

Condo's and Don'ts.

A beginner's guide to condo buying.

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Condo Ownership

So you are looking to buy a Condo

Like many others, you are looking to become a condo owner and purchase a housing option that is becoming more and more popular for people. From first time homebuyers to empty-nesters wanting to downsize, many people in different life stages are looking at condos. Condos offer many advantages for the first time buyer as they can be more affordable and provide a means of building equity. Empty nesters also benefit from condo living because they can downsize to a smaller living space and enjoy life without the hassles of yard work, and financial responsibilities that single-family homeowners typically face. There are unique questions to ask and steps to follow when buying a condo. This guide will walk you through the process so it can be more enjoyable and exciting helping you end up with a condo that best suits your lifestyle needs. In this guide you'll find a number of tables and checklists to help you:

- Understand the unique features of a Condo
- Compare new vs. resale Condos
- Shop for the right Condo

We're here to help

We can help with all your questions – ***from getting your mortgage pre-approved by ATB Financial to how much you can afford to spend.***

Check out ATB Financial's "**Gimme' Shelter**" homebuyers guide for everything you need when planning to purchase your home.

ATB Financial is committed to providing you with the best mortgage options in Alberta, and want to help you find the mortgage that fits your lifestyle – making your journey to Condo ownership an enjoyable one.

For more information, drop by your nearest ATB Financial location or call us toll free at 1-866-297-5626 (LOAN) or

Visit our website at **www.homeoffirsthomes.com** provided by ATB Financial.

What is a Condo?

Most people associate condo living with being in a high-rise building downtown but condo living is more than a style of construction. "Condominium" is a form of legal ownership, not a style of construction. This means that condos can take many forms from a high-rise residential building to low-rise residential buildings and even townhouses. The owner of a condo gets title to the space inside their unit and shares the common areas with other unit owners. Each unit owner pays a maintenance or condo fee to the Condominium Corporation to pay for things like needed maintenance, repairs and improvements to the property.

Condo ownership generally consists of two parts. In the first part you are a partner with all the other unit owners in the complex with regards to common elements such as the exterior structure (roof, exterior walls, foundation) and any common areas and amenities (hallways, swimming pools). The cost of the operation and maintenance is shared among the owners usually in the form of condo fees. The second part of ownership consists of the individual units. Each unit is owned and registered in the name of the purchaser of the unit and ownership extends inwards from the units interior walls, floors and ceilings.

What types of Condos are there?

There are two general types of condos that you can purchase. There is the high-rise type, where you own the space inside your condo and a share of the common areas. There is also what is often referred to as "bare land" condo where you also own the land your condo sits on.

Below are some advantages and disadvantages to Condo ownership:

Advantages	Disadvantages
You may be responsible for little or no exterior maintenance or repairs	You are responsible for the payment of condo corporation fees and reserve funds
Many condo communities offer amenities such as pools or play areas that you may otherwise be unable to afford	You give up more privacy as compared to single family homes
Condos are often located in locations convenient to employment centers and schools	Depending on the type of condo you may only own your interior walls inward. The rest of the structure and land is owned in common with the other condo owners
Condos are often more affordable than other forms of housing	You have to follow the rules set forth by the condo corporation
You will have the safety of numerous and nearby neighbors	

Rules, Restrictions & Fees

Rules and Restrictions in a Condo

As compared to a single family dwelling, living in a condo comes with rules and restrictions that are set by the condo corporation. Each condo corporation is independently created and governs itself by the rules, regulations and by-laws that it sets forth. These are necessary to ensure that the building is properly operated and maintained to the standard that the condo corporation has agreed upon. To pay for this upkeep the condo corporation decides upon the condo fees that must be paid by each unit holder as part of their ownership obligations. The condo corporation documents these regulations so that each unit owner knows their rights and what their obligations are to the building.

There are also restrictions created by the condo corporation that each unit owner must follow such as the number of occupants allowed, pets, noise, parking and when certain amenities can be used. Other rules and restrictions often include strict rules regarding the altering of appearances and if the condo can be rented out.

What is included in my Condo Fees?

Every condo corporation has different condo fees that are based upon the needs of the individual condo corporation. Condo fees are usually calculated from the annual operating cost of the entire condo building and divided by the percentage of your contribution to the common expense as outlined in the condo governing documents.

The following is typical of what most of the condo fees are spent on:

- Day-to-day care and up keep of common property elements (i.e. landscaping, exterior maintenance)
- Reserve fund contributions
- Property management fees
- Amenities
- Utilities
- The condo corporation's insurance policies

Condo Maintenance

Maintenance can be divided up into two separate categories. What falls under each category may be different from one condo corporation to another so it is advised to check before buying.

Maintenance Duties for Unit Owner

Examples:

- Internal unit plumbing, appliances, heating, air conditioning or electrical system that is contained and serve only that unit
- Cleaning windows that are accessible from inside the unit
- Cleaning some parts of balcony/patio that only the unit holder uses

Maintenance Duties for Condo Corporation

Examples:

- Common plumbing, heating, air conditioning or electrical systems
- Roof and wall repairs
- Outside maintenance
- Recreational amenities
- Parking areas
- Elevators
- Any other part of the property that is not part of an individual unit

What is a Reserve Fund?

The reserve fund is set up by the condo corporation to provide financing for major repairs and renewal projects over the life of the condo building. The fund ensures that the common elements of the building will be maintained over the life of the building. The amount that is required for a reserve fund is based on the condition and life expectancy of the building and the estimated cost to replace/repair it.

The reserve fund is funded and maintained by the condo owners. If there is not enough money in the reserve fund, the condo corporation will look to the condo owners for the money. Therefore it is important to check the reserve fund before buying a condo.

What Insurance is Needed for a Condo?

Unit owner is responsible for insuring:

- Personal property/contents
- Personal liability

The condo association may be responsible for insuring:

- Common areas and units
- Against fire
- Directors and officers insurance
- Condo corporation property such as furniture and equipment
- Personal liability against claims of injury or property damage

New Condos

New condos are a popular choice because they offer the benefits of a new building and give the purchaser the chance to choose the finishings they want. A new condo can be purchased before, during and after the construction of the building. Deposits are usually required when purchasing a condo that is under construction. Floor plans should be carefully studied to ensure they meet your needs. As well, make sure that you take time to understand what is and is not covered in the purchase price of the unit. For example, GST on a new unit can add substantial cost. It is also important to look into the condo corporation and look at the disclosure statements. The disclosure statement includes a summary of the condos features/amenities, the governing documents and the budget for the first year after registration. This allows you to get a feel for the rules, regulations, reserve fund and financial situation of the condo before you purchase.

Below are some questions that you should ask with regards to the quality of the unit:

- Are there any special construction techniques used to limit noise between units?
- How are the units heated, cooled and ventilated?
- How are odors controlled?
- Is the building energy-efficient?

Questions for the builder

When deciding that you want to purchase a condo that is not yet built, you should ask the builder the following questions so that you have a full understanding of when the condo will be completed and what is included:

- What is the current state of construction, and how quickly will the project be done?
- Does the occupancy date meet my requirements?
- Can the occupancy date be changed and under what conditions?
- Will I be covered under the new home warranty program?
- How many visitor parking stalls are available?
- Can I purchase extra stalls?
- What storage options are available to me?

Below are some advantages and disadvantages to New Condos:

Advantages	Disadvantages
Lower chance of the new building needing costly repairs	Initial deposit will be tied up for duration of construction
Unit is brand new	Sometimes difficult to visualize what the condo is going to look like
More choice of location in building (i.e.: what floor, faces what direction)	Construction may incur delays and not be completed on time
Can choose upgrades and finishings	May have to move in while construction continues on other units
New home warranty protection	GST on the sale

Resale Condos

Resale condos are condos that have previously been lived in. There is different information that should be reviewed before purchasing a resale condo.

When purchasing a resale condo it is important to ensure that when making an offer, it is conditional to you (and perhaps your legal counsel) looking over the condo documents. In Alberta, there are also services available to help with the review of condo document packages.

The seller should provide the following information about the unit and the corporation:

- Estoppel certificate for resale condos
- Governing documents – constitution, declaration, condominium plan, by-laws
- Reserve fund study and/or performance/technical audit
- Operating budget, financial statements, annual general meeting minutes and reserve budget (for at least one year)

Estoppel and insurance certificates: There is usually a cost to obtaining these certificates but it is well worth the cost since it gives vital information about such things as:

- The reserve fund
- If the previous owner is up to date on all condo fee payments
- Whether the corporation is suing or is being sued
- Special assessments that have taken place
- Current bylaws and rules
- What the condo corporations insurance covers

Finding out the financial condition of the condo corporation is important because if a condo corporation is insufficiently funded, it makes the purchase much more risky. Low condo fees may be appealing but it may be a sign that if anything were to happen, the condo corporation may not be prepared to fund repairs. Should the property deteriorate, significant charges could be faced by the unit holders. However, there are ways to determine how sound the condo corporation is financially. The best way to do this is to look at the condo corporation documentation, such as the annual budgets and year end financial statements. As well, it is important to read the meeting minutes to get a feel for the condo corporation, the management company and issues with the building.

Below are some advantages and disadvantages to Resale Condos:

Advantages	Disadvantages
You get what you see	May not have modern amenities that you desire
No lengthy wait time to move in	More maintenance may be required which may lead to higher condo fees
No GST on the sale	If reserve fund is under funded then levy may be required for repairs

Condo Questions?

Buying a Condo is different than buying a house. To ensure you get the condo of your dreams, make sure you ask some of the following questions that are unique to condo ownership. These questions will help you make a better decision on what condo is right for you and leave you happy with your decision for years to come.

Important questions to ask:

- Is the condo in my general price range?
- Is this condo the right size? Do I like the layout?
Are there enough bedrooms?
- What is the condition of the condo? Will I need to complete any repairs or renovations? How much will they cost?
- Are the other condos in the building well maintained?
Do I like the community?
- Do the rules and regulations of the condo corporation fit with my lifestyle?
- Is there good access to public transit and major roads?
Are there good public facilities like schools, hospitals, shopping and recreation facilities in the area?
- How do municipal taxes compare to those in other areas? Are there any development plans that will affect the neighborhood?
- Are there any zoning bylaws that might affect me?
- Does the property have the potential to increase in value?
- How old is the building?
- Are there restrictions on whether your unit can be renovated or leased?
- Is it soundproofed?
- Does it have a 24 hour security system?
- Is a parking space included in the purchase price?
- Can extra parking be purchased or rented?
- How much guest parking is available and what are the conditions?
- Is the use of recreational facilities included in the price?
- Is the unit close to noisy areas like elevators and garbage chutes?
- Ask about the condo fee and what it includes.
- What is the policy regarding pets?
- Is there a property manager? Are they onsite?

Steps in buying a Condo

Many of the steps in buying a condo are similar to those of buying a house and can be found in ATB Financial's Gimme' Shelter Guide. However, there are some unique steps when buying a condo. These steps mostly involve researching the condo corporation to gain information on the reserve fund, their by-laws and regulations, any levies that have been requested and what other owners are discussing in corporation meetings.

Some of the steps that should be taken can be found below:

- Take a look at the minutes of the condo corporation board meeting to see what issues are being discussed
- Find out the delinquency rates of present owners because it could be a sign of discontent or that the corporation is not well run
- See how much money is in the reserve fund
- Ensure that there is a certificate of insurance for the condo corporation policy
- Find out if the complex is renter friendly and if there are clear rental policies in place
- Check the corporation's bylaws to see how their rules and regulations fit with your lifestyle
- Find out about the property manager (if applicable)

Talk to an Expert

ATB Financial Mortgage Specialist – An ATB Financial associate can ensure that you get the right mortgage for you and can show you how you can save money on your mortgage. Some questions that you might want to ask are:

- How long will it take to get my application approved?
- What is the maximum mortgage I can afford and what is the monthly payment?
- How does the mortgage process work from application to approval, to advancing the money right up until I move into my home?
- How can I increase or decrease the amount I have to pay each month?
- What is the interest rate?
- Can I repay early without penalty?
- How will different amortizations affect the total interest I pay?
- What's the most efficient way for me to make my mortgage payments?
- What benefit do I receive with life and disability insurance on my mortgage?
- What is the monthly cost of mortgage life and disability insurance for me and my co-applicant (if applicable)?

Real Estate Agents – using an agent that specializes in condos can help you since they have experience and expertise in the condo market. Since the agent works on your behalf, they should have your best interest in mind. They can also provide you with market statistics, pricing and information about living in a condo. Many agents specializing in condos can help you with the legal structure and special considerations of this type of living. They can also supply their expertise when it comes to condo fees, reserve funds, levies and boards.

Lawyers – Hiring a lawyer that has experience in condos is the best way to ensure that your legal interests are protected. Your lawyer should explain the documentation for the condo including by-laws, rules and disclosure statements. Your lawyer should be able to tell you if there are any pending legal actions against the condo and what this means to the individual unit owners.

ATB Financial is committed to providing you with the best mortgage options in Alberta, and want to help you find the mortgage that fits your lifestyle – making your journey to Condo ownership an enjoyable one.

For more information, drop by your nearest ATB Financial location or call us toll free at 1-866-297-5626 (LOAN) or

Visit our website at www.homeoffirsthomes.com provided by ATB Financial.

Benefits of getting pre-approved

Be a small step ahead with an ATB Financial mortgage pre-approval

Before you begin looking for your condo, see an ATB Financial mortgage specialist and get pre-approved for a mortgage. You're under no obligation and this service is free. Based on your current financial situation and a satisfactory credit review, a pre-approved mortgage lets you know how much you can borrow and how much your payments will be. Combine this information with your down payment and you can shop with both peace of mind and confidence. You'll also have immediate buying power when you meet with realtors and prospective vendors. As a result, you can better position yourself as a serious buyer.

Interest Rate Guarantee:

Once you are pre-approved*, ATB Financial will guarantee your interest rate and mortgage payments.

Talk to an ATB Financial representative for more information about our interest rate guarantee program.

At ATB Financial, we have some helpful tips and solutions on how you can reduce the costs of borrowing:

- Choose bi-weekly over monthly mortgage payments;
- Increase your mortgage payments or make lump sum payments;
- Realize the benefits of fixed and variable rate mortgages;
- Let the equity in your home work for you;
- Reduce other borrowing costs; and
- Receive cash back on your purchases with our Gold My Rewards Mastercard.®

Condo Checklist

Amenities

	Yes	No
Is there Indoor parking available?	<input type="radio"/>	<input type="radio"/>
Guest parking?	<input type="radio"/>	<input type="radio"/>
Recreational facilities?	<input type="radio"/>	<input type="radio"/>
Exercise room?	<input type="radio"/>	<input type="radio"/>
Pool?	<input type="radio"/>	<input type="radio"/>
Suitable storage space?	<input type="radio"/>	<input type="radio"/>
Meeting spaces?	<input type="radio"/>	<input type="radio"/>

Rules and Regulations

Condo rules and restrictions are clearly defined and understandable.	<input type="radio"/>	<input type="radio"/>
Do the rules allow me to live the lifestyle I want?	<input type="radio"/>	<input type="radio"/>
Can I rent my unit?	<input type="radio"/>	<input type="radio"/>
Are pets allowed?	<input type="radio"/>	<input type="radio"/>
Can I operate my business from the condo?	<input type="radio"/>	<input type="radio"/>
Is there a maximum number of occupants?	<input type="radio"/>	<input type="radio"/>
Does the management fit my lifestyle? (property manager vs. self managed)	<input type="radio"/>	<input type="radio"/>

Costs

Do I understand what is included in the condo fees?	<input type="radio"/>	<input type="radio"/>
Is the building energy and water efficient?	<input type="radio"/>	<input type="radio"/>
Are utilities included in the monthly condo fees?	<input type="radio"/>	<input type="radio"/>

The Building

	Yes	No
Is the building the type that I want? (high rise, low rise, townhouse)	<input type="radio"/>	<input type="radio"/>
Will the condo be finished on time?	<input type="radio"/>	<input type="radio"/>
Do I like the look of the building?	<input type="radio"/>	<input type="radio"/>
Are the common areas in good condition?	<input type="radio"/>	<input type="radio"/>
Is the building well maintained?	<input type="radio"/>	<input type="radio"/>
Do I rent or own my parking stall?	<input type="radio"/>	<input type="radio"/>
Are the grounds maintained?	<input type="radio"/>	<input type="radio"/>
Does it have fire protection?	<input type="radio"/>	<input type="radio"/>
Is the location good for me?	<input type="radio"/>	<input type="radio"/>

The Condo Corporation

Is the corporation in good financial condition?	<input type="radio"/>	<input type="radio"/>
Are there any legal claims or judgments against the corporation?	<input type="radio"/>	<input type="radio"/>
Is the documentation easily accessible and in good order?	<input type="radio"/>	<input type="radio"/>
Is the amount in the reserve fund adequate?	<input type="radio"/>	<input type="radio"/>
Is there a reserve fund study?	<input type="radio"/>	<input type="radio"/>

Lifestyle

Are the units owner occupied?	<input type="radio"/>	<input type="radio"/>
Does the condo community match my lifestyle?	<input type="radio"/>	<input type="radio"/>
Are recreational facilities near by?	<input type="radio"/>	<input type="radio"/>
Is the condo close to schools and public transportation?	<input type="radio"/>	<input type="radio"/>

Helpful tools

ATB Financial Tools and Calculators (available online at www.homeoffirsthomes.com)

Whether you're deciding to rent or own, choosing what mortgage payments are most affordable, or working out which loan or mortgage best suits your needs, ATB Financial can help. We know these decisions are difficult and time consuming to research, so we offer interactive Loan and Mortgage Calculators located online. These calculators will assist you in making the best borrowing decisions to meet your unique financial goals.

Visit atb.com or www.homeoffirsthomes.com today to try our Loan and Mortgage Calculator tools for yourself!

Rent Vs. Own Calculator

When buying a home there are several factors to consider such as mortgage rate, the market value appreciation of the home, and the potential rate of return from investing extra cash versus putting it towards a mortgage. This calculator shows which option works best and makes a difficult decision much easier.

Maximum Mortgage

Using simple information like income, monthly payments, and down payment, the Maximum Mortgage calculates the monthly payment your household can afford.

Mortgage Payment Calculator

The Mortgage Payment Calculator is an easy way to determine what amount the mortgage payment will be on a weekly, bi-weekly, semi-monthly, monthly, or accelerated schedule.

Mortgage Finder

One size does not fit all! Mortgage Finder asks a few simple questions to evaluate your mortgage needs, risk tolerance, and payment preferences, then uses this information to recommend the appropriate mortgage option.

Mortgage Payment Analyzer

Use the Mortgage Analyzer to compute your mortgage payments, to receive a yearly principal balance summary, and to compute a complete amortization schedule for your loan

Mortgage Pre-Payment Analyzer

Use the Mortgage Pre-Payment Analyzer to compute your mortgage payments and to determine the impact annual pre-payments will have on the length and interest cost of your mortgage.

Mortgage Comparison

This tool makes side-by-side comparisons for two or three mortgages, helping to show which one is the best option. Criteria like rate, amortization period, and payment frequency are adjustable and will show the effect on the monthly payments as well as the mortgage over the long term.

Personal Loan Finder

Selecting the type of personal loan right for you depends on several factors such as the amount needed to borrow, preferred method of payment, and the intended use of funds. This calculator will help you achieve your financial goals.

Other Helpful Resources

Here is a list of helpful phone numbers and websites that offer further information and advice on how to search for and purchase a home.

ATB Financial Customer Contact Center

- speak to a representative about ATB Financial's loan or mortgage products.
Phone **1-866-297-LOAN (5626)**
7 days a week, 7 am – 11 pm

Home of First Homes.com

– provided by ATB Financial to help you plan for homeownership.
Website: www.homeoffirsthomes.com

ATB Loan and Mortgage Calculators

- interactive financial tools to help you make borrowing decisions
Website: www.atb.com or www.homeoffirsthomes.com

Canada Mortgage and Housing Corporation

– Mortgage loan insurance
Website: www.cmhc.ca
Phone **1-800-668-2642**

Canada Revenue Agency

- For additional information on the Home Buyers' Plan
Website: www.cra-arc.gc.ca
Phone **1-800-267-6999**

Canadian Bankers Association

- "Mortgage Wise" publication
Website: www.cba.ca
Phone **1-800-263-0231**

First Canadian Title

– Find out more about title insurance
Website: www.firstcanadiantitle.com
Phone **1-800-307-0370**

Genworth Financial Canada

- Formerly known as General Electric Mortgage Insurance Canada
Website: www.genworth.ca
Phone **1-800-511-8888**

Multiple Listing Service

– Find listed Canadian real estate
Website: www.mls.ca

We're ready to help

At ATB Financial, we can help make your journey to condo ownership an enjoyable one.

For more information, drop by your nearest ATB Financial location or call us toll free 1-866-297-5626 (LOAN) or visit our website at www.homeoffirsthomes.com provided by ATB Financial

Reference Sheet

This sheet below works as a quick reference for the contact information of individuals who will be helping you search and purchase your condo.

Personal Contacts

Contact	Phone No.	Fax No.	Email	Address
ATB Mortgage Specialist				
Real Estate Agent				
Real Estate Lawyer				
Home Insurance Agent				
Other Contacts				



ATB Financial

The information contained in ATB Financial's Condo's and Don'ts Brochure ("Brochure") is for information purpose only.

* Some conditions apply based on ATB Financial's lending criteria.

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