



Buying a Condominium

When you consider buying a condominium, be aware that real differences exist between buying and owning a single family home and buying and owning a condominium.

Typical ownership of a single family home includes the home and the land around the home subject to deed restrictions. Typical ownership of a condominium includes the airspace occupied by your condominium residence. Although some projects sit on leased land, usually, the area beyond this space but within the condominium project is owned by the home owner's association (HOA), of which you are a part. You and your fellow condominium owners or investors have a relationship defined and enforced by the HOA by-laws.

Here are some items you should consider relative to the purchase of your condominium. Plan to consult an attorney with experience in real estate law if you have questions regarding Oregon law and the HOA by-laws. Talk to an accountant with experience in real estate regarding the HOA financial information you'll gather.

1. Is the complex professionally managed? If it is, get the contact info for the management company. If it isn't, get the contact info for the secretary of the HOA.
2. What percentage of units are owner-occupied? What percentage are tenant-occupied? Generally, the higher the percentage of owner-occupied units, the more marketable the units will be at re-sale and the easier it may be to secure financing. Additionally, with renters, enforcing HOA by-laws can be more complicated.
3. What covenants, by-laws, and restrictions govern the property? Are grandfather clauses in place? You may find, for instance, that those who buy a property after a certain date can't offer their units to renters; but buyers who bought earlier can. Ask for a copy of the by-laws to determine if you can live within them. Have an attorney review property documents, including the master deed.
4. Are amendments—and more importantly—assessments to the condominium by-laws currently under discussion by the HOA?
5. How much does the association keep in reserve? How is that money being invested?
6. Are association assessments keeping pace with the annual rate of inflation? Wise boards raise assessments a certain percentage each year to build reserves to fund future repairs.
7. What do assessments cover: Common area maintenance, recreational facilities, trash collection, snow removal, lighting, landscape maintenance, fall and spring clean-up, gutter cleaning?
8. What special assessments have been mandated in the past five years? How were assessments divided among units? Some special assessments are unavoidable; but repeated, expensive assessments could be a red flag about the condition of the building or the board's competence.
9. What major improvement projects does the HOA anticipate in the near-term, mid-term and further into the future?

10. How much turnover occurs in the building?
11. Is the project in litigation? If builders or homeowners are involved in a lawsuit, reserves can deplete quickly.
12. Is the HOA attempting to resolve significant disputes among owners?
13. Is the developer reputable? Find out what other projects the developer has built and visit them. Ask residents about their experiences. For developments that have been converted to condominiums from other uses, request an engineer's report to assess the condition of the building. If the roof, windows, and other building components are in disrepair, they might become your problem once you own.
14. Are multiple associations involved in the property? In larger developments, you may be part of an umbrella association, as well as of a smaller association. Both may require separate assessments.

If you don't receive answers or don't like the answers you receive, that doesn't mean there's anything wrong with the property. During the inspection period, it will be important to conduct a review of such items as:

- Condominium documents and bylaws. Condominiums mean community living; and the majority rules. You need to know if restrictions in the by-laws will hinder your lifestyle. Be sure to look for restrictions to allowed uses and activities. Examine the use of amenities for restrictions resulting from concerns regarding liability.
- HOA balance sheets. Are reserves adequate?
- HOA budgets and expenditures, current and prior years. Are expenses appropriate to the project and consistent with local standards? Are important items missing? How do budget projections and actual expenses compare?
- Minutes from recent HOA meetings.

For the purpose of reviewing condominium documents, you may decide to seek the assistance of an attorney and an accountant with experience in condominium ownership.

Once the transaction is complete, find out when the next HOA meeting will be held. Attend that meeting and subsequent meetings. Volunteer to work with the HOA. Campaign for a seat on the HOA board.

Top Sources of Dispute Among Condominium Owners

- Items on or hanging from balconies
- Pets
- Noise
- Parking spaces