

Subdivision Building Schemes Protect Purchaser's Investment

Since civilization began organizing into villages, it has needed rules to regulate land use. Today, regulation comes from both public and private sources. Public sources, such as municipal zoning by-laws, are familiar to us all. Private sources are building schemes containing restrictive covenants. These are attached to land upon subdivision by a developer. They have their roots in protecting the common good of all purchasers. After all, no one wants to build their dream home only to have new next-door neighbour move in, build a plywood shack, and fill the yard with chickens and junk cars.

Building scheme restrictions protect the value of the purchaser's investment by preventing that scenario. The usual scope is to restrict activities that are inconsistent with the theme of a residential development, and to provide architectural guidelines for all to follow. Generally speaking, the more exclusive (and expensive) the development, the more comprehensive will be the restrictions. This is



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because the more you spend on a lot or a house, the greater the incentive to protect the investment. Today's purchaser seems to appreciate that these covenants provide good protection for their real estate investment.

From a purchaser's perspective, it is very important to determine the zoning and restrictive covenants (if any) before agreeing to buy a property. For lots or homes in new subdivisions, the developer must give out a disclosure statement or a prospectus. It will contain the terms of any restrictive covenants on the lots. For buyers of re-sale homes or lots, they will learn about the restrictive covenants from their realtor or from their lawyer during a review of the title search. Respecting zoning, the purchaser should make direct inquiries to the relevant municipality. By doing your homework, you will be a knowledgeable, well-informed purchaser. That way you can avoid the costly mistake of buying a property with the intention of doing on it something that you later learn is prohibited by either zoning or building restrictions.

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