CHOICES.

Sometimes it's the smallest decisions which can change your life forever. Selecting the best project and floor plans to maximize your return on your investment can be both an exciting and yet very overwhelming part of your condo buying journey.

We look for unique opportunities and appreciation drivers in the neighbourhood and together, we look through the floor plans and suite styles to determine what would be the best fit for your lifestyle and/or investment.

We will weigh the pros and cons of each you're considering and share valuable insight.

It may get confusing as there are so many projects, builders and units to choose from. This is where we can recommend 3-5 projects based on your objective and on appreciation potential.

Selecting the right builder is another important step. It is important to ensure that the builder you plan to buy a unit from is licensed by Tarion (Ontario's new home warranties and protections administrator).

The key to finding a pre-construction that you're happy with is to pick a variety of floor plans which suite your tastes.

Select a few which stand out and this doesn't mean you should settle, but the reality is that supply is limited and we can't guarantee you'll get every unit you want.

STEP 3. COMMIT AND YOU WILL GET RESULTS.

Once you've decided on a suite type, size and price range, you will be able to reserve a unit and submit a worksheet.

What is a worksheet? A worksheet contains your personal information and your suite preferences. You submit this document to us along with a government issued ID and proof of deposit to request to reserve a unit. It does not mean you are buying a unit quite yet, it just means that you are interested in purchasing a condo and would like one to be allocated to you. Your worksheet will be submitted and time stamped accordingly.

SALE

STEP 4. SIGNING ON THE DOTTED LINE

A few days after submitting your worksheet, you will receive an update from us. If you have been allocated a suite and would like to proceed, we will book an appointment with the builder's sales team to start the sales process and sign the Agreement of Purchase and Sale (APS). For your signing appointment, we want to ensure you have everything you need to successfully secure your suite:

- a. A copy of a valid form of Photo Identification. Acceptable ID is a driver's license, passport, permanent resident card. (SIN, Health Card and Birth Certificates are not accepted).
- b. A copy of the certified cheque or bank draft for the first deposit and post-dated cheques made payable to the Seller or Seller's Lawyer's trust Account.

You will not be able to purchase without these items. We will guide you through the signing process and answer any questions you may have during this time.

STEP 5. POINT OF SALE OPTIONS

Depending on the construction stage and type of home or condo, you may have the opportunity to choose some options.

STANDARD FEATURES & FINISHES

We encourage you to familiarize yourself with the included features for your purchase, which are outlined in your Agreement of Purchase and Sale, as this may differ from a model suite or artistic concepts. Please keep this in mind when purchasing appliances (if not included) such as fridges and dryers, as you have to select which way the door swings. Reverse Mirror Image Plan.

Depending on the type of unit you have purchased, the layout of your purchase may be a reverse mirror image of the floor plan shown in the marketing materials or Agreement of Purchase and Sale.

STEP 6. REAL LOVE IS UNCONDITIONAL

THE CONDITIONAL DEAL

After the contract has been signed with the developer comes a period where your purchase is conditional, commonly referred to as the "10 Days Cooling Off Period". By law, you legally have this period to review your purchase agreement and condo corporation documents.

Reviewing a condo corporation's governing documents provides an opportunity to learn important information about the condo corporation you are considering. The information found in a condo corporation's governing documents may be key to your enjoyment of your unit and could have an impact on your buying decision.

We strongly recommend you take this time to find a lawyer with experience in pre-construction purchases to help you review the contract.

If you change your mind during the 10 calendar days or decide you are not satisfied with the contract or condominium corporation documents, you have the right to cancel it at this time with no questions asked. There will be no financial penalties and your post-dated cheques returned to you.

DOCUMENTS TO REVIEW

Along with this guide, it is important to review and fully understand the information in the following documents that are generally required to be provided to purchasers by developers:

PRE-CONSTRUCTION AGREEMENT OF PURCHASE & SALE

The agreement of purchase and sale, sometimes referred to as the purchase agreement, contains important information about your rights and obligations as a condo buyer, the builder's rights and obligations, the unit, and the condo construction project. You may wish to review this document carefully with a legal professional.

TARION'S INFORMATION SHEET FOR BUYERS

All buyers of residential units in a standard or phased pre-construction condominium project where the first arm's length purchase agreement for the project was signed on or after January 1, 2020 must be given an information sheet that includes an outline of the possible risks of buying a unit in a preconstruction condominium project, in addition to other information (e.g., the estimated occupancy date for your unit and the status of construction).

TARION ADDENDUM

The Tarion Addendum (expected to be a joint Tarion/HCRA addendum if the HCRA is designated in early 2021) is a required part of the agreement of purchase and sale for a residential condo and contains important information that both the builder and condo buyer are required to agree to. Information contained in the Tarion Addendum includes the delayed occupancy warranty provided by the builder, in accordance with the Ontario New Home Warranties Plan Act. The Tarion Addendum also contains a Statement of Critical Dates and early termination conditions that apply to the agreement. In a disagreement or dispute about information contained within the agreement of purchase and sale and the Tarion Addendum, the Tarion Addendum prevails over the agreement of purchase and sale document and any other attachments to the extent of any conflict or inconsistency.

DISCLOSURE STATEMENT

Another very important document to review and understand is the disclosure statement which the builder is required to provide to condo buyers who buy directly from the developer or a person acting for the developer's benefit. This is required under section 72 of the Condo Act. Your agreement of purchase and sale is not binding on you as a buyer until you receive the disclosure statement and this Condo Guide from the developer. The disclosure statement includes a lot of important information, including but not limited to:

- A copy of the existing or proposed declaration, by-laws, and rules for the condo corporation.
- A summary of the agreements to be entered into by the builder before the turn-over meeting, including agreements for condo management services and services like repairs and landscaping, and

- A copy of the budget statement for the first year after registration of the condo corporation.

It is important to carefully review the disclosure statement, consult with a legal professional about it and ensure that you do not have any outstanding questions.

DEPOSITS

Generally, under the Condo Act, funds received by the builder of a condo project must be held in trust. This includes deposits and certain other payments covered by the purchase agreement. If a project is terminated, the builder is generally required under the Tarion Addendum to refund all monies paid, plus interest, if any, calculated in accordance with the Condo Act (for information on the interest rates, see section 19 (3) of Ontario Regulation 48/01 under the Condo Act). If the money is not refunded, then buyers may be able to make a claim to Tarion under the Ontario New Home Warranties Plan Act. Deposits and other payments by residential condo buyers are protected under the Ontario New Home Warranties Plan Act for up to a maximum of \$20,000.

COOLING OFF PERIOD AND RESCISSION OF AGREEMENT

Section 73 of the Condo Act provides you as a buyer with a cooling off period of 10 days to consider whether you want to proceed with the purchase. Section 73 allows you to rescind the purchase agreement by notifying the developer of your wish to do so within the 10-day cooling off period. This 10-day period begins on the later of the date on which you receive your agreement of purchase and sale executed by the declarant and the purchaser and your disclosure documents.

Within the 10-day cooling off period, you have the right to rescind or cancel the purchase agreement that you have signed for any reason whatsoever. Generally, you should also be refunded, without penalty or charge, all money deposited toward the purchase price, along with any applicable Page 8 interest (for information on the interest rates, see section 19(3) of Ontario Regulation 48/01 under the Condo Act).

Additionally, the Condo Act provides for a further rescission right where there is a material change in the disclosure statement. If there is a material change (i.e. an important change that would have caused a reasonable buyer to no longer want to proceed with the purchase, had that information been included in the disclosure received by the purchaser), then you may be able to rescind or cancel your purchase agreement during an additional 10-day cooling off period. This 10-day cooling off period starts from the later of:

1. the date that the declarant has delivered a revised disclosure statement or a notice to you confirming the material change;
2. the date that you otherwise become aware of the material change; or
3. the date that the Ontario Superior Court of Justice has determined that a material change has occurred.

GET PRE-APPROVED

Builders require that each buyer must provide a mortgage pre-approval for a minimum of 80% of the home/condo's value or a letter from your bank outlining the financial capabilities. Our team of mortgage experts can work with you through this process.

AFTER SALE

STEP 7. CONGRATULATIONS

If you are ready to proceed with your purchase, on the 11th day, your contract will automatically become firm and the first deposit cheque will be cashed. Congratulations! Please ensure to have all the funds ready and available in your account on the specified dates according to your agreement of purchase and sale to avoid any NSF fees.

DELAYS

Builders strive to complete your new home by your first tentative occupancy/close date. There is always the possibility of unforeseen construction delay when building. Your Statement of Critical Dates outlines that your occupancy/close date may change. We encourage you to review your Statement of Critical Dates (included in your Agreement of Purchase and Sale) which outlines that there is the possibility of an unforeseen construction delay.

Occupancy Dates & Delayed Occupancy A page of the Tarion Addendum within your agreement of purchase and sale contains a Statement of Critical Dates which must be signed by both the condo buyer and the builder. The Statement of Critical Dates sets out when the builder expects to finish the unit and the latest dates for permitted extensions. You should review these dates closely including the firm occupancy date and the outside occupancy date.

Note that condo construction can sometimes be delayed, which means you may not be able to take occupancy of your unit on the anticipated occupancy date set out in the agreement. This is called delayed occupancy. Your new home warranty coverage includes delayed occupancy coverage in certain circumstances. Details on the delayed occupancy warranty are provided in the Tarion Addendum in your agreement of purchase and sale. For more information about occupancy dates and delayed occupancy warranty, visit Tarion's webpage.

CONDO CANCELLATIONS

Pre-construction condo projects can sometimes be cancelled even after you have made a deposit on your purchase. This is because there are many stages in building a condo that may remain to be completed after you have made a deposit. The Tarion Addendum forming part of your purchase agreement must set out any conditions that may result in the condo not proceeding and therefore the potential termination of the purchase agreement. In these cases, it is the vendor who would terminate the agreement. These conditions may include, but are not limited to:

- Failure to sell enough units, Page 9
- Inability to secure financing for the project, or
- Delays in obtaining the required building or planning approvals.

It is important for you to be aware of the potential conditions when you are thinking of entering the purchase agreement. Buyers may wish to review the Tarion Addendum for identification of early termination conditions applicable to their purchase agreement. In most cases, if a condo project is cancelled, buyers are entitled to get their deposit back, plus any accrued interest, if applicable. The Condo Act also provides for interest to be paid based on an interest rate calculation (for more information on those interest rates, see section 19(3) of Ontario Regulation 48/01 under the Condo Act).

DESIGN

STEP 8. CREATE YOUR OWN STYLE

Make it your own and design your suite. While the condo is under construction, the developer's decor centre (typically 8 months from the purchase date) will be contacting you to pick your suite colours, finishes and offer and upgrades. This is your time to customize your suite.

The timing of your appointments are based on the construction schedule and the occupancy/closing date for your new home.

These one-on-one appointments with your dedicated Design Consultant is the time

THE TIME TO FULLY UNDERSTAND THE VALUE OF THE INCLUDED FEATURES IN YOUR HOME.

to fully understand the value of the included features in your home, available options, and to receive expert advice to ensure that your finishes are suitable to your lifestyle and aligned with today's housing market.

You can start by gathering inspiration from a number of sources: photos, Pinterest, magazines, etc. This will help you to define your own personal colour and style preference and will give your Design Consultant ideas to help them to tailor their recommendations when you meet.

What comes with your new home? Are there any options?

The standard finishes section your Agreement of Purchase and Sale outlines all the items that are included in your new home.

CONSTRUCTION

STEP 9. THE BUILD

The Schedule. Delays to your home's construction can occur due to a number of factors. Builders are required to keep you updated and informed of any changes to your occupancy/closing date. Typically, you can count on 90 days notice if they need to change your date. For more information, please review your Statement of Critical Dates in your Agreement of Purchase and sale or visit www.tarion.com

NEW HOME WARRANTIES PLAN ACT

Tarion's legal responsibilities and mandate come from the Ontario New Home Warranties Plan Act. In Ontario, all new residential condos are required to be enrolled in the Ontario new home warranty and protection program, administered by Tarion. If you purchase a new condo and there are warrantable defects (e.g., construction issues, unfinished work, etc.), you can report these to Tarion and your builder. If your builder does not fix the defects, Tarion may provide warranty assistance, if the item is warrantable. Be sure to visit the Tarion website for a breakdown of new home warranty and protection coverage and more information.

PRE-DELIVERY INSPECTION

This is your first opportunity to view your home prior to closing. A representative of the builder will guide you through a demonstration of your condo or home's features and mechanical systems. You will also have an opportunity to identify and note any concerns you may have with the property.

CLOSING

STEP 10. THE BIG DAY

When you buy a condominium, you are buying one unit within a multi-unit residential dwelling. Each unit is individually owned, but all unit owners share joint ownership of the common elements of the building.

INTERIM OCCUPANCY

Interim occupancy occurs in pre-construction condo projects when the developer/builder lets the buyer take occupancy in the unit before the declaration has been registered and the title can be transferred to the buyer. During interim occupancy, you cannot make mortgage payments until the condo corporation is registered. On the interim occupancy date, you can live in your unit, but it is important to note that you do not own it yet. Ownership of your unit can only be transferred to you once the condo corporation has been registered. During the interim occupancy period, you will be required to pay the developer/builder an interim occupancy fee, regardless of whether you move into the unit or not. The interim occupancy fee cannot be more than the total of:

- The interest (calculated monthly) on the unpaid balance of the purchase price at the prescribed interest rate;
- The estimated monthly municipal taxes for the unit; and,
- The projected common expense fees for the unit.

FINAL CLOSING

Shortly after the condominium corporation is registered, final closing takes place. This is when you will receive title of ownership for your unit. At this point, your mortgage will come into effect, enabling you to pay the balance of the purchase price for your unit, inclusive of any additional fees.

Condo Investing

The condo market is on the rise across in Canada as people look to improve their quality of life, downsize, and access affordable housing in desirable locations. You can take advantage of this movement through clever investments in key locations, generating reliable rental income and building equity in a way that's more affordable, less time consuming, and easier to manage than other real estate investments.

THE PERFECT PROJECT

FINDING THE PERFECT INVESTMENT CONDO

There are lots of things to consider when you're hunting for the perfect investment condo. Not only do you need to find a great suite in a fantastic location, but you also need to be aware of the needs and expectations of the market both now and in the future.

With a seemingly non-existent price ceiling in today's condo market, intense competition and difficulty getting in on the sales program at the very beginning – the prospect of snapping up a unit or even multiple is very attractive but sometimes a challenge.

Of course, there's no guarantee that prices will continue to rise, although we're unlikely to see any sharp declines, and will more likely see prices stabilize. This means that a condo remains a solid investment, but it's far from an easy money-maker. If you want to ensure a decent return on your investment down the road, you need to make some wise decisions when purchasing your unit. There are tons of options out there and not all developments are built equally.

Our job is to help you to evaluate all the potential investment opportunities and identify the one likeliest to help you reach your financial goals. Check out our top condo investment tips to help you make a profitable location and project choice:

TIP NO. 1 – CREATE A BUSINESS MODEL AND STRATEGY

A business model is an investor's plan for making a profit. Long-Term or Short-Term. People invest in property for many reasons, with some wanting to generate rental income to help pay the mortgage and others searching for a way to build equity on a long-term basis. While these two scenarios are not mutually exclusive, it's important to have a plan of attack before you purchase a condo. Along with deciding how you will capitalize on your investment, it's also important to think about timelines.

Your end goal and exit plan should influence your decision of where to buy, with some neighborhoods more likely to have a strong rental market and others more likely to experience healthy capital growth.

TIP NO. 2 – KNOW YOUR BUDGET

How much cash you have for a down payment will help to guide you to the right product. For example, if you have less than \$70,000, you're a better candidate for a resale condo investment property over a pre-construction condo. Today, you will need approximately 15% deposit paid within the first year. You will also need to budget for closing costs.

TIP NO. 3 – LOCATION: THE NEIGHBOURHOOD.

If your condo investment strategy is all about equity gains, look to Toronto Neighbourhoods that are on the rise. If you can invest in areas when prices are low, you'll reap the benefits in the years to come. More than just being on the look-out for a new Starbucks on the scene, commonly referred to as the Starbucks effect there are other indicators that a neighbourhood is up-and-coming.

TIP NO. 4 – LOCATION: REGIONAL GROWTH AND REVITALIZATION

Look for neighbourhoods receiving infrastructure upgrades.

TIP NO. 5 – WALKABILITY

How close is your condo to, well, everything? Driving is a serious drag, and people want to live in the heart of the action. Ideally, you want a place with a walk score of 90-100, a so-called “walker’s paradise”. Basically, a place where daily errands don’t require a car. Plus, you can rent out your parking slip.

TIP NO. 6 – LIFESTYLE FACTORS

Before investing in a condo, it’s important to understand what drives the market. Lifestyle factors are a key consideration, with people often choosing to live in condos as a way to improve their quality of life.

Whether you’re investing in a holiday condo or a trendy inner-city condo, you need to be aware of the lifestyle benefits of condo living.

From the culture of the surrounding area through to the sense of community that exists inside the building’s walls, when you’re buying a condo, you’re buying into a particular lifestyle.

TIP NO. 7 – COMMUNITY AMENITIES

It’s a bonus if there are amenities such as restaurants, dry cleaners, hospitals, schools parks. Amenities which support your lifestyle.

Don’t forget about the areas surrounding established neighbourhoods. As those neighbourhoods grow in popularity, gentrification and new condo supply starts being added adjacent to these high-value neighbourhoods.

TIP NO. 8 – COMMUNITY DEMOGRAPHICS

Who lives there? Is it a community of young professionals, families, students? Remember, these are your prospective renters.

TIP NO. 9 – YOUR TARGET AUDIENCE (TENANT)

You have a target audience for your purchase: the eventual tenant of your property, or future buyer if you're looking to sell right away.

Who is your ideal tenant?

Student: then a multi-bedroom unit close to transit or university/college is important and a quick walk to a grocery store.

Young Family: then a condo with family-friendly amenities and location is key. Look for multiple bedrooms, nearby parks and recreation, and proximity to top elementary schools. Extra points for commuter access, too..

Young families and urban singles: are the top markets for amenities. If your target audience is a young family, then look for family-friendly amenities like “hang-out” rooms, movie spaces, and parks.

Professionals: then picking a “hot” neighbourhood is key. Look for proximity to all kinds of transit, trendy shops and dining, top employers, and hip cultural centres.

TIP NO. 10 – MARKET FACTORS & PROJECT COMPARABLES

Firstly, you can look at historic growth patterns by month, quarter, and year, which should give you a good indication of how much growth certain neighborhoods are experiencing. It's always important to distinguish the condo market from the wider market, and look at how growth rates are changing over time.

What's the resale for comparable units in the same neighbourhood? How about the percentage of units sold? What has the average price per square foot for condos sold been? What about rental prices? If you will be renting out your unit, be sure you're investing in a hood that sustains higher rents. Because higher rents = more cash flow.

TOP NO. 11 – CONDOMINIUM AMENITIES

Modern condos often include amenities such as swimming pools, gyms, entertainment areas, saunas, rooftop terraces, BBQs, and more. Because these facilities are shared with other people living in the community, residents can enjoy them without the huge financial outlay of ownership. If you're investing in a condo as a way to generate rental income, a dwelling with lots of amenities is a great way to attract tenants. While the inclusion of amenities will raise the price of a condo, renters will pay much more for condos with extras.

Traditional amenities such as pools and gyms are often not enough with developers also including technology and wellness features in order to stand out from the competition. From fiber optic Internet and automated cleaning through to security systems and electric vehicle charging stations, smart devices are more important than ever. Health and fitness amenities are also an important part of the condo lifestyle, with yoga and wellness facilities joining gyms and tennis courts as they become part of the wider condo experience.

THE PERFECT SUITE

EVALUATING PERFORMANCE

A good pre-construction condo investment will do three things:

- 1.Appreciate
- 2.Build Equity,
- 3.and—assuming you’ve rented it out at a good price—generate positive cashflow. All with minimal effort.

You’ve identified the key location and project for you, but what about selecting the right floor plan to support your investment plan? We’ve put together some key tips.

Check out our top condo investment tips to help you make a profitable suite choice:

TIP NO. 1 - USE SPACE WISELY

Open concept plans, minimal hallways, clean shapes (no odd angles).

TIP NO. 2 - WINDOWS LIGHT SOURCES

Balconies, windows, and natural light sources are an important draw for many buyers. Plenty of natural light is more valuable than the unit’s placement within the building.

TIP NO. 3 - TWO BATHS

When looking at investment units, buyers will often look for two bedrooms, but compromise when it comes to bathrooms. Two plus two is so much better in investment terms as it means that two people (or couples or families) could feasibly share the unit, providing two sources of income.

It also means you could live in the unit — or at least keep one of the bedrooms and bathrooms as your own — while renting out the other bedroom and bathroom to a friend. Both of these situations become far less feasible when you lack that second bathroom.

TIP NO. 4 - PARKING & LOCKER

Many condo-dwellers don't need a parking spot simply because they don't have a car. However, buying a unit with a parking spot is a good idea for several reasons.

- Many people do still have cars, even if they don't use them that often. For example, downsizers probably won't be ready to part with their car completely.
- If your renter doesn't need the spot, you can always rent it out separately. There are tons of renting couples and families that have multiple cars and only one parking space with their own unit, so renting yours out should be easy.
- With so few parking spots and so many people, it can be very difficult to buy a space after the fact, so purchasing one with the unit is a good choice.

With condos getting smaller, renters will be looking for that extra space. A locker is always a value add!

TIP NO. 5 - VIEWS FROM THE SIX

While not essential, securing a view can add value to your investment. You have to pay for the privilege, of course.

A waterfront view is first and foremost stunning. There's nothing like gazing out of a window or from a terrace and watching the calm, glistening lake below. But it means more than that. Waterfront is limited and therefore precious.

All of these factors combined help to protect your long-term investment.

CARRYING COST

Another important factor that every investor should consider in their business model is the carrying cost of their investment.

The carrying cost is the total cost of holding or carrying inventory. A condo owner's carrying costs may include the mortgage, condo fees (such as maintenance), property taxes and insurance. One of the benefits to pre-construction condo investment is that owners can rent out their completed units to help pay down the mortgage which lowers the carrying costs.

CHALLENGES & BENEFITS

Buying a condo as an investment is very different to buying one as a home. While you still have to think about specific lifestyle factors such as location, community and amenities, you also have to analyze taxation, equity growth, rental income, closing costs, rules and by-laws. Once these hurdles have been overcome, however, condos offer a number of advantages over other real estate investments. Benefits include lower purchase prices, more reliable rental income, reduced maintenance costs, and a greater opportunity to build equity in many cases.

LOWER PURCHASE PRICE

Buying a condo can be significantly cheaper than buying a house. While the situation differs considerably from city to city and building to building, at the very least, condos provide investors with more opportunities to enter the property market at the ground level. Detached single-family homes can cost more to purchase than condos in the same location and the many unknown maintenances and up-keep costs.

RELIABLE RENTAL INCOME

Investing in a condo can be a great way to generate reliable rental income. There are lots of factors to consider when it comes to rental demand, from the condition of the property itself through to the location and rent price. While detached houses can also be incredibly popular in certain areas, a condo investment allows you to simplify the process by focusing on particular demographics and locations.

BUILDING EQUITY

There are three ways to generate funds from a real estate investment—cash flow, principal pay down, and appreciation. How much equity you can build with a condo investment depends greatly on the location, with some cities and neighborhoods growing much faster than others. Before making an investment, it's important to analyze market trends such as historical growth rates, time on market, and anything else that will give you an insight into supply and demand. While recent growth rates can help you to forecast future growth, it's particularly important to be aware of oversupply in the condo market.

REDUCED MAINTENANCE

While condo investments provide a number of benefits over traditional family homes, perhaps the most obvious benefit is the reduced maintenance involved. This is one of the key factors that distinguish a condo from a detached home, with condo owners not responsible for any maintenance to the exterior of the building. While condominium maintenance fees need to be paid every single month to cover costs, budgeting is much easier and there are no unexpected surprises. In contrast, people who own a detached house are responsible for all maintenance costs, which are often very expensive and ill-timed.

CHALLENGES OF CONDO INVESTING

There are some challenges associated with condo investments. Firstly, condo owners enjoy less freedom than other property owners, both in terms of how the dwelling is used and how much you can change it over time. While some people appreciate the control and security that a condo corporation provides, others may struggle with the lack of freedom.

We suggest new condo developments. These typically have much lower condo fees, are under warranty, and will take many years before significant renovations are required. Older condos, on the other hand, have much higher condo fees, are no longer under warranty.

Condo Assignments

The condo market is on the rise across in Canada as people look to improve their quality of life, downsize, and access affordable housing in desirable locations. You can take advantage of this movement through clever investments in key locations, generating reliable rental income and building equity in a way that's more affordable, less time consuming, and easier to manage than other real estate investments.

THE BASICS

GENERAL QUESTIONS

WHAT IS AN ASSIGNMENT?

An assignment is essentially a sale of a contract or right to acquire property.

An assignment is a transaction whereby the original purchaser (the "Assignor") of a property sells, and thereby transfers, their interest and obligations under the original contract to a new purchaser (the "Assignee").

The Assignee will generally assume all of the Assignor's duties and obligations under the original APS. These rights and obligations are stated in the original Agreement of Purchase and Sale and include terms such as interest payments, taxes and maintenance fees during interim occupancy. Upon completion, the Assignee is granted the title to the real property and will incur all final closing costs.

a) Assignor: An Assignor is the original buyer of the unit from the Builder/Developer.

b) Assignee: An Assignee is the buyer of the Agreement of Purchase and Sale from the Assignor.

IS AN ASSIGNMENT LEGAL?

An assignment is legally permitted unless otherwise expressly prohibited in writing in the original Agreement of Purchase and Sale. An assignment fee may be charged by the developer and is normally a cost borne by the Assignor (the original purchaser).

DO I NEED BUILDER'S PERMISSION?

You need to consult the Agreement of Purchase and Sale. Generally, Developers will not permit assignments without the Developer's consent, therefore every situation requires consultation with the Developer, us and your lawyer. Please note, there have been incidents where an unauthorized assignment has resulted in termination of the original agreement and the withholding of the deposit.

WHAT HAPPENS AFTER I RECEIVE CONSENT?

Our team will begin the process of listing your property for sale as an assignment. As the builder will not allow the listing on the MLS system, we will list the property through other mediums and methods of giving the property maximum exposure to buyers.

I HAVE A PROSPECTIVE BUYER, NOW WHAT?

When we have a buyer for the property we will begin the negotiation. It is only after we have worked out the deal with the prospective buyer that we would apply for the consent to the transaction from the Builder.

There are two contracts that need to be completed. OREA Form 150 Assignment of Agreement of Purchase and Sale Condominium and OREA Form 145 Assignment of Agreement of Purchase and Sale (including applicable schedules.) In most cases, the Developer will have its own form as well.

CAN THE ASSIGNMENT BE MARKETING ON THE MLS?

It all depends on whether the developer permits advertising of the assignment. Refer to the original Agreement of Purchase and Sale to see if there are any prohibitions against listing the assignment or consult the Developer (Most Agreements of Purchase and Sale contain such a prohibition).

WHAT IF THE CONSTRUCTION, OCCUPANCY, CLOSING OR UNIT TRANSFER DATE IS DELAYED?

In the event of a delay, the assignment is still valid: the Assignee has agreed to take on their agreement and all responsibilities involved in it.

THE FINANCIALS

WHAT IS THE COST OF ASSIGNING AN APS?

Our team will begin the process of listing your property for sale as an assignment. As the builder will not allow the listing on the MLS system, we will list the property through other mediums and methods of giving the property maximum exposure to buyers.

WHEN DOES THE ASSIGNOR GET THEIR MONEY?

In an assignment, depending on the closing date and the terms of the assignment agreement that Assignor and Assignee agreed on, the Assignor is usually paid when:

- a) the Assignee gets possession or occupancy or,
- b) when the original seller approves the assignment, if applicable or,
- c) when the Assignee obtains legal title.

WHO GETS THE INTEREST, IF ANY, PAYABLE BY THE BUILDER ON THE ORIGINAL DEPOSITS?

Unless otherwise specified, the interest is likely to be paid to the Assignor.

WHO PAYS THE INTERIM OCCUPANCY COSTS?

Once assignment is finalized, the Assignee will typically pay occupancy costs through to the final closing and will pay the final closing costs unless specifically negotiated otherwise.

DOES THE ASSIGNOR HAVE TO CLAIM CAPITAL GAINS FOR TAX PURPOSES?

Clause 10 of Form 150 addresses capital gains for non-residents. Whether a resident or non-resident, the Assignor should discuss this question with a tax advisor.

OTHER THINGS TO CONSIDER

TIME

It takes a little longer to put together an assignment deal because of all of the matters noted above.

HST IMPLICATIONS

The original buyer has to have intended that the property be his own residence for the assignment to be exempt from HST. If the buyer did not so intend, HST may be applicable to the transaction. From the buyer's perspective, the original buyer should warrant that HST is included in the purchase price. This may be difficult or be an issue where an original buyer has bought multiple units.

PROGRESS REPORTS

The new buyer should agree to keep the original buyer posted on the progress of the transaction with the Builder. This is because once the new buyer has been granted the assignment, the Builder will no longer have to deal with the original buyer, and the original buyer will therefore not be aware of the progress of the transaction and when he will be paid. This can be put into the schedule to the agreement.

ADDITIONAL CLAUSES

Even though the Builder may not have agreed to it in its assignment agreement, you should consider putting in a clause expressly allowing the original buyer to complete the transaction with the Builder if the new buyer does not.

FEES

There are extra legal fees on assignments associated with drafting and reviewing the schedule and agreement as noted above, as well as with the multiple closings associated with an assignment transaction [the new buyer's lawyer has to close with the Builder and with the original buyer's lawyer]. Some lawyers do not deal with assignments and you should select a lawyer for each side who is familiar with this process.

Frequently Asked Questions

Toronto offers excellent investment opportunities. Our clients often ask us many important questions about Toronto's real estate market. How to make the best decisions? What to buy? And Where to buy? Here are answers to some of the most frequent and important questions.

GENERAL QUESTIONS

WHY SHOULD I BUY PRE-CON AND NOT RESALE?

You get to own something new, never lived in, state-of-the-art amenities and modern finishes. You're able to customize it and make it your own. The best part, pre-construction is often cheaper and appreciation is higher and more rapid.

WHY DO I NEED A REAL ESTATE AGENT WHEN I CAN GO STRAIGHT TO THE BUILDER?

The best thing you can do for yourself when you buy a pre-construction is to use an experienced realtor, we protect your interest and not the developer's. Skilled agents can guide you on selecting developers, buildings, and neighbourhood, share inside information on projects and developer's negotiability.

We specialize in pre-construction and will help you use the timelines to your advantage, as well as introducing you to projects where first tier pricing is available. We have a strong professional network that will allow you to get in on new projects before others know about them. This means more savings for you, first opportunity to select the unit you really want and extra incentives when buying

WHERE IS THE BEST PLACE TO BUY A CONDO TO MAKE THE MOST ON MY RETURN?

There is no magic answer. Every buyer, neighbourhood and timeframe is unique. Some questions to ask yourself:

- Goals & Intentions – are you an investor, do you intent to live or rent your unit
- Price Range – We are able to provide you with several options within your budget
- Lifestyle – do you prefer boutique buildings, luxury amenities, subway access, shopping?

HOW MUCH MONEY DOWN WILL I NEED AND WILL MY DEPOSIT BE PROTECTED?

One of the main differences when purchasing a pre-construction vs. a resale is the way it is financed. On a resale condo, you can put down as little as 5% towards the purchase price. A typical deposit for a pre-construction condo suite for a Canadian, buying from a builder is 20% of the purchase price. A typical deposit structure may look like this:

Here is an example of a typical deposit structure:

- \$5,000 with the offer
- Balance of 5% in 30 days
- 5% in 90 days
- 5% in 180 days
- 5% at occupancy

Your deposit is fully protected by the Condominium Act and your closing fees will include a Tarion Warranty Corporation enrollment fee that provides deposit protection of up to a maximum of \$20,000.

Deposits are generally required to be higher in the beginning of a project, as the bank that is financing the building will have set this as a requirement. Closer to the completion of the project, deposit structures may become more negotiable.

WHICH EXPOSURE IS BEST FOR RESALE?

Get your compass out! What direction does the balcony or your primary window face? Natural sunlight not only helps save on your hydro bills, but it can also help on your heating bills in those very cold winter months. Direct eastern exposure (sunrise) often is too warm. The same scenario can have detrimental effects in the summer months when you will heavily rely on the air conditioning to cool down your unit. Northern exposure will be less bright and will offer little-to-no direct sunlight for 6-7 months out of the year.

By far, the most preferred exposure has to be southwestern. It's the best of both worlds with less direct ambient heat, but a good amount of natural sunlight.

WHICH FLOOR IS THE BEST FOR RESALE? HIGHER OR LOWER?

You will have a better view on a higher floor but it will cost you (averaging of \$1,000+ per floor), and it will sell for a higher price when you're ready to sell. If you're buying for investment purposes, chances are you could charge more rent for a higher floor, and in some cases, if the view is really amazing, you will be involved in a bidding war for your rental. Higher floors also have less street noise pollution.

ARE NUMBER OF ELEVATORS IMPORTANT?

Having too few elevators or slow elevators might result in painfully long waiting times, especially during prime times, such as early mornings and evenings. The number of elevators vs. the number of units (volume of people) is an important factor to check.

CAN I OWN MULTIPLE PROPERTIES IN THE SAME BUILDING?

Yes! You can definitely own multiple properties in one building, although the government will ask you to designate one as your primary residence. Any additional properties are considered an investment and may be subjected to HST at final closing. Some developers may limit the number of units purchased by one person. The second purchase may be subject to a higher deposit structure.

MY FIRST DEPOSIT CHEQUE HASN'T BEEN CASHED. WHAT IS TAKING SO LONG?

This is very common in newly-launched developments. The first cheque is usually cashed 10 days after signing the contract, but sometimes, if it's a busy release and the developer has sold a lot of suites in a short amount of time, your file will take longer to process and your cheque may take longer to cash. This isn't uncommon, so rest assured, your file will be processed as soon as possible.

WHAT IF I MISS A DEPOSIT?

You will be subject to a non-sufficient fund fee (NSF). Avoid non-sufficient-fund (NSF) fees! It is easy

One thing we advise our clients to do is to set reminders on your calendar for the post-dated cheque withdrawal dates. It's very easy to forget and if you neglect to have the amount in your account, you will get charged a NSF fee, which could be anywhere from \$250 to \$750. Understandably, this is not fun, especially if you aren't expecting it. Plan ahead!

WHAT HAPPENS WHEN I GET A PRE-APPROVAL FOR A MORTGAGE TODAY BUT IN THE FUTURE, MY SITUATION CHANGES AND I CANNOT CLOSE?

Life changes and sometimes it's beyond our control. At times of purchase, some builders will offer an incentive called an "assignment". This allows you to sell your contract to another buyer prior to closing. There are rules and stipulations around this type of sale and at time, developers may charge a fee.

WHAT IS AN INTERIM OCCUPANCY FEE?

During the "Interim Occupancy phase", it is safe and legal to live in your suite, but the building is still awaiting full completion and can't be registered. This means you can live there (or rent it out if you have permission in writing from the developer), but you don't have ownership title and you can't yet register a mortgage.

This period could last anywhere from a few months to two years. During this timeframe, you will be paying a form of rent, also called "occupancy fees" to the developer. This is usually paid monthly and consists of interest on the unpaid balance of the unit's purchase price, an estimate of property taxes and maintenance fees.

WHAT SHOULD I EXPECT AT CLOSING?

There are additional costs at closing, along with some specialized paperwork. Aside from the down payment you give to the developer, be prepared to set aside four or five percent of the final purchase price for final closing costs. We'll guide you through this process so it seems less overwhelming.

CAN I RENT OUT MY UNIT?

Some developers prohibit renting out a unit for up to a year after closing. Others limit the use of amenities to owners. If you may want to find a tenant down the road, double check the building's policy.

WILL MY CONDO FEES GO UP EVERY YEAR?

Maintenance fees are direct share of the cost required to run the building. There are many different factors that add to the total cost. The utilities available, different amenities, the location, and even the age of the condo all play a significant role. Pre-Construction maintenance fees are based on the interior space on the suite only and is not calculated using the balcony, terrace or exterior space. The maintenance fee that is included in your agreement of purchase and sale is typical for what you will pay during the first year. There is a condominium reserve fund for each building and it's up to your condo board to manage these funds. If managed properly, fees should not include The maintenance fee that is stated on the sales agreement is usually what you will pay for the first year. There is a condominium reserve fund that is in place for every building and it's up to your condo board to manage these funds and decide how they will be used. During the first few years, there's not much to maintain, as the building is new. These days, in newer buildings, the maintenance fees often don't include Hydro, water or heating and cooling, which means you have control over your consumption. This could result in your fees staying lower, although keep in mind that it's likely for fees to increase approximately three to five per cent a year to cover inflation.

HOW ARE COMMON EXPENSE FEES CALCULATED?

Condo boards make a budget every year which outlines various expenses for the fiscal year that are to be paid by the owners. The condo corporation's declaration will state the portion of the common expenses each owner is required to contribute, expressed as a percentage. The percentage may, but need not, relate to the size of your unit. The amount of common expenses you are required to contribute may fluctuate (e.g., increase) for various reasons (e.g., as the needs of the condo corporation change). Section 56 (1) of the Condo Act also permits condo corporations to pass by-laws governing the assessment and collection of common expense fees.

The Closing Costs

These hidden costs vary, depending on the value of the home or condo, municipality, and whether or not you're first-time home buyer, investor or smart-sizer.

MOST COMMON PRE-CON CLOSING COSTS

INTERIM OCCUPANCY VS. FINAL CLOSING

The developer must charge the interim fees at-cost and the Condominium Act explicitly outlines that real estate developers are not able to make a profit through these fees. Simply put, developers are incentivized to ensure that this period is as short as possible because they'll only make a profit once final closing arrives.

The fee is made up of three components:

1. Estimate of monthly municipal property taxes
2. Condominium Fees (similar to maintenance fees, costs involved in running and operating the building).
3. Interest on your unpaid balance of the purchase price. Simply put, you're paying off the interest the real estate developer owes to the bank for your unit.

DEVELOPMENT CHARGES

Development Charges (also known as Development Levies) are fees the local municipal government charges all property developers for any new residential property built. The idea is that that government makes the developer share in the overall cost of adding new homes to a community by making them help pay for expanding local public infrastructure.

Development charges pay for things like new additions to an area such as new roads, parks, school, sewage lines, electrical lines, etc. A portion of these costs are typically passed on to the new home buyer.

This is one of the most substantial fees you will come across. Strong negotiations on ensuring there is a cap on development charges are super important, to avoid any surprises at closing.

TARION WARRANTY

All new homes in Ontario come standard with a Tarion warranty, but you must pay for it at closing.

LEGAL FEES

These fees get paid to your lawyer and will really depend on who your lawyer is and what their hourly rate is. Total closing fees payable to your lawyer are typically around \$1500-\$2000. Always shop around for competitive rates and experienced lawyers.

LAND TRANSFER TAX

Whenever residential property is sold (whether pre-construction or resale) in Ontario, both the provincial and municipal governments charge the buyer a tax for transferring the property from the outgoing property owner to the new one. This tax is payable by the buyer upon closing. For properties under \$500,000, Land Transfer Taxes typically amount to 2% of the purchase price – 1% paid to the Ontario government and 1% paid to the municipal government where the property is located.

To make it simpler, we recommend using the following land transfer tax calculator to find out the approximate amount you'd be paying.

HIDDEN MISCELLANEOUS FEES WITHIN YOUR AGREEMENT OF PURCHASE AND SALE.

Your agreement of purchase and sale will contain miscellaneous builder charges and administrative fees. Some examples are provided below:

- Non-Sufficient Funds (NSF) or Returned Cheque Fee
- Vendor Solicitor Fees
- Fee to bring the Agreement back into good standing after default
- Purchaser delay of Closing Date
- Missed or insufficient notice for design centre appointment

HST

Unlike a re-sale unit, a new-build requires you to pay HST on top of the purchase. Having said that, most pre-construction project pricing usually include the HST. In fact, the builders get the HST rebate (a maximum of \$24,000) on your behalf. However, if the property is not your principal residence (i.e. investment property), you will be dinged with a tax bill of 13 per cent of your home's purchase price. If you're planning on using the home as an investment, make sure to budget for this additional tax. If this is an investment property, and you choose to lease out the unit for a minimum of one year, you could be eligible to apply for the New Residential Rental Property Rebate from the Federal Government. As indicated in the Ontario Fair Housing Act, there's also an additional 15-per-cent Non-Resident Speculative Tax (NRST). Again, if you're not a Canadian Citizen, or a non-Permanent Resident holder, make sure to budget for this tax as well.

UTILITY CONNECTIONS

All utilities for new condo buildings have to be setup and connected (water, hydro, gas). Your fee will vary depending on the size of your building as the cost is shared amongst all unit owners

Glossary of Terms

WHAT IS A CONDOMINIUM?

When most people hear the word “condo” they may think of a single residential tower or maybe a townhouse, but what “condo” really refers to is a specific kind of real estate ownership structure that involves shared ownership of common elements and community decision making. This means that a condo could resemble a park, parking lot, or even an empty field. If you are considering purchasing property in a condo corporation, it is important to understand upfront that condo living involves shared ownership and therefore a responsibility to your community.

Unlike when you own a traditional house, when you purchase a condo you become part of a condo community and become responsible for paying your share of the common expenses and complying with the condo corporation’s governing documents, among other things. You will also be able to participate in condo governance by, for example, voting for directors.

A “condo” is also a type of corporation. A condo corporation is responsible for making decisions about the condo property on behalf of the owners. A condo corporation may also get a condo manager/management services provider to help manage the property and the affairs of the corporation on the corporation’s behalf. The condo property is described in certain documents that must be completed and officially registered to establish the condo corporation. Those documents specify how the land is divided into units and common elements, as applicable. The owner of the land where the condo corporation is being established arranges for those documents to be registered with a Land Registry Office. That owner is known as a “declarant”, who may be the developer of the land. The condo owners (e.g., unit buyers) are the members of the condo corporation. The Condo Act sets out rights and responsibilities related to the management of a condo, including rights and responsibilities of condo owners and condo boards.

AGREEMENT OF PURCHASE AND SALE

The Agreement of Purchase and Sale contains important information about your rights and obligations as a condo buyer, the builder's rights and obligations as seller (as applicable), the unit, and the condo construction project.

BY-LAWS

By-laws are part of the condo corporation governing documents. By-laws govern how a condo corporation operates. By-laws can cover topics such as: the size of your condo board, the process for electing directors, and the format of board meetings. By-laws must be consistent with the declaration and the Condo Act as well as reasonable.

CONDO CORPORATION

A legal entity that comes into existence when a declaration and description are registered with the Land Registry Office. All units and common elements are part of a condominium corporation, and condominium corporations are governed by boards of directors on behalf of owners.

COMMON ELEMENTS

The common elements are those parts of a condominium that are jointly owned by all unit owners: the lobby, other building amenities, parking garages, lockers, corridors, roof, balconies, garbage rooms, gardens and exterior amenities, private roads or parking lots, and any other spaces not owned by an individual owner. Your monthly condominium fees cover maintenance and insurance for these areas.

CONDOMINIUM BOARD OF DIRECTORS

Once the building is turned over to the Condominium Corporation by your builder, the Board of Directors is elected and is composed of volunteer residents. The board governs the Condominium Corporation and oversees its operations, both financial and physical.

CONDO MANAGER

An individual licensed by the Condominium Management Regulatory Authority of Ontario who is hired by a condo corporation to oversee a condo corporation's day-to-day operations. Condo managers are accountable to the board of directors of the condo corporation.

CONDO ACT

Condominium Act, 1998 (Condo Act): The Condo Act provides a legal framework that enables condo owners and their elected board of directors to make decisions about the governance of a condo corporation.

COOLING OFF PERIOD

Ten-day period within which buyers of pre-construction condos have the right to rescind, or cancel, a purchase agreement they have signed, for any reason whatsoever. Begins on the later of the date the buyer received the disclosure statement, a copy of this Condo Guide, and the copy of the agreement of purchase and sale.

CONDO DOCS

In addition to complying with all applicable requirements under the Condo Act, all owners, residents, employees of the condo corporation, guests and others must comply with the condo corporation's governing documents. It is very important that you read and understand a condo corporation's governing documents before purchasing a unit. If you are unfamiliar with the requirements set out in Page 23 your governing documents, you may unknowingly cause issues, requiring the condo corporation to respond to enforce the provisions found in these documents. The governing documents include:

1. The Declaration
2. By-laws; and
3. Rules.

The governing documents must be consistent with the Condo Act.

1. **The Declaration** is one of the foundational documents of the condo corporation. The declaration is often considered the constitution of the condo corporation and contains many important provisions. It will include:

- The proportions, expressed in percentages, of the common interests allocated to each unit;
- How much each unit will pay for common expenses, expressed as a percentage;
- Which parts of the building will be exclusive use common elements, which are often things such as balconies; and
- The responsibilities of owners and the condo corporation to repair and maintain the units and common elements.

2. **By-Laws** describe how the condo corporation is to govern itself. The by-laws can be considered the administrative guide for the condo corporation.

For example, by-laws may govern:

- How directors are elected;
- How common expenses are collected; and
- When/how the condo corporation can borrow money.

By-laws must be both reasonable and consistent with the declaration, as well as the Condo Act. Bylaws must be approved by the owners of a majority of the units

3. **Rules** regulate the use of the units or common elements or assets in a condo corporation. The condo rules will dictate what individuals on the condo property can and cannot do. Rules must either: promote the safety, security or welfare of the owners, property, or assets of the condo corporation; or prevent unreasonable interference with the use and enjoyment of units, common elements or assets.

YOUR UNIT

In a condominium, it is important to understand what constitutes your 'unit' - the part of the building you own outright. Your agreement and condo documents describe the boundaries of your unit.

PROPERTY MANAGEMENT

The builder typically contracts an external company as the Property Manager to oversee the day-to-day management of the condominium and act on behalf of the Condominium Corporation. Once the Condo Board of Directors is established, they may choose to extend or replace the property management contract.

PRE-DELIVERY INSPECTION

A very important step for identifying potential issues or deficiencies is the pre-delivery inspection (PDI). A PDI is your chance to raise issues you notice with your new condo, such as incomplete construction, a damaged area, or an element of poor workmanship of the unit.

During the inspection, the builder of the condo will take you to inspect the new unit and may demonstrate the internal systems (such as air conditioning) of your unit. If you identify a defect during your PDI, your builder should note it on the PDI Form to establish that it existed prior to closing and thus was something not caused by you. It is your builder's responsibility to list these items and provide you with a copy of the completed PDI Form.

INTERIM OCCUPANCY

Interim occupancy occurs in pre-construction condo projects when the developer/builder lets the buyer take occupancy in the unit before the declaration has been registered and the title can be transferred to the buyer. During interim occupancy, you cannot make mortgage payments until the condo corporation is registered.

As your building nears completion, your developer/builder will advise you of your interim occupancy date. On the interim occupancy date, you can live in your unit, but it is important to note that you do not own it yet. Ownership of your unit can only be transferred to you once the condo corporation has been registered.

During the interim occupancy period, you will be required to pay the developer/builder an interim occupancy fee, regardless of whether you move into the unit or not.

The interim occupancy fee cannot be more than the total of:

- The interest (calculated monthly) on the unpaid balance of the purchase price at the prescribed interest rate;
- The estimated monthly municipal taxes for the unit; and,
- The projected common expense fees for the unit.

STATUS CERTIFICATE

Status Certificate: A document that anyone can request from a condo corporation and which contains important information about the unit and condo corporation.

STATEMENT OF CRITICAL DATES

The Statement of Critical Dates can be found in the Addendum to your purchase agreement. The Statement contains the dates you can expect to take occupancy of your unit, as well as other important information.

RESERVE FUND

A reserve fund is a fund that condo corporations use for major repair or replacement of common elements and assets as needed. The Condo Act requires that all condo corporations have a reserve fund. Adequate reserve funds and proper use of those funds are critical to maintaining the structural integrity of the condo corporation's property. Reserve funds may only be used for major repairs and replacements of the common elements and assets of the condo corporation. Condo corporations must collect contributions to the reserve fund from owners as part of their common expense fees. Condo corporations must complete reserve fund studies. Reserve fund studies are completed by certain specialists (e.g., engineers) and determine how much money needs to be in the fund to be able to pay for anticipated major repairs/replacements that will be needed in the future. Generally, after the first reserve fund study, reserve fund studies are completed/updated every three years.

COMMON EXPENSES

Common expenses, which are typically described in the Condo Guide as "common expense fees" (also commonly known as condo fees or maintenance fees) are collected by the condo corporation under the Condo Act. In addition to including a contribution to the reserve fund as described above, common expense fees may be used to fund:

- The cost of maintenance to the common elements (e.g., standard elevator repairs, cleaning).
- The cost of your condo manager or management service provider.
- The condo corporation's insurance policies.
- Services, such as garbage or snow removal, landscaping, security etc.

As an owner, you are required under section 84 (1) the Condo Act to pay your share of common expense fees attributed to your unit.