

# HOW TO BUY A CONDO: UNDERSTANDING THE RESALE CERTIFICATE

And the Top 5 Things You **MUST** Know Before Buying A Condo!

Written by Dan Keller, Branch Manager/Mortgage Advisor

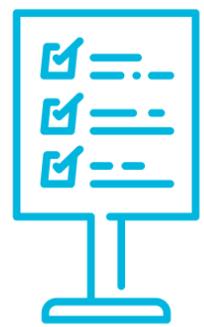
## WHAT IS A RESALE CERTIFICATE?

When it comes to selling a condo in the State of Washington, the seller is required to complete a resale certificate. These documents contain important information about the HOA, number of units, budget, meeting notes, rental policies, outstanding debt, monthly debt, special assessments, and CC&Rs associated with the condo complex.

☐ **HELPFUL TIP** ☐ Most resale certs include a "Summary". Look at this first, it will highlight important items and lead you through the condo docs.

## RULES & REGULATIONS

The pet policy, rental caps, & parking restrictions are found in the Rules & Regulations. This will let you know if the project allows for an Air B&B or other short-term rentals, along with whether or not the size of your golden doodle meets the weight requirements for a pet! Rules for common amenities and common ground are explained here as well.



## ANNUAL BUDGET

You want to know the current annual budget. What does it cost per year to maintain the condo complex? Are there plenty of reserves (a min of 10% of gross HOA dues required)? Is the HOA building reserves or running low? Understanding the budget and its strength is important to avoiding unforeseen future increases in your HOA dues.



## RESERVES

Reserves are held in the bank account for the condo complex. They are the safeguard when something unexpected arises, or needs repaired. Lenders want to see a minimum of 10% of the total HOA dues collected annually in reserves. When a repair is needed (ex: new roof) and there aren't enough reserves, each homeowner gets hit with a special assessment (addition to their regular monthly HOA dues) until enough money is accounted for to pay for the repairs.



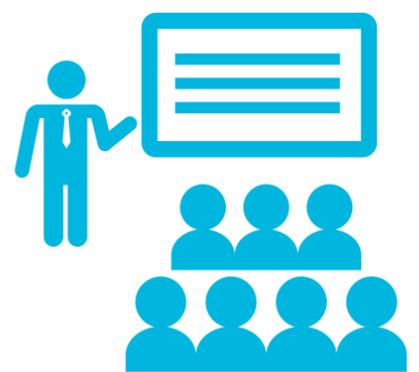
## RESERVES STUDY

This is a professional report that gives you an overview of the financial and structural health of the building. You will find a 30-yr maintenance schedule along w/ upcoming projects that will be required during your time of ownership. For example, if there is a major paint job required in 4-years, you may want to verify there are enough reserves to cover that job to avoid an increase in your HOA dues. I recommend reviewing this with your real estate agent or attorney.



## MINUTES/DECLARATIONS

The meeting minutes gives you insight into current topics being discussed in the building. They will reference plans for building updates, delinquencies, legal issues, and more. The declarations refer to the percentage of ownership - the square-footage of your unit relative to the # of units and the amount you contribute to the HOA dues. This is how you will calculate your percentage of a special assessment when issued. You'll also find your parking space number(s) and storage number here.



To learn how to buy a condo with less than 20% down here, go to

[www.MyMortgageGuyDan.com/Condo](http://www.MyMortgageGuyDan.com/Condo)