

The Pros and Cons of Condos

Condominiums and townhouses offer an affordable option to single-family homes in most areas. But consider these facts before you buy.

1. **Storage.** Some condos have storage lockers, but usually there are no attics or basements to store belongings.
2. **Outdoor space.** Yards and outdoor areas are usually smaller in condos, so if you like to garden or entertain outdoors, this may not be a good fit. However, if you hate yard work, this may be the perfect option for you.
3. **Amenities.** Many condo properties have swimming pools, fitness centers, and other facilities that would be very expensive in a single-family home.
4. **Maintenance.** Many condos have onsite maintenance personnel to care for common areas, do repairs in your unit, and let in workers when you're not home.
5. **Security.** Many condos have keyed entries and or even door attendants. Plus, you'll be closer to other people in case of an emergency.
6. **Reserve funds and association fees.** Although fees generally help pay for amenities and provide savings for future repairs, you will have to pay the fees agreed to by the condo board, whether or not you're interested in the amenity or not.
7. **Resale.** The ease of selling your unit is more dependent on what else is for sale in your building, since units are usually fairly similar. Single-family homes usually are more individual.
8. **Freedom.** Although you have a vote, the rules of the condo association can affect your ability to use your property. For example, some condos prohibit home-based businesses. Others prohibit pets. Read the covenants, restrictions, and bylaws of the condo carefully before you make an offer.
9. **Proximity.** You're much closer to your neighbors in a condo or townhome. If possible, try to meet your closest prospective neighbors before making a decision.

10 Questions to Ask Your 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.

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? How is that money 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—common area maintenance, recreational facilities, trash collection, 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?
8. Is the project in litigation? If the builders or homeowners 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 reconverted 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.