



PRE-CONSTRUCTION OCCUPANCY EXPLAINED:

*Terms, Fees, and Buyer
Responsibilities*



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When you buy a pre-construction condo or townhome in Ontario, you may hear about interim occupancy. This is the period when you move into your new home before the building or subdivision is officially completed.

Many buyers are surprised by how this stage works, so here is a guide to the key terms, fees, and responsibilities that come with occupancy.

WHAT IS INTERIM OCCUPANCY?

Interim Occupancy is the stage when our specific unit is complete and ready to live in, even if the rest of the building or subdivision is still under development. At this point, your builder gives you the keys, and you are allowed to move in.

Your build cannot transfer ownership yet because it isn't eligible for registration. That process happens only when all units, common areas, and structural elements meet city approval and the condominium corporation is formally created.

During this gap, you become an occupant rather than the legal owner. That means you can live in and enjoy the property, but your name has not yet been registered on title. You do not make mortgage payments at this stage. Instead, you pay occupancy fees (sometimes called "phantom rent") directly to the builder until final closing.

For example, if you purchase a [townhouse in Kingston](#) and your unit is completed in March but the project does not register with the city until September, you would spend six months in interim occupancy.

This arrangement protects both buyers and builders:

- For buyers, it allows you to move into your home as soon as it's livable rather than waiting until the entire project is finished.
- For builders, it ensures they receive compensation while final approvals and registrations are processed.

Important Terms to Know

Occupancy Fees

During interim occupancy you pay occupancy fees, not a mortgage. These cover interest on the balance of your purchase, estimated property taxes, and condo maintenance fees if applicable.

Final Closing

Final closing happens once the project registers with the municipality. At this stage, your mortgage begins, occupancy fees stop, and legal ownership of your home officially transfers to you.

Occupancy Agreement

This agreement sets out your rights and obligations during interim occupancy. It covers fee payments, insurance, rules you must follow, and the process leading to final closing.



WHAT ARE MY RESPONSIBILITIES AS A BUYER?

Paying Occupancy Fees

Fees are due monthly, much like rent. Builders must provide a clear statement showing how fees are calculated.

Insurance

You are required to have tenant or condo insurance during this stage. Your builder's insurance only covers the building structure, not your personal belongings.

Following Rules

Even though you do not yet own the unit, you must follow condo rules or community guidelines set by the builder.

Reporting Deficiencies

You should document and report any construction issues right away. Under the Tarion Warranty Program, you will have opportunities to file warranty forms.

Take time to review your agreement closely with a real estate lawyer during the 10-day cooling off period.

Barr Homes has ready-to-move-in inventory in Kingston and Amherstview. Check [our listings](#) today and find your new home.