

Buying a Condominium? – Be Informed!

By Deborah M. Howes, FCCI

Buying a condominium unit is not the same as buying a “house”. Why? When you buy a non-condominium residence, you own the land and everything built on the land. You are responsible for the land and everything built on the land. You make all the decisions affecting your property. You set all the time lines. Your home is your castle, subject to the provincial and city laws and your neighbours’ complaints.

When you buy a condominium unit, you own property and share ownership of property with your neighbours. This property may include land, or buildings, or only airspace within a building. You also become part of the business and part of the community called condominium. Each part of condominium – property, business and community - brings responsibilities, obligations and rights for the owners. Your home is still your castle, but there are different rules, obligations and financial burdens. Most decisions are made by and timelines set by the community or its elected government – the board.

What do you need to know before you buy a condominium? Here’s a list of six things:

1. **Know the property** – does the unit include land, buildings, airspace within a building? Check the condominium plan and the unit title to find out. Property boundaries affect your rights and obligations, including future costs. Find out what is in the unit and what is common property. Find out what parts of the property you can use (exclusive use areas). What is the condition of the property? The reserve fund study report will tell you about the condominium common property and a home inspection will tell you about the unit. If the unit is new, is there a warranty, on what and for how long? What is insured by the condominium corporation and what do you have to insure?
2. **Know the rules** – what rights and restrictions are in the condominium bylaws that will affect you? Check for things that matter to you – pets, parking, running a business, satellite dishes, posting signs, flying a flag, barbeques, cutting the grass, etc. When are condominium fees due? Do you need permission for a pet? To find out, review the condominium bylaws, the Condominium Property Act and Regulation.
3. **Know the finances** – you will check your own mortgages rates and payments. However, you also need to know the financial health of the condominium corporation and what owners contribute through condominium fees. Check the financial statements of the condominium corporation, the value of the reserve fund account, the amount of the current condominium fees, information on future condominium fees and special assessments, and the status of any arrears on the unit. Minutes of board meetings and general meetings will help you learn about the financial stewardship of

the board of directors. Ask for an estoppel certificate to ensure you are only paying for your condominium fees, not those of the previous owner.

4. **Know the people** – yes the location, the price and the unit have desirable features for you. But who will be your neighbors and your business partners? Will you be happy working with them in the condominium's business and socializing with them as neighbors? To get a pulse on the people, speak to the condominium manager or president of the board. Read minutes of past general meetings and board meetings to see what type of issues arise and how they are handled.
5. **Know the principles of condominium** – every condominium complex has its own bylaws and its own personality. All fall under the Condominium Property Act and Regulation. All operate on the principles of democracy, like a city or municipality – owners elect a board who runs the condominium corporation between annual meetings. The board is like a city council – setting the budget and condominium fees, collecting the money, determining how and when to spend the money, and reporting to the owners annually. Everyone must follow the bylaws, but the owners can change the bylaws if enough want a change.
6. **Know your limits** - get legal advice before you remove the conditions on your offer to purchase. Once the conditions on your offer to purchase are removed, you cannot back out. Get a home inspection. Pay for a document review by a professional agency.

Buyers have the right to full disclosure of information before they buy. An informed buyer is a prepared buyer who will become an informed and active owner. It's your hard earned money. Know what you're buying when you buy.

For more information on condominium matters, check the following resources:

Government Tip Sheet - Buying & Owning a Condominium

- http://www.servicealberta.gov.ab.ca/tipsheets/Buy_Own_Condo.cfm

Canadian Mortgage & Housing Corporation

- www.cmhc.ca
Condominium Buyer's Guide
(Can be downloaded 42 pages or can call (1.800.668.2642 to obtain a copy)

Canadian Condominium Institute National

- www.cci.ca
(Links to other Chapters as well as Condominium Related Resource Information)

Canadian Condominium Institute North Alberta

- www.cci-north.ab.ca
(Links to other Chapters as well as Condominium Related Websites and listing of available Resource Material for purchase.)

Metro Community College

- www.metrocontinuingeducation.ca/
(Course on *The Condominium Lifestyle: Legal Aspects* (0042656))

CondoServe Inc. (Bob Kelly - President)

- www.condoserve.com
CondoSmart Guide to Condominium in Alberta
(Can be downloaded 25 pages, honor system \$5.00 purchase price - see website for remittance address)

Condo Check (Bernie Winter)

- www.condo-check.com
Checking Documents
- 10 secrets to Surviving Life In a Condominium
(can be ordered through website – prices Ebook \$15.00, 1 book \$19.97, for handling & mailing \$3.95 for the 1st book)

Alberta New Home Warranty Program

- www.anhwp.com
The Way Home: Your New Home Buying Condominium Guide
(Can be downloaded - 112 pages or can be picked from locations indicated on website)

Condominium Diagnostics

- www.condodiagnosics.com/catalog.html
"The Original Condominium Checklist Book 2005 edition (19.95 + GST)

Condominium Accreditation Program

- www.capcanada.ca

Office of the Information and Privacy Commissioner

- <http://www.psp.gov.ab.ca/index.cfm?page=faqs/CondoFAQs.html>

Dispute Resolution

- www.highclouds.ca

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