



Important Questions to Ask When Buying a Condo

When you think of buying a home, you probably recall images of a two-story home with a nice front lawn and a white picket fence. Yet many homebuyers today are choosing less traditional dwellings for their place of residence. In fact according to the National Association of Realtors, during 2006, there were also 803,000 existing condo sales, making up 12% of all existing home sales for the year. If you are considering a condo purchase in the near future you should find out the answers to the following questions to help you find the right fit for you in your home-buying search.

First of all, you should understand that a condominium is housing unit that is grouped with other housing units. Because of this fact most condos have a condo association. This group can be run by either the owners or a professional management company. The association is responsible for the care of the common areas as well as the general maintenance and upkeep of the common utilities and structures (like the water heaters and the roof.) Therefore many of the important questions to ask involve the activity and state of the condo association.

What do the minutes from the Condo Board tell me about the place?

Before buying into a condo you should obtain copies of the minutes of the condo board meetings from the past few years. This will show if and what type of problems the residents have experienced. If there are any major issues, you should be able to discover something about them in the minutes.

What is the condo association fee delinquency rate? How much does it have in reserve funds? If residents are consistent in paying their dues, they are doing their part to keep the place in good condition. If not, you may be looking at a condo where the residents are either dissatisfied or irresponsible. The amount of reserve funds available will tell you how prepared the association is to pay for major or minor repairs when needed.

What does the condo association insurance plan cover?

This is certainly some key information to learn in your search. You should know going into any sale exactly what features of the building are covered by the association insurance and which items you will be responsible for insuring yourself.

What is the renter/owner-occupied ratio?

This may matter to you depending on your intentions with the condo purchase. Some condo associations even have rules against renting. This is generally because they perceive the rental population as more transient and less concerned with the long-term care and upkeep of the place. If you are interested in renting out your condo, you need to make sure the association's rules allow for it.

Is mortgage financing available?

Finally, just as you are doing your research into the status of the condo association, your



mortgage lender will be carefully examining the situation as well. If he or she does not feel the condo association is adequately caring for the buildings, you may be denied funding. The condo market is much more volatile than the single-family home market, and lenders need to feel comfortable that your condo will be as safe an investment as possible. Of course, if you are sure you have found the right place and you are denied funding, you can always try applying with other lenders who might see the situation differently.