

Ask These 5 Questions Before You Buy Your First Condo



Sick of renting, but not ready to spend your Saturdays on a lawn mower? Often featuring desirable locations, minimal maintenance, quality amenities, and smaller price tags than single-family homes, it's no wonder young homebuyers find condos attractive. But living in a condo can present some unique challenges.

Ask yourself these 5 questions to make sure a condo living is right for you.

Are You Prepared For Condo Fees?

Condos are clusters of individually-owned units typically sharing common walls, landscaping, and driveways. To fairly maintain these common areas, condo owners pay a monthly fee for routine and emergency maintenance including lawn mowing, snow plowing, painting, and roofing repairs. While freedom from yard work can be a perk, condo fees—which can be several hundred dollars—will take a bite out of your budget. Most condo associations only maintain property from the walls out. That means when a bathroom pipe bursts, you still have to play plumber.



Can You Afford An Assessment?

While monthly condo fees cover ongoing maintenance and contributions to a reserve fund for small emergency repairs, condo associations may assess separate fees for unexpected expenses or to fund major property improvements like repaving.

Take this example, a condo association charged \$150 additional one month to cover the previous winter's higher-than-normal snow plowing expenses and \$200 another month to cover pool repairs. While hopefully a few hundred dollars won't throw off your entire budget, if you buy a condo, be prepared for fluctuating or increasing condo fees.

Can You Play By The Rules?

Every condo association has rules. While some associations' rules may provide owners with most of the liberties of owning a stand-alone residence, other associations' rules can be restrictive—or downright bizarre. Every association is different, but examples of rules you might find include: no dogs, no window air conditioners, no kids, no late-night laundry, or no flags or outdoor decorations.

Associations can sue over continued violations. Be sure to read the condo documents (which include association rules) carefully before purchasing a unit to make sure that your lifestyle and the building code are a good fit.

Does A Condo Fit Your Lifestyle?

Condos make ideal homes for singles and couples who lead busy lives and don't spend much time at home and homeowners who want to spend less time and energy on maintenance. They are also great for those looking for amenities that would otherwise be very expensive to include in a single-family home. Some examples are a pool, dog run, on-site gym, or an outdoor lounge area to enjoy on nice days. Consider your lifestyle—both now and in a few years—and make sure a condo is the right fit.

After you apply for a mortgage, your advisor will give you an idea of how much origination fees, title fees and appraisal fees will cost. While the seller often pays at least some of the closing costs, your share might still be as much as 3% to 6% of the loan amount.

Is A Condo The Right Investment?

It's not uncommon for young home-buyers to find condos that are significantly smaller—and more affordable—than even the smallest single family homes. While a small condo can be an affordable way to get out of renting and begin building equity in your home, it has to be the right condo.

The rumor that condos do not appreciate as fast as single-family homes is false; according to the National Association of Realtors condos have routinely outpaced single-family homes in appreciation. Unlike houses, however, a condo's value is closely linked to the association fee.

Newer condos require less maintenance and may have lower fees. If banks foreclose upon multiple units in an association, the remaining owners may be stuck with splitting those units' fees. Older condos will have a number of stable owners, typically with increased fees for increased maintenance.

Final Thoughts

It's important to consider myriad variables affecting the price and potential of any piece of real estate, and condos are no exception. Choose wisely, and a condo could not only be the perfect place to call your first home, but a sound investment, too.

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