

# Condo Health Matters in Purchase

by Stacy Karel

Community contributor

It's not enough to have a good income, great credit and a healthy down payment for a buyer to get a mortgage these days. The condo association you are buying into is also reviewed.

Could your condo's health prevent your buyer from getting a mortgage?

The answer is a clear yes.

Jon DiClementi of Guaranteed Rate provided the latest underwriting guidelines of condo review in order to be accepted for a mortgage.

- At least 10 percent of the annual assessments collected need to be put into a separate reserve account, and be a separate line item in the building's budget.

- If the association has commercial space, it cannot be more than 20 percent



**Consider a condo's health when shopping.**

Photo courtesy of hibu

of the total square footage.

- Any open association litigation is subject to review and could prevent the building from condo warranty.

- One entity cannot own more than 10 percent of the total units in the building. In smaller buildings, under 10 units, one should not own more than one unit.

- The association dues cannot be more than 15 percent delinquent by 30 days or more for the total condo units in the building.

- If the unit trying to get the mortgage is going to be owner occupied or a second home in a larger condo building (5+), there is no investor concentration requirements, however if the condo is being purchased as an investment to rent then at least 51 percent of the building needs to be owner occupied.

Discuss these items at your next condo board meeting. Have a meeting if your small condo association has been lax! You may be the next one listing your unit for sale and you don't want to lose the deal for condo health.

**Stacy Karel is a real estate broker with @properties in the Bucktown office. Visit [CONDOChicago.com](http://CONDOChicago.com).**