

BUYING A CONDO OR TOWNHOME? SEVEN IMPORTANT TIPS FOR BUYERS



If you are a first-time home buyer, taking the time to ask the right questions when you are in the process of shopping around for an Atlanta condo, loff or townhome can help you to make an informed decision:

#1—How much are the monthly Home Owners Association (HOA) fees... and what is included? The HOA fee can vary from complex to complex, as well as the coverage. For example, one complex may pay for your water bill, while another may not. Those complexes with pools or other amenities often have a higher HOA fee.

#2—How many renters reside in the complex in comparison to owners? Try to avoid complexes where there are more than 25% of residents comprised of renters. Some lenders do require that the ratio is 25% or less in order to secure financing. PLUS, as a homeowner, you want to ensure that other condo / townhome owners are interested in maintaining their property so your investment is protected.

#3—How many of the units have been sold? If you are considering a newly constructed condo or townhome, this is a critical question for two reasons: One, your lender may require that at least 25 - 50% have sold (or are "under contract") to ensure that the value of the property is stable and two, you don't want your property value to go down if the builder deeply discounts the remaining 20% of the units just to get them sold.

#4—How is the condo association managed? A professionally managed association should have a third-party property manager unless it is a small condo building or complex. Don't be afraid to ask the seller or the neighbors how they feel about the association/management company.

#5—Are there any current or pending Special Assessments? The Seller will have to disclose to both you and your lender if there is a current special assessment and/or if they know if one is coming up. Special Assessments are used to make significant repairs or enhancements to a building -- when the Homeowner's Association Reserve Fund does not have enough to pay for it. Special Assessments can cost hundreds if not thousands of dollars, so it is critical that you do your research. As a Buyer's Agent, I always do a lot of research to ensure that my clients are protected, including asking for a copy of the HOA Budget and also requesting the last 12 months of HOA meeting minutes. Why? Sometimes the sellers do not regularly attend the monthly HOA meetings, so they are not even aware that a special assessment is being considered by the Homeowners Association.

6—How much money is in the HOA Reserve Fund? When you make your monthly HOA payment, a portion of it goes to a Reserve Fund that is later used for periodic maintenance (painting, pool, upgrades, etc). It can also be used for damage to the condo buildings (i.e. a tree falls on a roof). You and your real estate agent need to ensure that there is enough money in the fund to cover damages and future maintenance issues or upgrades.

#7—Is the Condo Community FHA Approved? If you want to use an FHA Mortgage (only requires a 3.5% downpayment), you will have to look for townhome and condo communities that are already pre-approved for FHA financing.



In today's real estate market, there are some fantastic deals on Atlanta lofts and condos, but it is so important that you have a knowledgeable real estate professional by your side who can guide you through the process. You need make sure that your investment is protected so you can truly ENJOY your new home in the years to come.



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