

## What do I need to know to buy a condo?

Perhaps you have read one of our condo advertisements, "If you are looking for an easier life, buy a condo" Condominium life frees owners of much of the typical maintenance that is part of single family ownership. And yet, before you buy, there is information you need to know. Condominiums and Cooperatives (Co-Ops) are typically referred to as Common-Interest Ownership. This article only addresses condominiums.

### How does buying a condo differ from buying a single family home?

Much is the same. With your Realtor, you will find the unit you love, you will negotiate a deal for the price with the owner of the unit, if you are getting a mortgage you will immediately apply for a mortgage and have a date to have your mortgage cleared, and you will set a closing date. You will have the unit inspected by a building inspector. You will hire a local attorney to make sure it has a clear title and your attorney will review the owner's contract. At the signing of the contract you will generally give the owner a 10% deposit. *Yet much is different---*

When you buy a condo you are also buying into an association. Before you purchase a unit, you need to look into your condominium association. You are required to follow the rules of this association. You will be a part of this association "Neighborhood". You will be responsible for paying your common charges and you may at times be required to pay additional payments, assessments for needed repairs or upkeep.

As soon as you have a signed contract, you will request the condominium documents which should include the latest set of rules and regulations, the management of the condominium, by-laws, information about common charges, financial documents and the association's budget. These documents are very important. You and your attorney will want to review them carefully. These are the papers which will reveal the financial health of the association and these are the papers which will clearly spell out the rules. By law, you have five business days to review them and if you do not like what you discover, you may cancel the purchase without penalty.

## Tips for Condo Buyers

Our web site [www.GreenwichCondoExperts.com](http://www.GreenwichCondoExperts.com) was developed following our many condo transactions. The Greenwich condo market has grown steadily through the years. In each of our transactions we discovered that condominiums have distinct personalities. We have gathered lots of information and insight into this market. The following tips are not in any special order. We hope they will be helpful to you.

### FINANCIAL

To help you evaluate the financial health of the homeowner association, ask some of the following questions:

Is the condominium corporation in good financial condition?

What was the operating budget for the past 5 years vs. actual expenses?

How large is the underlying mortgage?

Was there a recent assessment or is any assessment pending or anticipated? Are there any delinquencies on maintenance or assessments? Ask if owners are paying any assessments now. Finding that assessments are planned is not a bad thing. You want to own a condo where it is being cared for. You want to know if you are financially prepared to be a part of this association and you want to have a feeling of confidence that the board is managing the property appropriately.

How adequate is the reserve? Is this money that is set aside in a special account sufficient to cover any needed repairs that may be coming up in the near future? If the reserve is low is that because the Association just dipped into it for needed repairs?

What are the condominium common charges (and/or special taxes) and what do they cover? How do they compare to similar condos?

### EVALUATE THE NEIGHBORHOOD

To help you evaluate the condominium neighborhood, visit it during different hours. Often a condominium neighborhood is quiet during the day, and after school and after work the scene changes with happy sounds or laughter or.... We have discovered that chatting with the residents is a wonderful way to find out how they like living there. While you are visiting, notice if there is adequate visitor parking.

## NEWSLETTERS OR WEB SITES

Check to see if there is a special web site for the condo or a newsletter for the owners. This can be very interesting reading. It may be a source of information about what owners in the association are concerned about. Reading the minutes of recent board meetings and the last annual report is another wonderful way to discover the priorities of a group.

## INSURANCE

The homeowner's association will carry liability insurance to protect the board and the individual owners if someone is injured on the common areas. Ask how much this is and then you may want to ask your insurance agent if it sounds like a reasonable amount.

## MORTGAGE

When buying a condo, you should get your pre-approval for a mortgage from a lender who is known to lend on condominiums. Some of the lenders are quite particular about this market, for instance only lending if they are owner occupied units or only lending if the complex has enough units. If you find the unit you love, it is extremely helpful in your negotiations to say you are pre-approved for a mortgage on a condominium. Final approvals for your loan may depend on the financial health of your condo association.

## CONTINGENCIES

In your offer to purchase, you will note all of your terms and you should also add contingency for a satisfactory review of the condominium association and all of its rules and regulations. Ask your attorney to help you with this. When you are choosing your real estate attorney, you may want to ask if he or she has handled condo purchases.

## LEGAL

Is all documentation for the condominium accessible and in good order? Are there any legal claims or judgments against the condominium corporation? Is the Homeowner's association involved in any litigation?

## CONDITION

Is the condominium in good physical condition?  
Does it seem well built or well maintained? Will it be durable?  
Does it have fire protection systems (e.g., smoke detectors, sprinklers)?  
What is the proportion of owner occupied to rented units? Is it over 80 owner occupied? Are there many stairs? How long will you be able to handle stairs? Can an elevator be installed?

## RESTRICTIONS

Are the condominium rules and restrictions clearly defined and understandable?

Are the condominium rules and regulations reasonable, and can you live under these rules?

Can you rent out your unit? What percentage can be rented? Do you have to occupy it for a certain period of time before you can rent it?

Can you have pets? If so, what type and how many?

Can you grill on your terrace or porch?

## MANAGEMENT

Does the management fit your lifestyle (property manager vs. self managed)?

How many units are there?

How good is the condominium management? Talk to the manager and see what you think.

## AMENITIES

How child friendly is the condo?

What facilities does the condominium complex provide?

How close is it to shopping and the train?

What kind of garage space do you have?

## TALK TO NEIGHBORS

One of the best ways to get information about a Condo is to talk with current owners. Be sure to ask what they like and dislike about living there. How is the soundproofing? Are there any parking problems? Is there ample storage space? Are the current owners satisfied with the homeowner association management?

## UNIT INSPECTION

A building inspection, including Radon, should always be conducted even if the unit is on an upper level.

## ASSOCIATION RIGHT OF FIRST REFUSAL

The sale of a condominium is often conditional upon the Board of Managers' Waiver of the Right of First Refusal, unless you are purchasing directly from the developer. This right is rarely exercised and is usually cleared within fifteen days after a request by the seller or buyer.

## CLOSINGS ON NEW CONDOMINIUMS

There may be two closings with new units. The first closing, called the ***interim closing***, occurs on the confirmed possession date (also called the interim closing date) when the unit is ready for occupation. At this time, the purchaser may take possession of the unit, but the condominium has not yet been registered. After the interim closing, you can often live in the condominium dwelling unit, but you do not yet own it: You occupy the unit more or less as a tenant. During this time, you may pay a monthly interim occupancy fee to the developer, for realty taxes, maintenance and interest on the vendor take-back mortgage. Once the condominium is registered, the ***final closing*** occurs. At the final closing, title to the condominium is registered in your name and, if you are borrowing money to purchase the condominium, your mortgage is also registered.



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