

# Villa, Twin Home, Townhome:

An Excerpt of an Article By the Builders Association of the Twin Cities

## Confused About Terms?

Names of home styles are one thing, but here's clarification of some legal terms you'll come in contact with in the world of association-maintained homes. The following list of legal definitions and analysis comes courtesy of Tim Hassett, an attorney who specializes in business and real estate law in the St. Paul office of Fellhaber, Larson, Fenlon & Vogt. The Minnesota Common Interest ownership Act (MCIOA), which governs association-maintained housing developments, covers condominiums, cooperatives and planned communities. Some definitions:

- **A Condominium** is defined as "a common interest community in which portions of the real estate are designated as units the remainder of the real estate is designated for common ownership solely by the owners of the units, and undivided interests in the common elements are vested in the unit owners."
- **A Cooperative** is defined as "a common interest community in which the real estate is owned by an association, each of whose members is entitled by virtue of the member's ownership interest in the association to a proprietary lease."
- **A Planned Community** is defined as "a common interest community that is not a condominium or a cooperative."

**To make all this less technical and easier to understand, these three types of common interest communities can be distinguished by looking at who owns what:**

- **In a Condo**, the owner owns both the condo unit and undivided interest in the common elements. The owner is also a member of the association, which manages the condo, takes care of the common elements, and assess the owners for their share of expenses. However, the association is not an owner of the common elements or units.
- **In a Cooperative**, the association owns all the real estate and the units are individually leased to each person who purchases a unit. Cooperatives are relatively rare.
- **In a Planned Community**, which includes what are commonly known as townhomes, the owner owns the unit and the association owns the common elements.

**In each case, the association is a non profit corporation, in which all of the unit owners are members.**

Not all association-maintained developments are subject to MCIOA. For example, developments consisting exclusively of single family homes, where the association has no obligation to maintain any building which contains a dwelling, are not subject to MCIOA. Smaller developments, i.e., those 12 or fewer units, may not be subject to MCIOA.