



RED FLAGS WHEN BUYING A CONDO

Condo ownership offers a unique alternative to traditional homeownership, allowing individuals to own their unit while sharing the costs of common areas and maintenance. While this setup comes with many benefits, it's not without risks. If you're considering buying a condo, watch for these red flags—they don't necessarily mean you should walk away, but they do mean you should dig deeper before making a decision.

Financial & Fee-Related Red Flags

- 💰 **Low Condo Fees** – While this might seem appealing, it could mean the condo board isn't budgeting properly for maintenance or repairs. You may end up facing frequent special assessments.
- 💰 **High Condo Fees** – If fees are significantly higher than similar buildings, there may be ongoing issues the condo board is trying to cover.
- 💰 **Low Reserve Fund** – A healthy reserve fund is essential to cover major repairs and long-term maintenance. If it's too low, special assessments are likely in your future.
- 💰 **Special Assessments** – These unexpected lump-sum payments are charged to unit owners to cover repairs or replenish the reserve fund. Check if past assessments were frequent or large.
- 💰 **Operating Deficit** – If the condo is spending more than it earns, fees will eventually increase, or the board may be forced to cut back on maintenance.

Structural & Legal Considerations

- 🏠 **Unresolved Issues in Meeting Minutes** – If recent minutes mention they're still waiting on a quote for a repair, that issue is not yet resolved. Dig deeper into the history of maintenance concerns.
- 🏠 **Registered Size vs. Listed Size** – Sometimes, the listed square footage includes parking, balconies, or storage lockers, making the unit appear larger than it actually is.
- 🏠 **Missing Documents** – A lack of proper documentation could indicate poor management or even non-compliance with condo laws. Ensure you have access to financials, bylaws, meeting minutes, and reserve fund studies.
- 🏠 **Post-Tension Cables** – This type of construction requires strict maintenance, and failure to comply can lead to expensive repairs and even financing challenges. Some lenders may refuse to insure buildings that aren't properly maintaining their post-tension systems.
- 🏠 **Any Stains or Signs of Water Damage** – Water issues can be extremely costly in a condo building. Even minor stains could indicate larger structural concerns.
- 🏠 **New or Incomplete Developments** – If the building is new, is the developer reliable? If the project is unfinished, are there enough pre-sold units to ensure it gets completed?

Ownership & Community Red Flags

- 🔴 **Lots of Units for Sale** – If multiple owners are trying to sell at the same time, it could signal underlying issues with the building, management, or finances.
- 🔴 **Low Owner Occupancy** – A high percentage of rental units may indicate that tenants, rather than owners, dominate the building. Owners typically care more about the property's upkeep and follow bylaws more closely.
- 🔴 **Monopolized Ownership** – If one person or company owns multiple units, they may have too much control over board decisions, fees, and building policies.
- 🔴 **Age-Restricted Buildings** – While adult-only buildings can offer a quiet lifestyle, they limit resale opportunities and may face future legal challenges as age restrictions become less enforceable. Some mortgage lenders are also hesitant to finance these properties.
- 🔴 **Unresponsive Condo Board** – If the board doesn't return calls or emails, what else are they neglecting? Poor management can lead to delayed repairs, rising fees, and overall dissatisfaction among owners.