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Difference between a Co-op and a Condo

We are often asked to explain the differences between a cooperative and a condominium. The day to day living is actually the same. However, the form of ownership as explained below is the main difference.

A condominium is considered real property. Each apartment owner owns an individual apartment and owns an undivided interest in the common elements of the building including the exterior walls, the roof, and lobby. A condominium owner has a deed to evidence ownership. All the apartment owners belong to the condominium association which, through its Board of Directors, provides for proper administration of the building and its finances.

A cooperative is also ownership of an apartment but in a different way. Cooperative buildings are owned by a non-profit corporation made up of the Shareholders who live there. When you purchase an apartment in a cooperative building, you actually purchase shares in the corporation and you receive a stock certificate. Those shares/stock certificate are tied to your specific apartment unit. The common elements of the building are owned by the corporation. The Shareholders make up the entirety of the corporation and elect a Board of Directors to provide for the proper administration of the building and its finances.

There are many advantages to ownership in a cooperative. Generally, a cooperative, and therefore each shareholder, has lower property taxes as the building is assessed communally as one corporation rather than the individual assessments that are levied for each condominium unit. In addition, closing costs are very low as no title search is necessary and transfer fees are minimal.