



## Information for Condominium Buyers

Many of my suggestions on buying a single-family home also apply to purchasing a condominium. However, there are a few significant differences. Buying a condominium can be more complicated, here are some things to think about. Keep in mind that I provide you with most of this information and much of the documentation is only provided after an offer has been accepted. I always make the sale subject to there being no "Nasty Surprises" in the Condo Documents.

### Location

As with the purchase of any type of property, check out the surrounding area thoroughly to be sure you'll enjoy living there, and that the residences around you will enhance your condominium's value.

### The Building

The general appearance of the common areas will speak volumes about how well the property is managed. If you're interested in a resale unit, look for obvious signs of disrepair, such as concrete deterioration or badly kept landscaping. Ask what major repairs have been done recently and whether any are planned for the near future. Then find out whether there are sufficient reserves to pay for these repairs. If not, you may have to cough up several hundreds (or perhaps thousands) of dollars to help replace a roof or air conditioning system.

### Management

This is perhaps the most important consideration when contemplating a condominium purchase. Find out if the complex is managed by a competent property manager. Ask to see the minutes of the last annual meeting of owners and the minutes of any board meetings held during the past 3 months.

### Security

Many condominiums have 24-hour concierge services and key or cardkey access systems. Find out how well the systems are managed and maintained. Did you find it easy to bypass security? If so, others will too. A well-run security system can be a definite plus at resale time.

## **The Unit**

In addition to standard considerations like square footage and the direction your unit faces, check out the soundproofing between units. Not all buildings are constructed with the same care. In highrise buildings, floor level is important too. Units on higher floors cost more to buy, but are more popular when you decide to sell. How close are you going to be to noisy areas like elevators and garbage chutes? Are there individual meters for electricity, heat and water, or are these costs included in the condominium fee? How recently was the fee increased and by how much?

## **Parking**

Street parking is often at a premium around a condominium. Is a parking space within the building included in the purchase price? Depending upon the condominium, parking spots are purchased, leased or allocated. Your best bet is to own your parking spot. Also find out how much guest parking is available.

## **Recreational Areas**

Find out what facilities are available and how well they are maintained. Be sure the use of these areas is included in the purchase price, and that only owners and their guests have access. Sometimes recreational facilities are also open to the public. You end up paying a separate membership fee and competing with non-owner members or residents of neighbouring condominium buildings for the use of the facilities.

## **Owners vs. Tenants**

Ask how many units are occupied by owners rather than tenants. Many investors purchase condos for income-producing purposes. Overall pride of ownership is higher when the majority of units are owner-occupied, a pride that will be reflected in the way the complex is maintained. If you ever plan to lease out your unit, be sure the condominium corporation places no restrictions on this right.

## **Insurance**

Condominiums are covered by two different types of insurance policies: (1) the policy you purchase to cover your unit and its contents, and (2) a master policy held by the corporation to cover the common areas. Be sure your unit's policy includes everything not covered by the master policy, particularly as it relates to public liability. For example, all damages caused by a fire that starts in your unit, even if the fire spreads beyond your walls, are your responsibility. Damages caused by a fire that starts in a hallway and spreads into your unit are covered by the master policy.

## Important Documents

The vendor will provide an information package. This package outlines the condominium fees levied on the unit, any anticipated increases, and whether or not the current owner is in arrears.

The package will also provide detailed information about the development's finances, bylaws, rules, insurance and management agreements, giving you a good overall picture of the development's state of health. Since several of these documents govern your use and enjoyment of your condominium, it's essential you understand them *before* you purchase the property. Ask your lawyer to review these documents as well, and to make sure there are no legal actions against or by the condominium corporation, the liability for which could be transferred to you at purchase. A condition can be added to your offer, making the seller responsible for the cost of any prior actions.

## Mortgage Financing

Most lenders will write mortgages on condominiums, though restrictions may apply. For example, some may require a larger down payment than they would for financing a single-family home. Remember that the condominium fee is figured in your debt service ratio, but is *not* financed by the mortgage. Lenders often add clauses that protect their interests in the property, and you and your lawyer should review these before you sign the commitment.