
PURPOSE

The development and initial marketing of residential subdivisions are subject to several state laws and local ordinances. The California Department of Real Estate (DRE) is the state agency responsible for regulating the marketing and sale of subdivision interests. This document is intended to be a simple guide for consumers who are considering purchasing a home in a new subdivision in California. For more in-depth information, please refer to *A Guide to Understanding Residential Subdivisions in California* published by the DRE.

SUBDIVISIONS

A **subdivision** is simply the division or separation of ownership interests in real property – the land and anything attached to it, including the space above and below the land. A subdivision may be one of several types as summarized below.

Standard Subdivision

In a **standard subdivision**, the homeowner has exclusive ownership of a particular lot or parcel with no additional ownership of any property or rights within the subdivision, other than any appurtenant easement rights.

A standard subdivision may or may not have a homeowners association (HOA) and may or may not have Covenants, Conditions, and Restrictions (CC&Rs).

Subdivision types are defined by law and distinguished by ownership rights, not by physical design or architectural style.

Common Interest Development (CID)

In a CID, the homeowner owns two things: 1) the lot, unit, or right to exclusive use of a portion of property and 2) certain areas or facilities, or the right to use them, owned jointly with other owners. A CID will be one of the following types:

Planned Development

In a **planned development**, the homeowner owns 1) a home

on a separate lot and 2) “common area” property or facilities by virtue of the homeowner’s membership in an association that owns the common area.

Condominium

In a **condominium**, the homeowner owns 1) a separate condominium unit (a three-dimensional space filled with air, earth, and/or water), 2) “common area” (as a co-owner), and 3) common area property or facilities by virtue of the homeowner’s membership in an association that owns the common area.

Community Apartment

In a **community apartment** project, the homeowner owns 1) the entire apartment project (as a co-owner) and 2) an exclusive right to occupy an apartment in the building.

Homebuyers considering a CID should also refer to Living in a California Common Interest Development published by the DRE.

Stock Cooperative

In a **stock cooperative**, the homeowner owns 1) shares in a corporation that owns residential property, and 2) an exclusive right to occupy a unit or portion of the property.

Homebuyers considering a CID should also refer to *Living in a California Common Interest Development* published by the DRE.

Undivided Interest Subdivision

In an **undivided interest subdivision**, the homeowner owns 1) a residential property (as a co-owner) and 2) an exclusive right to use a portion of the property (such as an apartment unit).

Note that subdivision types are defined by law and are not indicative of a particular design or architectural style. For example, a building that appears to be a typical single-family detached home may be part of a standard subdivision, a planned development, a condominium, or a stock cooperative. Similarly, a building that appears to be a typical apartment building may be a condominium, community apartment, stock cooperative,