

# Condo vs. Home Purchase

By Barry Preusz

## What are the tradeoffs between a condo and a home?

If your home is your casa, what is a condo? Something less? Something different? Condos differ from a single-family home in many respects. But those differences do not mean that a condo cannot be your home. What are the major differences between a condominium and a traditional home? Below is a comparison chart of the basic differences.

### Comparison Chart for Condos vs. Home

<b>Item</b>	<b>Condo</b>	<b>Home</b>
Your time	Zero to little yard maintenance. No snow removal responsibilities. Zero to little exterior maintenance	Mowing, clipping, raking, replacing dead bushes and trees. Snow removal.
Fees	Monthly HOA fees usually ranging from \$100 to 1200. Special assessments for shared repairs and upgrades for all owners.	Zero to little in fees. Responsible for your own repairs and upgrades.
Freedom	Subject to CC&R's, HOA Rules, community	Usually only minor local restrictions on what you can do to your property.
Neighbors and environment.	Restrained on what they can do, including noise, pets, parking, smoking, etc. Your environment remains static, similar to the day you purchased your condo	Neighbors have nearly a free reign on whatever they may choose to do ranging from pets to broken down vehicles to loud late-night parties to strange decorations and remodeling and even wind chimes. In just a few years your neighborhood could look significantly different from when you purchased.

Insurance	Shared exterior costs usually part of HOA fees. Interior cost is on you.	You bear all the costs yourself.
Privacy	Common areas once you leave the front door. Shared walls.	Private yard and parking. More space between properties.
Utilities	Often included in HOA fee to include water, sewer, garbage. Many newer complexes enjoy solar and geo-thermal advantages.	All on your own.
<b>Key Advantages</b>	Common pools, spas, work-out facilities, sports courts, clubhouse, lower costs, views (with high rise structures), little maintenance.	Privacy, less restrictions, more personal space.
<b>Key Disadvantages</b>	Restrictions, less privacy, smaller personal space.	Maintenance cost and time.

### Considerations for Purchasing a Condo

When condo shopping, check into the cost of the monthly HOA fee. It makes no sense to purchase a property that has a monthly fee that will constantly break your budget. Ensure that there are no special assessment fees looming for repairs to the condominium complex that you cannot live with or seek to have the seller pay for them as part of the purchase contract. Usually, the older the condo, the greater the expenses and the need for special assessments. Review the board meeting minutes for the past year to determine if there may be any potential problems down the road.

Read the Covenants, Conditions and Restrictions (CC&R's) and determine if they match your needs and that you can comply. Remember that the CC&R's often favor the condo owner by protecting your investment. Although they impose restrictions upon your freedom, they also restrict your neighbors from doing things that can reduce the value of your property. Sometimes a supposed cursing can be a blessing in disguise.

What is the ratio of owner-occupied condo units to renters? Most mortgage companies will not loan on a condo complex that has more than 50% of the units being rented. This is because the FHA will not insure loans these complexes. For new developments, the FHA will not insure with less than 30% of the units sold. A list of FHA approved condos in Utah can be found at [Utah FHA Approved Condos](#). It may be difficult to find buyers with cash to complete a purchase.

### Summary

Many people are finding condominiums a place to call home. Condos do well in retaining their value and are seeing growth in sales each year. In Utah, the median price for a condo has increased by 23% in the

past decade. Condo sales have increased by 22%. Will you be contributing to the condo's rise in popularity by making your next home purchase a condo?

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