

Understanding Ownership

Definition: The right of one or more persons to possess and use property to the exclusion of all others. Real property ownership embraces a collection of rights to the use and enjoyment of the land.

In order to create more homes on California's limited and precious resource - the land - developers have created condominium projects, planned unit developments, community apartments as well as master planned communities. Corinthian Title Company is providing the following community descriptions to assist buyers in understanding the various types of housing available.

Standard Subdivision: A standard subdivision has no common or mutual rights of either ownership or use among owners of the lots. Purchasers own a single family residence, the lot and improvements.

Common Interest Subdivisions: Purchasers own or lease a separate lot, unit or interest, along with an undivided interest or membership interest in the common area of the entire project. The two (2) most prevalent forms of Common Interest Subdivisions in California are Condominiums and Planned Unit Developments (PUDs). These terms refer to interests in land, not the physical style of dwellings. A townhouse might legally be a condominium, a unit or lot in a PUD, or a single-family detached residence.

Shared characteristics of Condos and PUDs:

- Common ownership of private residential property
- All owners mandatory membership in an association which controls the use of the common property
- Governing documents which establish the association's procedures and rules the owners must follow in the use of their individual units and the common areas
- A means by which owners are assessed to finance the operation of the association and maintenance of the common areas

Differences between Condos and PUDs:

- Condominium owners own a fractional or percentage interest in common with all other owners of the Condominium Project in all common areas
- PUD owners receive rights and easements for the use of common areas through their membership in a homeowners' association, which typically owns and controls the common areas. Some PUDs provide that the individual homeowners own a fractional interest in the common areas. In all cases, the HOA regulates the use of common areas and issues assessments for their maintenance.

(continued on reverse)

Contact us today for all your title and escrow questions!

619-299-4800 ♦ 888-828-8490 ♦ CorinthianTitle.com

Understanding Ownership (continued from other side)

Distinguishing features of the six (6) common interest subdivisions typically found in California:

1. Condominiums

- a. An owner of a condo owns a fee simple interest in the air space in which the particular unit is situated and an undivided interest in common in certain other defined portions of the whole property. The area of the condo unit is described on a recorded final map, parcel map, or condominium plan in sufficient detail to locate all boundaries.
- b. An individual condo may also include a separate interest in other portions of the real property.
- c. An association and its elected governing board perform the management functions.

2. Planned Unit Developments (PUDs)

- a. Consists of parcels owned separately and lots of areas owned in common and reserved for the use of some or all of the individual lot owners. Or, the homeowners' association (HOA) may own the common areas and the individual owner has an interest in the HOA.
- b. Generally an owner's association provides management, maintenance, and control of the common areas and has the power to levy assessments and enforce obligations, which attach to the individual lots.

3. Stock Cooperatives

- a. A corporation, which is formed primarily for the purpose of holding title to improved real property, either in fee simple or for a term of years. All or substantially all of the shareholders receive a right of exclusive occupancy of a portion of the real property, which right is transferable only concurrently with the transfer of the share(s) of stock.
- b. Most stock cooperative projects are of the apartment house type, operated by a board of directors and including community recreation facilities. The homeowner's governing association is usually a nonprofit mutual benefit corporation.

4. Own Your Own also known as Community Apartment Projects

- a. A purchaser receives an undivided interest in the land coupled with the right of exclusive occupancy of an apartment located thereon.
- b. The control and management of the project is generally provided for in a declaration of restrictions. The owners may elect a governing board that operates and maintains the project.
- c. Community apartment projects may be taxed as though they were a single ownership. Ordinarily, community apartment projects are treated as though they are subject to blanket liens and encumbrances. Upon written request to the assessor and in conformance with Section 2188.7 Revenue and Taxation Code, individual interests in Community Apartment Projects are entitled to be separately assessed for taxation.
- d. Generally the owner's exclusive right to occupy an apartment is specified in the Grant Deed. Each owner also owns an undivided interest in the entire project as a tenant in common with all the other owners.

5. Timeshare Projects

- a. A timeshare project involves long-term rights to use real property for short-term use periods into which the offering has been divided (for example, the right to use a dwelling unit for two (2) weeks of each year for the next 10 years).

6. Limited Equity Housing Cooperative

- a. A limited equity housing cooperative is a corporation that meets the criteria of a stock cooperative and complies with the requirements of Section 33007.5 of the Health and Safety Code. The Health and Safety Code mandates conditions relating to financing, sale, and management to assure that limited equity housing cooperative provide decent housing for low and moderate income families.