

# Buying a Condo: What You Need to Know

*By Charles J. Kovalski*

It's no wonder condo sales have boomed recently: The cozy dwellings are the most affordable housing available on the market today, costing as much as 60 percent less in some places than a single-family home.

For millions, condos are a great alternative. First-time buyers use them as an entryway to property ownership; retired empty nesters prefer condos when they are ready to downsize; busy professionals enjoy the maintenance-free lifestyle condos offer.

Still, prospective condo buyers should be prepared to do their homework before buying, and should consult their real estate attorney to interpret all documentation before escrow opens.

When thinking about the purchase of a condo, consider the following:

- **Understand exactly what you are buying.** The word condo refers to a legal form of ownership, not a particular type of property. Condo buyers generally own only the interior space of their homes; the exterior structure, land and amenities are usually owned collectively by all of the owners in the complex. Your real estate attorney can help ask the right questions before you buy, including, who owns the interior walls? What about the land beneath the home? What maintenance are you responsible for? Do you have your own parking, and what kind of vehicles can you park?
- **Get to know your neighbors before you buy.** This may seem obvious, but it is especially important in a condo community, which offers less privacy than a single-family neighborhood. Ask them what it's like to live there, and find out their views on the homeowners association. Take a look around the entire complex at different times, including on the weekend, in the evening and on holidays. Noise is a commonly overlooked problem for condo-buyers. Remember, shared walls mean you can hear others more easily.
- **Be aware of all fees, including monthly association fees and any special assessments.** How are association fees changed and is there a limit on increases? Check whether utility charges and amenities are included, including pool maintenance. Also, be clear about what maintenance is included in the association fee, and what the condo owner must maintain.
- **Research the homeowner-association-and its board members.** Ask for a copy of the association's financials, including a certified budget and the latest annual reserve study. This can help you determine whether any fee increases are imminent. How is the association organized and who runs it? How are voting percentages determined, and what would be your percentage? Also, find out what sort of insurance the association provides and ask what kind of additional coverage you would need to cover your unit. Get a copy of the association's house rules-which covers everything from pets to recreational vehicles-and make sure your lifestyle can fit well within the community's boundaries.

- **Ask about the ratio of units that are rented versus owner-occupied.** Ideally, all the units in the complex will be owner-occupied. If more than a third of the units are rentals, it might be more difficult to get a mortgage.
- **Check all documents.** Have your attorney review thoroughly the declaration, which helps you determine the monthly condo fee; the bylaws, which include items such as architectural requirements should you want to make any external changes to your condo; plats and plans; and rules and regulations. If the condo association is incorporated, your attorney will want to review the articles of incorporation as well as any proffered disclosure documents. Also, have your attorney check for any "use restrictions" that might prohibit you from renting out the unit, which some associations include to protect financing and refinancing options.

Owning a condominium is an excellent choice for many. Just make sure you understand all the legal and financial implications when choosing this form of property ownership.

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