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If you're thinking about buying a condo, do plenty of homework

By Abigail Klingbeil

Special to The Seattle Times

Norma Jean Craig admits that when she bought her first condominium, back in 1991, she had no idea what she was getting into.

She hadn't given much thought to the problems that can be associated with condominiums: limited parking, noisy neighbors, neglected common spaces and, perhaps the most serious, construction defects.

In the past 14 years, Craig has become a self-educated condominium expert. She now owns her second condo, a three-bedroom unit in Kent, and has a mountain of advice for prospective owners.

"Most people see condo living as somewhere between owning your own home and renting an apartment, but it's more like owning your own home. There's a responsibility that each homeowner has, whether they accept it or not," said Craig, a board member of the state chapter of the Community Associations Institute, a group that provides educational information about homeowners associations.

"The best advice I can give to anyone buying a condo," she said, "is to educate themselves as to what they're buying and to be involved in the maintenance and operation of the condominium."

As the price of single-family homes continues to rise in the Puget Sound area, condominiums are expected to remain an attractive, typically less-expensive alternative for people who want to own real estate. They appeal especially to younger and older people, and to single people who would prefer not to spend time and effort maintaining a single-family home.

Where to get help

Washington State Community Associations Institute: This group of condominium, cooperative and homeowners associations and other organizations provides educational forums about association-related issues. The group's Web site is www.wscai.org.

Washington Condominium Act: The law, enacted in 1990, requires uniformed documentation for condominiums. Information is available online at <http://www.leg.wa.gov/RCW/index.cfm?fuseaction=chapterdigest&chapter=64.34>

Construction defect bill: House Bill 1848, which became effective

But high-profile lawsuits over construction defects have left some prospective buyers wary. Craig and other experts offer advice about how to be a wise condo buyer.

For Craig, the benefits of owning a condominium have far outweighed the problems.

"I would choose a condo again because I don't have to be the one who mows the lawn or has to get the roof fixed," Craig said.

She remains rosy on condos despite the fact that both units she has owned have been in buildings with construction problems.

After a divorce, she bought her first condo, a one-bedroom unit in a 60-unit Seattle complex. Five years later, the board discovered water was getting in.

"The wooden support beams were rotted to the point where you

Aug. 1, requires, among other things, that inspections, including water penetration, are conducted on condominiums as they are being built.

<http://www.leg.wa.gov/pub/billinfo/2005-06/Htm/Bill%20Reports/House/1848.HBR.htm>.

could take your car key and push it through the wood," Craig said.

Repairs took 18 months, involved replacing all the decks and tearing off the building's outer layer, and cost more than \$3 million, which the developer's insurance covered.

What to check before you buy

Here is a list of important information to gather and read before buying a condo:

Bylaws: These spell out the rules of operation for the homeowners association, including such things as how officers are elected.

Covenants, conditions and restrictions: These documents provide the legal definition of the rules of the condominium complex. These could include quiet hours, parking and pet restrictions.

Declaration: This information, published by the developer, contains site maps, number of units, number of parking spaces and other key information about the project.

Minutes and agendas: Condominium-association minutes and agendas can hold valuable information about the topics concerning members.

Public offering statement: Builders are required to write these, which include a list of the builder's five most recent condominium projects, restrictions regarding renting, a list of common amenities and known assessments.

Reserve study: This analysis determines whether the condominium complex's financial reserve is large enough to cover future expected costs of roof repairs, repaving and other potential expenses.

Resale certificate: Unit owners are required to provide a resale certificate that includes such information as a current budget, expected special assessments, ongoing litigation and the amount of reserves available for repairs. It includes all the documents the

As the years progressed, Craig became a more involved and knowledgeable owner.

"I just kind of learned by trial and error," she said.

Owning a condominium means owning a home but sharing the ownership burden.

Typically, buyers own their units and are responsible for everything inside them. They jointly own all common areas, such as driveways, roofs, elevators and swimming pools.

The key to being content with a condo is completing the necessary legwork before making an offer.

"First and foremost, just do some homework," said Dan Zimberoff, a shareholder and attorney with Barker Martin in Seattle. "Like with any other major purchase, if you do some research, you're going to be able to reduce your headaches down the road."

Barker Martin specializes in construction defects and often represents homeowner associations.

"For every dispute I have to resolve, there are hundreds or thousands of communities that are thriving and enjoying condominium living," Zimberoff said.

But it's the problems that have kept Zimberoff and other attorneys busy.

The main issues with condos around Puget Sound are problems with the exterior, including the roof, exterior walls, windows, doors, vents and seals, Zimberoff said.

"Those each provide an opportunity or access for weather, primarily water, to infiltrate the [outside of the building]," he said.

The region's rainy weather exacerbates the problem, which can lead to mold and rotting wood.

Although construction defects are probably the most serious potential problem, less-serious problems — including parking, pets, noise and renters — can be irritating.

Craig's condominium complex has quiet hours from 10 p.m. to 7 a.m., but her neighbors still can be disruptive.

developer handed over to the unit's original owner.

Rules and regulations: This document spells out the covenants, conditions and restrictions in understandable language and includes the fines associated with breaking rules.

"I happen to have a neighbor two doors down who has a street-racer Mustang with really loud pipes," she said.

Prospective owners can learn a lot more about potential problems by reading all the available documentation about the condominium they've targeted.

The Washington Condominium Act, enacted in 1990, requires each condo association to publish a declaration that contains key data, such as the number of units and number of parking spaces. Also ask the board for copies of the association's bylaws, rules and regulations to learn the rules that govern the association.

Builders of new condos are required to write a public offering statement, which includes valuable information such as a list of the builder's five most-recent condominium projects, restrictions regarding renting, a list of common amenities and known assessments.

"Most of the time, I'd say the majority of condo owners don't even look at that until the time of closing, when they're provided with it," Zimberoff said. "I'd recommend they get a hold of that public offering statement well in advance of closing — before they've made a decision [to buy]."

Unit owners are required to provide resale certificates to potential buyers. The certificates includes more valuable information, such as expected special assessments, ongoing litigation and the amount of reserves available for repairs.

Prospective buyers also can ask for minutes and agendas from past meetings.

Because condo inspections often miss structural defects, another document — a reserve study — can be helpful. They aren't required by associations, but they contain clues about the state of the complex.

The Washington Condominium Act includes an implied warranty for four years from the date of the first sale, so many associations initiate studies before the warranty expires.

After a thorough inspection and economic analysis, the reserve study determines whether the complex's financial reserve is large enough to cover expected costs of roof repairs, repaving and other potential expenses.

Check on reserves

Craig recommends prospective buyers ask to see the board's most recent reserve study. If a board has not conducted one recently, Craig urges caution.

One local company that conducts reserve studies is Redmond-based Interface Management.

"We physically go examine the buildings and the site," said owner Mark Jobe. "Sometimes that involves taking things apart to examine. Often they have huge defects that have resulted in lots of current damage or are going to result in premature failure of elements."

If a board does not have enough money in its reserve to cover an expense, it may charge condo owners a special assessment to cover the repairs.

"With the new development projects, it is very much in the developers' best interest to suppress dues, to make them look as small as possible, to encourage people to buy," Jobe said.

But small dues can translate to big assessments later. In the past six years, Interface Management has done nearly 300 site examinations; when special assessments have resulted, they have averaged about

\$18,000 for each unit, Jobe said.

Single-family homes have structural failures, too, but Jobe said that there are some aspects particular to condominiums that make them prone to damage.

Some of the biggest problems his company finds are with the exterior.

Condo complexes typically have more surface area than one house. More units in a building means more air vents, windows and decks, and more opportunities for water to get in.

Developers respond

Condominium developers also are taking steps to educate prospective buyers, especially on construction details.

"What developers and contractors are doing in their sales center is showing a display of how the buildings are being constructed in order to alleviate some of these concerns," said Mark Schuster, president and founder of Bellevue-based The Schuster Group.

The company has one condo complex, 100-unit Timber Ridge in Kent, and plans to build the environmentally friendly Mosler Lofts in Belltown next year.

Despite a spate of construction problems in Seattle-area condos, there is still strong demand for them.

Schuster said buyers' levels of confidence are higher because of new protective legislation and better insurance policies.

"The Legislature and the industry lobbyists, like Master Builders Association, they realize that people have a demand, and when people have a demand, you find a solution," Schuster said.

Condominium construction practices also are improving, Schuster said. Timber Ridge had some minor construction problems that were resolved before the warranty expired, he said.

For Mosler Lofts, The Schuster Group is using 20 building consultants in addition to its architectural team to ensure that all aspects of construction, from soundproofing to water protection, are sound.

"Our building is steel, concrete, glass and brick, so there's not much to rot," Schuster said. "We don't expect to be building a building that will leak either."

Schuster advises prospective buyers to research the developer and carefully read all the disclosure documents.

State legislation passed earlier this year will make more information available to prospective buyers.

House Bill 1848 requires, among other things, regular inspections while the building is under construction, specifically for water leaks around windows and generally for compliance with building plans.

Condominium lawyer Gary Ackerman, of Seattle-based Foster Pepper & Shefelman, said building practices are improving.

"People are tired of all the litigation," Ackerman said. "They're tired of the high insurance costs. The legislation will require all developers to use better practices that the good developers are using now and should result in an overall better product."

Aside from gathering documents, there are several other important steps a potential buyer should take.

One of the easiest ways to learn about a complex is to spend time there.

"There's a lot of information that can be obtained just by walking around and looking," Zimberoff said.

Look at the landscaping, the parking situation. Look at the building and whether it appears in good shape.

"You can tell a lot about an association just by driving through [the complex] and seeing how it's kept," Zimberoff said.

Asking board members and unit owners is another way to reveal what you might not be able to see just by looking at a building.

"Most members on a homeowners association board are happy to talk with prospective buyers and answer any questions they have," Craig said.

All of this work takes time, which is often of the essence when it comes to making an offer on a home. But have patience, Zimberoff said.

"Just like you wouldn't want to feel rushed if you were to take a job or buy a new car, you should take your time and do your homework on this purchase as well," he said.

Condo sales rise

Comparison of condo sales from August 2004 to August 2005

County	Total sales	Total sales	Percent	Median cost	Median cost	Percent	Avg days	Avg days	Percent
	Aug. 2005	Aug. 2004	change	Aug. 2005	Aug. 04	change	on market	on market	change
							Aug. 2005	Aug. 2004	
King	948	871	8.8	\$228,330	\$201,100	13.5	35	54	-35.2
Snohomish	240	225	6.7	\$189,975	\$169,000	12.4	50	53	-5.7
Pierce	117	72	62.5	\$187,000	\$164,075	14.0	71	74	-4.1

Source: Northwest Multiple Listing Service