**General FAQ about Pre-Construction condos**

1. Will my condo be ready on time?

It’s a common belief that if you buy a condo during the planning and development stages, you’ll grow old before you even step through the front door of your condo suite. While this can be true, it’s not the norm, especially if you do your research to ensure you’re buying from a reputable builder with a solid track record.

Delays can be caused by inconveniences that are beyond the builder’s control (such as labour strikes or poor weather conditions), but top-rated condo builders will always make it their mission to stick to the development timeline as closely as possible. Be sure to [check the builder’s history on Tarion’s builder directory](http://www.tarion.com/_layouts/15/buildersearch/builder_search.aspx) before signing on the dotted line for your new condo. (<https://www.tridel.com/blog/frequently-asked-questions-about-buying-a-pre-construction-condo/>)

1. Why is the deposit structure so high compared to a resale condo?

One of the main differences when purchasing a pre-construction condo, opposed to a resale condo, is the way it is financed. On a resale condo, you can put down as little as 5% towards the purchase price. On a pre-construction condo, however, you are often required to have at least a 20% down payment. That amount may seem high but the full payment is broken up into smaller installments, made in what is usually referred to as the deposit structure. (taken from <https://www.ratehub.ca/pre-construction-condo>)

1. What is a Cooling off period?

After you have put a deposit down on a pre-construction condo, you will be given a short period of time to rethink your decision. Often referred to as a "cooling off" period, you can take the time to get your finances in order and make sure you are ready to go ahead with the purchase. You should also have your Agreement of Purchase and Sale reviewed by your real estate lawyer, during this time.

One thing we have to mention is that whether or not you are given a cooling off period, and the number of days that one gives you, varies from province-to-province. For example, the cooling off period is 10 days in Ontario (taken from <https://www.ratehub.ca/pre-construction-condo>)

1. Can I move into my Condo when my unit is complete?

When you buy a pre-construction condo, you may run into the situation where the builder lets you move into your unit before the rest of the building is done. This is known as your occupancy period and, because the building isn't complete, you won't actually be able to start making mortgage payments until after it is. Even though you won't be making mortgage payments, you will need to pay the developer an occupancy fee for each month that you live there until you eventually take ownership.

Occupancy fees and occupancy periods exist only in Ontario and are governed by the Ontario Condominium Act. The fee structure is designed to only allow the builder to break even on the occupancy fees. Any interest that is made on the monthly interest is to be paid back to you, and taxes are to be recalculated at the end of the occupancy period with any surplus being paid back to you as well. (taken from <https://www.ratehub.ca/pre-construction-condo>)

1. AMENITIES AND MAINTENANCE FEES

A huge part of a condominium community are the building’s amenities. In addition to contributing to your monthly maintenance fees, these shared spaces will be a part of your new lifestyle. It’s important to really think about what you want and need out of your building. Are a gym and pool essential to your new home or are you happy with only an outdoor terrace with a BBQ? Make sure you consider what amenities are included in the building as the more amenities the building offers the more expensive your maintenance fees can be. Maintenance fees are calculated by sq.ft., so the larger your unit, the more fees you’ll be paying. Keep in mind that the fees are relatively low when the building is new, as the cost of building maintenance is being estimated, and may increase at a later date.

Some building management companies may ask you to contribute to the building’s reserve fund/emergency fund at the time of closing. Although it’s hard to conceive paying yet another fee at this time, this is a sign of savvy condo management. This fund is pool of money kept for emergencies in the future, so that the condo fees don’t sky rocket if a large repair is needed. (taken from <https://empirecommunities.com/buying-pre-construction-condos-101/>)

1. Can I purchase additional parking and lockers?

This is determined by ADI

1. Assignment Fees

Purchasers can sometimes change their minds and want to sell their condo before occupancy or registration. This can be for any number of reasons, from emergency circumstance to investors who are looking to cash in early. Because purchasers don’t actually own the condo yet, they can’t sell it until the building is officially registered with the city.  However, they can sell their agreement with the builder to another purchaser. This is called assignment. Typically, the builder will charge a fee to the purchaser for doing this. (taken from <https://empirecommunities.com/buying-pre-construction-condos-101/>)

1. Closing Costs

With pre-construction condos, part of your closing costs include Builder Fees, also called Levies or Development charges. These are fees that are charged to the builder by the city on a yearly basis and are dispersed among the purchasers of the building. A number of factors go into these fees, including length of the project, number of suites in the building, and any increases in municipal fees; so it is nearly impossible to predict what they will amount to at closing. Be sure to ask your real estate lawyer about “capping” your development/levy/builder fees in your Purchase Agreement. By doing this, a set amount will be determined between you and the builder, and you can set your closing costs aside accordingly and avoid any unpleasant surprises. (taken from <https://empirecommunities.com/buying-pre-construction-condos-101/>)