

10 Questions to Ask the Condo Board

Before you buy, contact the condo board with the following questions. In the process, you'll learn how responsive — and organized — its members are. You'll also be alerted to potential problems with the property.

- 1. What percentage of units is owner-occupied? What percentage is tenant-occupied?** Generally, the higher the percentage of owner-occupied units, the more marketable the units will be at resale.
- 2. What covenants, bylaws, and restrictions govern the property? What grandfather clauses are in place?** You may find, for instance, that those who buy a property after a certain date can't rent out their units, but buyers who bought earlier can. Ask for a copy of the bylaws to determine if you can live within them. And have an attorney review property docs, including the master deed, for you.
- 3. How much does the association keep in reserve?** Plus, find out how that money is being invested.
- 4. Are association assessments keeping pace with the annual rate of inflation?** Smart boards raise assessments a certain percentage each year to build reserves to fund future repairs. To determine if the assessment is reasonable, compare the rate to others in the area.
- 5. What does and doesn't the assessment cover?** Does the assessment include common-area maintenance, recreational facilities, trash collection, and snow removal?
- 6. What special assessments have been mandated in the past five years?** How much was each owner responsible for? Some special assessments are unavoidable. But repeated, expensive assessments could be a red flag about the condition of the building or the board's fiscal policy.
- 7. How much turnover occurs in the building?** This will tell you if residents are generally happy with the building. According to research by the NATIONAL ASSOCIATION OF REALTORS®, owners of condos in two-to-four unit buildings stay for a median of five years, and owners of condos in a building with five or more units stay for a median of four years.
- 8. Is the condo building in litigation?** This is never a good sign. If the builders or home owners are involved in a lawsuit, reserves can be depleted quickly.
- 9. Is the developer reputable?** Find out what other projects the developer has built and visit one if you can. Ask residents about their perceptions. Request an engineer's report for developments that have been converted from other uses to determine what shape the building is in. If the roof, windows, and bricks aren't in good repair, they become your problem once you buy.
- 10. Are multiple associations involved in the property?** In very large developments, umbrella associations, as well as the smaller association into which you're buying, may require separate assessments.