



FEDERAL HOUSING ADMINISTRATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CONSUMER FACT SHEET for CONDOMINIUM PROJECTS

Condominium ownership is different from other forms of home ownership. Your homeowner's association has specific responsibilities regarding the management of your condominium. Your association or developer will provide you with documents and information about those responsibilities. In order to obtain FHA insurance on an individual condominium unit, the project has to obtain FHA approval. Projects can be approved by eligible lenders or submitted to HUD directly. Below is some important information you will want to know before you sign an agreement to purchase your condominium.

What am I buying?

- In a condominium project you own your unit and an undivided portion of the common areas of the total property.
- Condominiums come in many forms and designs (i.e. high-rise, townhomes, or conversions of apartment buildings).
- Condominium conversions can be completely rehabilitated and modernized while others are simply rental properties with new paint and carpet.

What should I pay attention to when I review my condominium unit documents?

- Before you sign a purchase agreement, make sure that you receive and read a copy of the Declarations, Bylaws, Operating Budget, Management Agreement and other important information.
- The Condominium Association must carry hazard, liability, fidelity, and flood insurance (if applicable).
- If you don't understand the documents, please seek assistance.

What issues affect the stability of my project?

- High delinquency rates on Condominium Association fees (the industry limit is 15 percent).
- Inadequate Condominium Association's budget. The Condominium Association must provide for at least a 10 percent contribution to its reserve account or have sufficient funds for planned or unplanned special assessments (i.e. snow removal, roof replacement, etc.).
- Poor maintenance of the common areas.
- Pending litigation involving the Condominium Association.

DON'T HESITATE TO ASK QUESTIONS