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Condominium buyers advised to examine contracts closely

New practice can leave consumers without rights for refunds

Edmonton... The Alberta government suggests prospective condominium buyers review contracts carefully before signing, in light of new “early planning agreements” in which the developer is under no obligation to refund deposits.

“We recently became aware of this practice,” said Service Alberta Minister Heather Klimchuk. “Consumers should always do their homework before signing a contract, especially on major purchases such as a house or condominium. Read the contract carefully and get independent legal advice.”

Some developers are now offering early planning agreements, which authorize the developer to design a condominium according to the buyer’s specifications and give the buyer the option to sign a purchase agreement later at an agreed price.

Early planning agreements are not covered by the *Condominium Property Act*, which otherwise gives buyers the right to cancel a contract within 10 days of signing a purchase agreement with a developer. The buyer is entitled to a full refund within 10 days of the developer receiving notice to cancel.

“We have not seen these types of contracts before,” said Klimchuk. “We are in the middle of an extensive review of the *Condominium Property Act* and will be taking a close look at early planning agreements.”

Consumers are cautioned to carefully examine any document or contract to ensure that their cancellation and deposit refund rights are clearly spelled out.

Consumers can get more information on buying and owning a condominium at [www.servicealberta.gov.ab.ca/pdf/tipsheets/Buying and Owning a condo.pdf](http://www.servicealberta.gov.ab.ca/pdf/tipsheets/Buying_and_Owning_a_condo.pdf)

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