



A Comprehensive Guide to Condominium Ownership

What every first-time buyer should know.

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REALTOR® · ABR® · PSA

Understanding Condominium Ownership

What does it really mean?

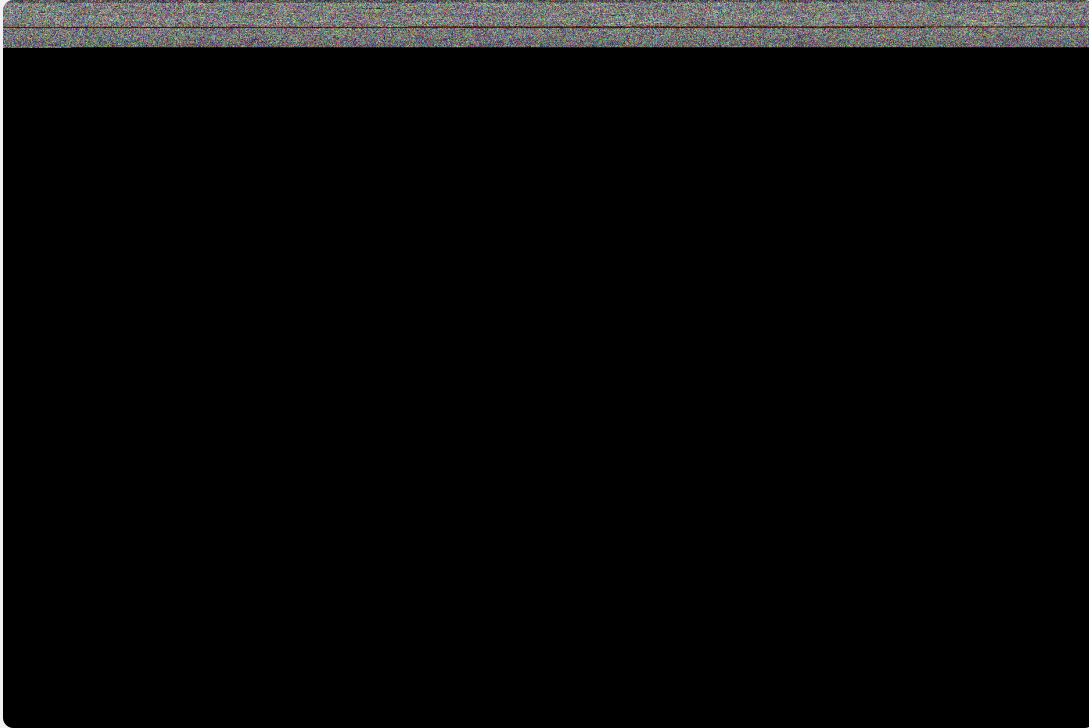
When you buy a condominium you acquire more than a living space. You gain exclusive ownership of your unit's interior — everything from the walls inward. At the same time you become a shared owner of all common areas: hallways, lobbies, rooftops, elevators, amenities like pools and gyms, landscaping and parking.

Think of it as owning your private space while co-owning the building's infrastructure with your neighbours.

"You're not just buying a unit — you're joining a community with shared responsibilities and collective benefits."

The key distinction: your deed covers your unit's interior, while the association collectively owns and maintains everything outside your walls.

How Condos Differ from Single-Family Homes



The fundamental tradeoff is **convenience versus control**. A condominium offers a maintenance-free lifestyle where the association handles exterior repairs, landscaping and shared spaces — but it comes with community rules and monthly fees. A single-family home gives complete autonomy over your property decisions, and requires you to manage and pay for every aspect of maintenance yourself.

Condominium

Shared land ownership. The HOA manages exterior maintenance. Common area amenities. Community governance. Lower maintenance burden.

Single-Family Home

You own land and structure. Full control over the property. Responsible for all maintenance. Complete independence. Higher upkeep.

The Role of the HOA

The Homeowners Association is the governing body that manages your condominium community — typically run by a board of elected residents handling day-to-day operations and long-term planning.

What the HOA Manages

- Landscaping and grounds
- Snow and ice removal
- Building exterior repairs and painting
- Amenity upkeep
- Common area insurance
- Reserve fund management

Governance Functions

- Enforcing rules and bylaws
- Collecting dues
- Handling disputes between residents
- Planning major repairs
- Managing vendor contracts

⚠ Critical due diligence. Always review the bylaws, meeting minutes, financial statements and reserve fund status before purchasing. A well-managed association protects your investment; a poorly run one leads to costly special assessments.



The Financial Picture

Condo ownership involves several components beyond the mortgage. Understanding the full structure lets you budget accurately and compare options honestly.

Mortgage Payment

Principal and interest, based on price, down payment and rate.

HOA Dues

Monthly fees covering common area maintenance, amenities and reserve contributions.

Utilities

Electric, gas, water, internet and cable. Some may be included in your dues.

HO-6 Insurance

Covers your unit's interior, personal property and liability.

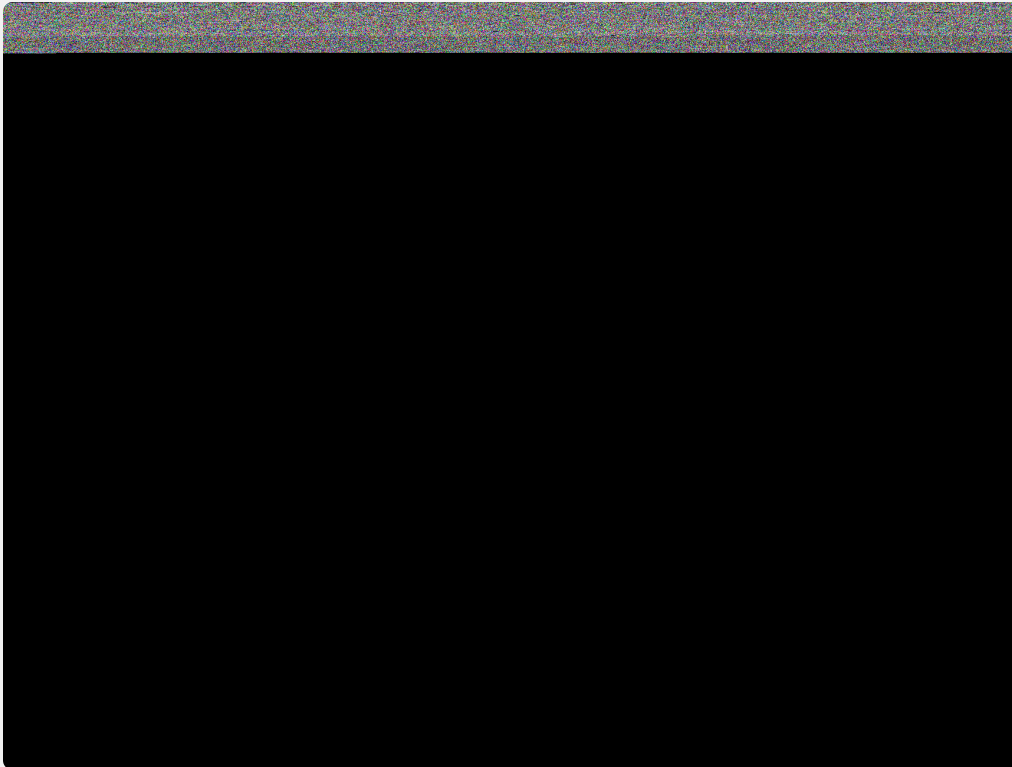
Property Taxes

Annual real estate taxes, usually divided into monthly payments.

Interior Maintenance

Repairs and upkeep within your unit boundaries: appliances, flooring, fixtures.

Understanding HOA Fees



What determines your monthly dues?

Amenities play the largest role — pools, fitness centres, concierge services and elaborate landscaping all require higher fees to maintain. Unit size matters, as larger units typically pay proportionally more. Building age affects costs, with older properties requiring more frequent repairs. Location matters too: urban high-rises command higher dues than suburban garden-style complexes.

These fees are not arbitrary. They directly fund the services and maintenance that preserve your property value.

Reserve Fund Essentials

The reserve fund is long-term savings for major repairs and replacements — new roofs, elevator modernisation, parking lot resurfacing, HVAC overhauls. A healthy reserve should hold **70% or more** of recommended funding levels.

The Special Assessment Risk

Underfunded reserves create serious financial exposure. When major repairs arise without adequate reserves, the association must levy a special assessment — a one-time charge that can range from hundreds to tens of thousands of dollars per unit.

Financing a Condo

Not all condominiums qualify for all types of financing. Understanding this before you fall for a property saves disappointment and delay.

Warrantable Condos

Meet Fannie Mae and Freddie Mac guidelines, making them eligible for conventional financing on favourable terms. Requirements cover HOA financial health, insurance coverage, owner-occupancy ratios, and the absence of ongoing litigation.

Non-Warrantable Condos

Don't meet conventional standards — often because of high investor ownership, incomplete construction, or financial issues. These require portfolio loans at higher rates with larger down payments, typically 20–25% minimum.

FHA and VA Financing

Offer low down payments but require the condo to be on an approved list. FHA allows 3.5% down; VA offers zero down for eligible veterans. Fewer condos qualify, because the approval criteria are stricter.

 **Lender tip:** verify financing eligibility early in your search. A beautiful condo means nothing if you can't secure favourable terms on it.

Advantages of Condo Living



Lower Entry Price

Condos typically cost 10–30% less than comparable single-family homes in the same area, making ownership accessible to buyers who might otherwise be priced out.



Maintenance-Free Lifestyle

No mowing, shovelling, roof repairs or exterior painting. The association handles it, freeing your weekends.



Access to Premium Amenities

Pools, fitness centres, business centres, rooftop terraces and concierge services you could not afford in a single-family home, included in your dues.



Built-In Community

Shared spaces and community events foster relationships with neighbours, which particularly appeals to those new to an area.

Who it suits: first-time buyers wanting affordable entry with lower maintenance; busy professionals who value convenience and time; and retirees seeking a simplified lifestyle without the physical demands of upkeep.

Drawbacks of Condo Living

HOA Restrictions

Community rules may limit pets, restrict your ability to rent, regulate renovation choices, and control exterior modifications. Some associations have strict noise policies or guest parking limits. Review the bylaws carefully.

Special Assessments

When major repairs exceed reserves, owners face mandatory one-time charges that can range from \$1,000 to \$50,000 or more per unit. Common triggers are roof replacement, structural repairs and code compliance upgrades. They cannot be avoided and are typically due within months.

Limited Control

You cannot unilaterally improve common areas, choose exterior colours, or make structural changes without approval. Board decisions on fees, amenities and projects may not match your preferences.

Resale Vulnerability

Your unit's marketability is tied directly to the association's financial health, management quality and reputation. Deferred maintenance or ongoing litigation can make a unit hard to sell regardless of its interior condition. Your investment is only as strong as your HOA.



Who Buys Condos?

First-Time Buyers

Young professionals and couples prioritising affordability and accessibility over space, using a condo as a stepping stone to building equity.

Retirees and Downsizers

Empty nesters eliminating maintenance burdens while keeping ownership, valuing security, community and a right-sized home.

Urban Professionals

Those prioritising location, walkability and amenities over yard space, trading square footage for convenience.

Investors

Targeting rental income where yields justify the dues, and valuing the professional management that makes condos easier to run as rentals.

The Buying Process: Due Diligence

Buying a condo requires more investigation than a single-family home. You are not just evaluating a unit — you are assessing an organisation's health and governance.

01

Review HOA Financial Documents

At least three years of statements, budgets and reserve studies. Look for consistent reserve contributions and stable expenses. Red flags: depleting reserves, rising assessments, budget shortfalls.

02

Read the Bylaws and Declarations

Rules, restrictions, owner rights and board powers. Pay attention to pet policies, rental restrictions, renovation approval and assessment collection.

03

Study Board Meeting Minutes

The past 12–24 months reveal ongoing issues, upcoming projects, disputes and decision-making patterns. Look for deferred maintenance and pending litigation.

04

Verify Reserves and Insurance

Confirm reserves at 70% or higher of recommended levels. Review the master policy for coverage limits, deductibles and gaps. Ask about upcoming projects that could trigger an assessment.

05

Schedule a Condo-Specific Inspection

Hire an inspector who understands the boundary between your responsibility and the association's.

Questions to Ask Before You Buy

→ What exactly do my HOA fees cover?

Get a detailed breakdown of what is included versus excluded — which utilities, which amenities, and which maintenance items remain yours.

→ What are the community rules?

Ask specifically about pets (breeds, sizes, limits), rentals (minimum lease terms, investor caps) and renovations (what needs approval, timelines, fees).

→ Are there upcoming special assessments?

Ask directly about planned projects, the condition of building systems, and whether reserves are adequate. Request the most recent reserve study.

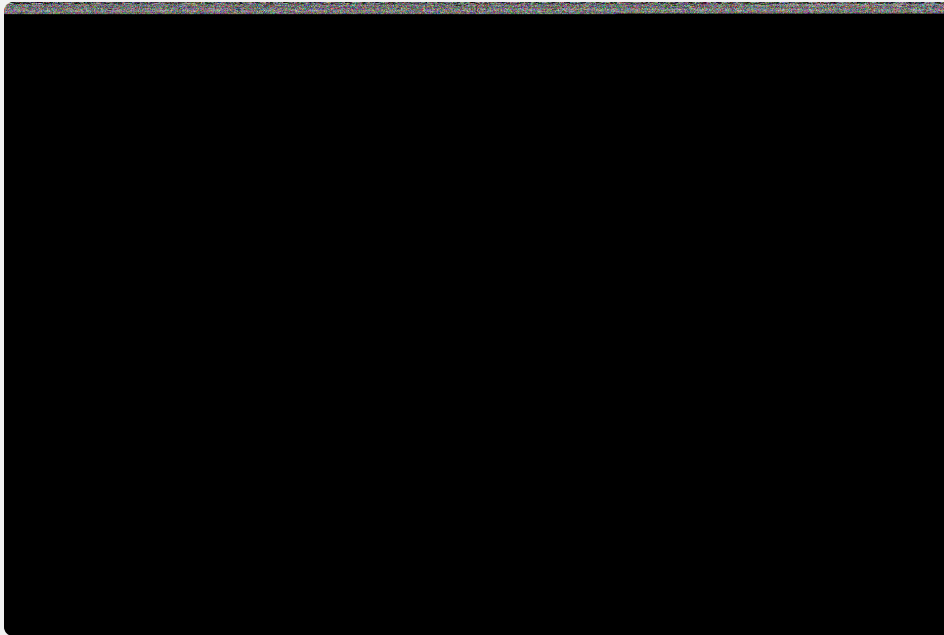
→ Who manages the association, and how responsive are they?

Self-managed or a professional company? Ask current owners about responsiveness and communication.

→ What am I responsible for inside my unit?

Typically everything from the drywall inward, but specifics vary. Clarify plumbing, electrical, HVAC, windows and doors before closing, not after.

Condo Inspections



Condo inspections differ from single-family inspections because you are only responsible for what sits inside your unit boundaries. The association maintains exterior walls, roofing, structure and common systems.

Your inspector should concentrate on interior plumbing, electrical systems, the HVAC serving your unit, appliances, and interior finishes.

Critical Areas

- Signs of water damage, especially near bathrooms and kitchens
- Window and door condition
- Interior plumbing fixtures and water pressure
- Electrical panel capacity
- HVAC age and performance
- Ventilation in bathrooms and kitchen

Understanding the Boundaries

Review the declaration to identify exactly where responsibility changes hands: windows, doors and balconies, pipes within walls, HVAC ownership, and repair versus replacement.

Pro tip: request the association's most recent building inspection or engineering report. It reveals issues with common elements that could affect your unit or trigger a future assessment.



The Condo Lifestyle

Walkability and Location

Condos sit in urban cores, walkable neighbourhoods and near transit. Residents value walking to work, restaurants and entertainment — a location premium that often outweighs the desire for more space.

Amenities and Convenience

Modern developments offer rooftop decks, fitness centres, co-working spaces, pet spas and guest suites — luxury experiences without the cost and maintenance of owning them outright.

"Community and convenience are the key drivers of condo appeal."

Buyers aren't only purchasing a home. They're choosing a lifestyle that prioritises location, experiences and time.



Market Trends

Rising Demand

First-time buyers and downsizers are driving condo demand as single-family prices reach historic highs. Affordability and low maintenance make condos an attractive alternative in competitive markets.

Sustainable Development

LEED certification, solar, EV charging and energy-efficient systems attract environmentally conscious buyers and lower utility costs.

Smart Home Integration

Smart locks, thermostats and lighting, plus building-wide apps for package delivery, amenity booking and maintenance requests.

Pet and Work-From-Home Amenities

Dedicated co-working space, private phone booths, pet washing stations and designated relief areas.

Trend data reflects the 2024–2025 market. Ask me for current local conditions before making decisions on timing.



Renting vs. Condo vs. Single-Family

Renting

Maximum flexibility with minimal responsibility, but no equity and no control over your space. Best if you're prioritising mobility or aren't ready to commit.

Condo Ownership

A balanced approach offering equity and amenities with a reduced maintenance burden. Ideal if you want the benefits of ownership without extensive upkeep.

Single-Family Home

Complete control and the greatest appreciation potential, but the highest costs and maintenance demands. Best if you're prioritising space, privacy and long-term wealth building.

Long-Term Wealth Potential

Both condominiums and single-family homes build equity as you pay down the mortgage and as values appreciate. The mechanism is identical — you are converting rent into an ownership stake.

Single-family homes historically appreciate faster, averaging 3–5% annually against roughly 2–4% for condos. That difference comes from land ownership and greater demand for detached homes. But condos start at lower price points, so the absolute dollar returns are closer than the percentages suggest.

Note that in the early years of any mortgage, most of each payment goes to interest rather than principal. After five years you typically own something in the range of 15–20% of the home's value through principal payoff.

The maintenance-free lifestyle also reduces the unexpected repair costs that wreck household budgets. HOA fees are an ongoing expense, but they buy budget stability instead of the financial shock of a five-figure roof or HVAC replacement.

📌 **The key message:** choose what aligns with your lifestyle and finances. A condo that fits your budget will build more wealth than a single-family home you struggle to afford or maintain.

Is a Condo Right for You?

"Condo ownership can be your gateway to homeownership."

Condominium ownership suits first-time buyers who value convenience, affordability and community over yard space and complete autonomy. If you're entering the market, downsizing, or prioritising location and amenities over square footage, a condo may be the right match.

Success requires understanding HOA dynamics, doing thorough due diligence, and working with someone who knows this property type specifically — condo financing requirements, HOA evaluation, resale factors, and the red flags buried in governing documents.

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