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It's The Law Buying A Condo February 7, 2008

Most folks contemplating the purchase of a condominium (or coop, same thing for the purposes of this comment), fail to ask the two questions that are most important to their satisfaction with the purchase and their ability to resell their unit. Everyone asks about the price, of course. That's obvious. Everyone inspects the "bricks and mortar." That's almost as obvious and the seller does have a duty to disclose *known* defects that aren't obvious. It may still be prudent to have a professional check it out for unknown defects sorta like taking a used car to a reliable mechanic before you agree to buy. You don't want to buy and then get hit with a giant special assessment to replace the roof or a boiler, or to paint or tuck point the exterior. But all that is in the obvious, or relatively obvious, category.

What most folks fail to ask is about the Reserves for future capital needs and the quality of project management. The two go hand-in-hand and turn inevitably on the homeowners' association Board of Directors. If the Board is pre-occupied with keeping dues to a minimum, Reserves will be the first to suffer, and diminished Reserves raise the exposure for future owners. On the management side, in a condominium project you inevitably bring politics very close to home. If the Board is comprised of people who are bored or on a power trip, or the Board fails to hire and defer to competent, professional management, the Board will be endlessly meddling in the affairs of the unit owners rather than altruistically trying to serve the needs of the owners.

If you have any questions about these requirements or this issue, please contact Jonathan C. Wilson at 515-288-2500 or via e-mail at JonathanWilson@davisbrownlaw.com.

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