

Considering a Condo

By ANNA CHANG-YEN | Green Shoot Media

Whether you're buying your first home or downsizing for retirement — and many types of buyers in between — a condo could be the right choice. There are many factors to consider before making a decision.

MAINTENANCE

The idea of having a beautiful landscaped lawn that doesn't require any effort on your part or not having a driveway from which to shovel snow may sound like a dream. Especially in retirement, the prospect of living in a no-maintenance home can be a huge draw, and a condo fits the bill. Just remember that condo association dues can soar well into the hundreds of dollars a month, so you will definitely be paying for the privilege of relaxing while others do the work.

Another tradeoff is that all of the outdoor space in a condominium complex is shared. There will be no fenced yard for your dog to roam free or to have friends over for a backyard barbecue.

PRICE

The price tag also can lure buyers to condos. If you've looked at single-family homes in your area but are drawn to the lower price of a condo, be sure to factor the condo associ-



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You may find yourself right at home in a condo. But do your homework — including taking a look at the condo association's books — before signing on the dotted line.

ation dues into your monthly budget.

Also consider whether or not that savings requires sacrifice. Are you willing to trade some privacy to save money on your housing expenses? Are you OK with sharing a laundry facility with others if it means you can put more cash into savings each month?

Also keep in mind that condo associations may sometimes charge special assessments to cover necessary

repairs that can't be covered by its current reserves. These expenses can range from relatively minor to major, and much like unexpected expenses any homeowner may face, can put a dent in your pocketbook at unexpected times.

ASSOCIATION

The condo association plays a huge role in day-to-day living in a condo. There may be rules that restrict your ability

to rent or remodel your home, rules about pets, patio clutter and even window coverings. It's important to read the association's rules, sometimes called covenants, conditions and restrictions, or CC&Rs, before deciding on a particular condo building. These documents will lay out how the condos are managed, how board members are chosen and how finances are handled. You also should ask to see association meeting minutes

REAL ESTATE 101

Get the FHA's OK

To find a list of condos already approved by the Federal Housing Administration, visit the U.S. Department of Housing and Urban Development's website at <http://1.usa.gov/1c6itxk>.

and an accounting of the reserve fund.

LENDER REQUIREMENTS

Consider extra requirements lenders may put in place when you plan to spend your mortgage dollars on a condominium. You can be sure that issuers of loans backed by Fannie Mae or Freddie Mac will take a close look at the condo association's finances, including how many owners are behind in dues and how much money the association keeps in reserves. If you're planning to get a loan backed by the Federal Housing Administration (an FHA loan), check first to be sure the condo is already approved by FHA, or you could find it nearly impossible to get the loan. According to RealEstate.com, only about 10 percent of condos in the U.S. meet FHA requirements.