

A TIP FROM THE HOUSING CENTER

How does buying a condo differ from purchasing a single-family home?

Condo association dues

Unlike single-family homes, condo living requires payment of a monthly condo fee to the association. Condo fees generally cover repairs and maintenance to the common areas and the build up a cash reserve for future needs. Generally, all exterior maintenance and repairs are the responsibility of the condo association. The condo owner will be charged for the repairs either through the association dues or a special assessment -- a one-time charge to all owners. Normal day-to-day maintenance such as lawn mowing and snow shoveling also are generally the responsibility of the association. Interior maintenance and repairs such as replacing a stove or other appliances are the responsibility of the individual owner.

It is important to find out how much money is in the condo reserve fund. It may also be important to ask about the last time there was a reserve fund review. If the reserve fund is undercapitalized a condo owner may experience special assessment levies to cover items that the reserve fund should generally cover. There are industry standards that suggest the dollar amount that should be in reserve relative to the age of the condo complex. In addition, it is a good idea to review the condo association Board meeting minutes. Doing so could reveal complaints that current owners have or issues that are reoccurring.

Insurance - Unlike single-family home ownership where a single homeowner's policy is purchased prior to closing, there are two policies at play with condo ownership. In addition to the insurance that the condo association keeps, the condo owner should have their own policy to cover those items that the condo association insurance does not. Get a copy of the certificate of insurance, which summarizes the association's policy. First make sure the replacement costs covered by the association policy are an accurate reflection of the cost of rebuilding. Also ask if the condo association policy covers the cost to bring the building(s) up to code if future rebuilding or rehab is done. Finally, take the certificate of insurance to your insurance agent to discuss coverage levels and what and how much individual coverage will be needed to fill gaps outside of what the condo policy covers.

Buying a condo or not...

It's really a personal preference around lifestyle and to some extent cost. Cost is a function of the fact that more condos can be built on a piece of land than single-family homes. This helps to keep the cost down. If you revel in the thought of minimal maintenance in the way of lawn mowing or snow shoveling that are typically homeowner responsibilities than a condo may be right for you.