

CONSUMER GUIDE: UNDERSTANDING CONDO OWNERSHIP

For aspiring home buyers, a condominium can be an attractive option. Condos are typically more affordable than single-family homes and require less maintenance, and they're often situated near shops, entertainment and transportation. If you're considering a condo purchase, here's a primer that will help you evaluate your options and maximize the enjoyment of your new home.

When I own a condo, what do I own?

Condos are usually individual units within a residential building complex. Unlike a single-family home, which usually includes the lot on which the home is built, a condo typically includes the individual unit and a percentage interest of the land, building, common areas and amenities.

What do I need to know about amenities and assessments?

Most condos offer secure building access—and they may have amenities, such as fitness centers, party rooms, or walking trails. You'll pay a monthly assessment that covers maintenance of the communal property and amenities. In some properties, assessments also cover select utilities.

How are building decisions made?

Condos are governed by a condo owners association (COA), headed by a volunteer group of unit owners. In many areas, the COA is known as a homeowners association (HOA), and people sometimes use "HOA" as a shortcut to refer to both the association and the monthly assessment.

What are my responsibilities as a condo owner?

The COA makes and enforces a set of rules known as covenants, conditions and restrictions (CC&Rs), which are officially recorded and filed with the state. The COA also has a set of bylaws that cover the day-to-day governance and may have other rules and regulations that are updated seasonally or as needed. All unit owners are expected to follow these rules, which are designed to safeguard the community and protect property. They cover such things as noise, pets, parking, renovations, renting, and a lot more.

What due diligence is required when purchasing a condo?

- **Talk to your lender and insurance agent.** With condo sales, in addition to qualifying you for the loan, lenders consider other factors, such as the COA finances and the percentage of units in the building that are rented versus owner-occupied. You'll also need a condo insurance policy.
- **Request a copy of all governing documents** from the COA—including the CC&Rs, bylaws, and rules and regulations—and review them carefully so you know what's expected of you as an owner. Engage an experienced real estate attorney to review the documents and point out any red flags.
- **Find out about the COA's finances** and how much it has in reserves. The healthier the reserve fund, the less likely it is that the COA will have to issue a special assessment (an added fee levied on unit owners) to cover major repairs.
- **Ask about any past or planned special assessments.** If special assessments have been levied frequently, it might be a sign of poor management or poor building condition. If you're considering a purchase in a building where a special assessment is coming up, you may be able to negotiate with the seller to cover all or some of the cost.
- **Find out about fees and fines** for violating the COA's rules and regulations, and find out how to submit questions, issues and concerns to the COA.

After the purchase: Keep contact information for COA board members and attend the meetings to stay informed about the governance of your new community. The more you know, the better prepared you'll be to enjoy ownership of your condominium home.

Additional Resource: [Consumer Guide: Homeowners Associations](#)

Your real estate agent will help you navigate the purchase or sale of a home. An attorney can provide guidance on the laws in the state where you're purchasing. Only real estate professionals who are members of the National Association of REALTORS® may use the term REALTOR®. Under the NAR's Code of Ethics, REALTORS® must work in their client's best interest and treat all parties fairly. Please visit [facts.realtor](https://www.factsrealtor.com) for more information and resources.