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RED FLAGS TO LOOK FOR WHEN BUYING A CONDO

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Condominium ownership is a relatively new alternative to traditional property ownership. The ability for a group of people to each own their own unit, yet share common expenses and live in harmony has created some huge benefits to buyers. However, if you didn't know at least some of the benefits, then you likely wouldn't be considering purchasing a condo in the first place. We will set the benefits aside for now.

The items that most of our clients want to know about are the RED FLAGS. What items should I look into a little more before I purchase a condo in a particular building, complex or development? What things may be signs of existing, past or future problems?

PLEASE NOTE: These items are only red flags. They are not necessarily problems but should be a trigger to do a little more research.

- 1 **LOW CONDO FEES** – the fees may not include many of the items that they normally would. You may be expected to pay an assessment fee more often.
- 2 **HIGH CONDO FEES** – a problem may exist that the Condo Board is trying to pay for.
- 3 **LOW RESERVE FUND** – there may not be enough money to cover necessary repairs.
- 4 **SPECIAL ASSESSMENTS** – this is a lump sum of money required to top up the reserve fund or to fix a present issue in the condo.
- 5 **UN-RESOLVED ISSUES IN THE MEETING MINUTES** - if the most recent meeting minutes say they are waiting for a quote on something or have other unresolved issues then there may be a problem.
- 6 **REGISTERED SIZE DOES NOT MATCH THE LISTED SIZE** – you may not be getting all the square footage you thought you paid for.
- 7 **NOT ALL DOCUMENTS ARE AVAILABLE** – this could be a result of poor management or non-compliance with the Condo Act.
- 8 **POST TENSION CABLES** – if not cared for under the lawful requirements, this style of construction can be very costly to repair (typically causes Special Assessments).
- 9 **AGE RESTRICTED BUILDINGS/COMPLEXES** – this limits who you can re-sell your unit to (or rent to). Plus, some lenders will not provide certain mortgages for this type of building/complex.

- 10 **ANY STAINS OR SIGNS OF WATER DAMAGE** – this can be pretty obvious.
- 11 **LOTS OF UNITS FOR SALE** – why does everyone want to sell?
- 12 **OPERATING DEFICIT** – if there is more money going out than coming in, eventually you will run out of money.
- 13 **LOW OWNER OCCUPANCY** – lots of units are likely rented, and tenants don't take care of the property as well as owners would, and they sometimes don't follow the by-laws.
- 14 **MONOPOLIZED OWNERSHIP** – the one person who owns most of the units has most of the voting power.
- 15 **UNRESPONSIVE BOARD** – if they neglect to return calls, what else do they neglect?

Do your homework and get all the information available on a complex. Give yourself enough time to review or have reviewed by a Condo Document Specialist, all the documentation, before finalizing the purchase of a unit.

NOTE – Condo Document Specialists are available to review, explain and counsel you on the various unfamiliar and specialized documents that you will be confronted with – this can dramatically reduce your exposure to potentially costly issues.