

— Are You Investing Your Nest-Egg In A Condo To Gain A Profit Or A Loss?

At first thought this may seem like an odd question. It is easy to assume we will expect a profit as the property increases in value. The question is “How do we know that the condominium property is being managed appropriately so it increases in value?”

When a buyer is exploring the options, comparing one condominium to another, the piece that too often is overlooked is the factor that the buyer will become a shareholder in a project that is operated as if it were a business. This is similar to investing in any business. Would you buy into a business based on its location and décor alone? Would you investigate what debt or liabilities that business is passing on to you, or want a list of its assets before you sign on the bottom line? Would you be curious about the management style – are they protecting your investment or putting your money at risk?

So, let’s compare investing in a condominium property to investing in the stock market (in the stock market you are counting on the good management of a business).

When selecting an investment that meets your needs, you do your homework, evaluate the risks, assess the anticipated return on your investment, hire the best investment broker you can, then when you hand over your nest-egg you sleep nights because you are confident that you have done your homework.

Ask Condo-Check Before You Buy

Condo-Check reviews the business operations of a condominium. We have been doing this in Calgary for the past 18 years. We have informed many buyers to prepare for a cash call as the funds are low, or provided the peace of mind when a project is managed well. Being prepared, based on the facts when buying is our goal.



Condo Buyers Checklist

1. Hire a Realtor® who sells condos.
2. Allow 5 days after receipt of all documents for Condo-Check to complete the review.
3. Obtain all documents available in Section 44 of the *Condominium Property Act (for Resale condos)* and Sections 12 & 13 for New construction and conversion condos.
4. Remember low fees often mean, no services and poor maintenance of the property.
5. You get what you pay for, even in a condo.



Special Assessment, Legal Action and High Condo Fees are not a bad thing!

It seems lately that condominiums that have levied a special assessment (cash call) or are involved in a legal action are being branded as problem projects.

This is unfortunate as condominiums rarely levy a special assessment just because they can. The Board Members also need to pay these assessments alongside

their fellow Owners. Add to this that levying a special assessment does not make the Board members popular, so they only do so when they have no choice.

In many condos it is the complete reverse, condo's that have levied the assessments or taken legal action to remedy a problem are on the road to recovery and healthy projects.

An on-line survey that all condominium owners will be able to participate in by providing their comments

The Condominium Act is Being Reviewed

Be sure to speak up and be heard.

Heather Klemchuk, the Minister responsible for the Condominium Property Act of Alberta recognizes the need for change in this legislation. For the past 20 months this legislation has been under review.

All Condo Boards in Alberta will be informed of the discussion paper (survey) that is expected to be available in the fall of 2011. Condo-Check will have a link on the website, as will the government and other stakeholders involved in this process.

This will be an on-line survey that all condominium owners will be able to participate in.

The Media will keep you informed or you can always go to www.condo-check.com for an update.

Do Not Shop for the Lowest "Fees"

Condominium Fee amounts are often the first concern of a condominium buyer. The goal is to find that condominium where the monthly contribution is as minimal as possible.

If you think about the fact that the term "Monthly Contribution" means..."an owner's monthly contribution towards the maintenance of their condominium investment" would it not be rational to expect the monthly fee to be appropriate (enough) to ensure the property is being maintained and the services are being provided both consistently and professionally?

Look for clear information on the use of the fees, not the amount of the fees.

Request all the financial documents needed to assess if there are adequate funds to sustain the property values. This includes the current year operating budget, a recent financial statement, the most recent year-end financial statement, the Reserve Fund Study and the Reserve Fund Plan.

Condominiums never have condominium fees that are too high. It is those condos that are afraid of charging what is really required to maintain the project that end up costing owners large sums of money. Low fees too often are a sign of deferred maintenance. Although there are exceptions to this rule, the only way to tell is by reviewing the documents of the condominium corporation.



Real Stories, Real People The Great Part of Condo Living...

Feature Condo

The Fortress 4944 Dalton Drive NW

This is a rags to riches story where this condominium went from neglect and mismanagement to the point where it was difficult to sell or rent a unit in the building for many years, to a property that anyone would be proud to live in (in less than 2 years of doing things that needed to get done)! The Board, along with the leadership of the property manager took a lot of abuse from owners who did not like the changes, but in the end even those owners now have a property that can be sold for a reasonable value!

This is an example of a building occupied by people who chose to do and spend as little as possible. There were no construction issues, no one to blame but the owners and the decision makers who chose to keep fees low and to do No Maintenance. Garbage stored in common property, a pool without ventilation, a parking lot you could lose a car in due to pot holes. Go there today and enjoy the clean, well maintained project and watch as it completes its plan for improvement. Owners will wish they never sold those units.

Ask Condo-Check for the **Condominium Viability Audit and Rating** report that was prepared for this project and learn the whole story. www.condo-check.com

Peace of Mind when...

- The reserve fund account is healthy
- The Board communicates with the Owners
- The Owners respect and respond to the communications from the Board
- The Board of Directors rely on competent professional as advisors
- The Owners live according to the Bylaws
- The Owners support changing the Bylaws when they do not work
- The Owners pay their condominium contributions on time and no money is spent on collecting from the slow or problematic owner
- Units sell for top dollar in a reasonable amount of time on the market
- You are proud to bring your friends and family to your condominium project

Condo Owners – We Need You!

Bernie Winter, Ken MacAulay and Candace Mehls are wanting the assistance of Condo Owners across Alberta to launch an Alberta Chapter of the Condo Owners Association. This organization gives Condo Owners a voice.

This Organization is operating successfully in Ontario with that chapter having great success in lobbying for change in condominium. To learn more about this organization go to www.coaontario.com.

To start a Chapter in Alberta we need a Board of Directors and members. If this is of interest to you please email Bernie at bernie@condo-check.com. We need Owners who are willing to assist with the ground work of setting this association up.

Condo-Check

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your condo, your investment

Find us on the Web:

www.condo-check.com

Twitter: [condo_check](https://twitter.com/condo_check)

News...

Watch for the new improved Condo-Check website coming soon... we will also be launching a mobile app.

Watch for Bernie's column in the Calgary Herald "Condo Insight"... I welcome suggestions for articles...

Welcome to Carol Malko, Branch Owner of Condo-Check North, located in Edmonton

Thank you from all 9 of us at Condo-Check Calgary for your continued Support over the past 18 years!

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