



Before You Buy a Condominium

By Donna Toman Salvidio, Esq.

There are several unique aspects to condominium ownership that few people understand prior to buying a condominium unit. Before you buy a condominium, you should do your homework.

There are many benefits to condominium ownership. In the case of most condominium developments, there are no outside maintenance obligations to be performed by the unit owner. Gone are the worries of plowing the driveway, shoveling the walkway and mowing the lawn. Many developments offer added facility benefits such as recreational areas, a pool, tennis courts, meeting areas and the like.

There are some drawbacks to condominium ownership. Most decisions are made by the majority of unit owners and may not be in keeping with your personal choices. People who enjoy working in the garden may find themselves without a yard, and with very little privacy. Limitations on the use of your unit may restrict the use of your unit in a way that you find unacceptable (such as no pets or no holiday decorations rules).

Finally, you must pay a monthly condominium fee in addition to your mortgage loan, and lenders take the monthly association fee into account when calculating how much a buyer can afford. These fees are typically established by the trustees of the condominium owner's association, and can escalate as facilities age and maintenance costs increase.

Condominium ownership is often misunderstood. A condominium is not a style of home; it is a manner in which one owns property. When you purchase a condominium unit, you typically purchase the area that is contained within the walls of your unit (as specifically described in the master deed), plus an undivided percentage of all the public or common areas of the condominium development. Common areas are also set forth in the master deed and usually include the roof, the building exterior, sidewalks, driveways, yards, any amenities such as a pool, gym, playground, tennis courts, walking trails, community buildings, etc. A potential purchaser should determine what percentage interest his or her unit has in the common areas and facilities of the condominium, as the unit owner is responsible for paying that percentage share of the entire cost of maintaining the common areas of the condominium.

Here are some simple tips to consider before buying a condominium unit:

- Look at the amenities of the development. Your monthly condominium fee pays for those amenities, so be sure that they appeal to you.
- Consider the homeowners' association dues. Ask to see the financial records of the condominium, including budgets for the last three (3) years. Determine whether there are sufficient reserves allocated for future repairs. Check for special assessments or expenses that the condominium has incurred for projects or repairs that were not budgeted for. This information should be reviewed to assess the financial stability of the association.
- If possible, review the minutes of the board and unit owner meetings. This information can provide a brief history of the association, as well as a window into the types of problems facing the association.
- Inquire into litigation issues such as pending cases against the Board of Trustees, cases against the developer, rules enforcement issues and collection actions against unit owners for unpaid common fees.
- Review the recorded condominium documents, which typically include the master deed, declaration of trust, bylaws of the unit owners' association and any rules and regulations governing the activities of unit owners and their guests. Oftentimes, the rules and regulations restrict pets, the presence of overnight guests, parking (even in your own driveway) and the rental of units. It's important to determine in advance whether they are acceptable to your lifestyle.
- Be aware of what is covered by the homeowners' association's master policy of insurance. You'll want to understand what is covered by the homeowners' association, and what you will be responsible for. There are issues of coverage and deductibles that can catch many unit owners by surprise.
- Review the condition of the facilities, not just of the unit that you are purchasing. Will a major repair, such as a new roof, be necessary soon? Does the association have sufficient reserves to pay for the repairs?

- Talk to owners in the complex or building. Find out what their experience has been. Get a feel for the environment you'll be moving into. If possible, meet your immediate neighbors. The nicest unit in the world is no bargain if you have awful neighbors.

Prior to signing a purchase and sale agreement, a buyer should insist on being supplied with a copy of the master deed, declaration of trust, rules and regulations (which sometimes are subsumed within the declaration of trust), the current common area budget and master insurance policy. Armed with this information, we can assist you with your condominium purchase, help you navigate through the pitfalls and ensure that there are no unpleasant surprises. Let Fletcher Tilton help you to make the buying process a smooth one.

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www.fletchertilton.com



Donna Toman Salvidio

P: 508.459.8072

F: 508.459.8372

E: dsalvidio@fletchertilton.com

Fletcher Tilton ^{PC}
Attorneys at law

THE GUARANTY BUILDING

370 Main Street, 12th Floor
Worcester, MA 01608

TEL 508.459.8000 FAX 508.459.8300

THE MEADOWS

161 Worcester Road, Suite 501
Framingham, MA 01701

TEL 508.532.3500 FAX 508.532.3100

CAPE COD

1579 Falmouth Road, Suite 3
Centerville, MA 02632

TEL 508.815.2500 FAX 508.459.8300

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