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How to Know if it's a Condo?

The only real way to know is to check the legal description.

Condominiums can present financing challenges to be sure! The reason for this is that lenders have additional guidelines which condo projects must meet in order for a buyer to obtain traditional home loan financing (FHA, Fannie Mae, Freddie Mac, VA, Jumbo). In order to prepare your buyer, you'll first need to know how to determine if the home is actually a condo. ARMLS can be misleading since there isn't an actual condo classification. There's a loft, patio home, townhouse, apartment/flat, gemini/twin; but not a condo classification!

Use these tips to better determine whether or not the property is a condo:

Tip #1:

Do not accept ARMLS information or verbal information as fact. The only way to know is to check the legal description.

Tip #2:

Do not rely on the project name or the way the property looks to determine if it is a condo. I can't tell you how many times I hear buyers and realtors say "it's only attached with one wall, so it's a townhouse not a condo." It has nothing to do with the way it looks and everything to do with the way the developer built the property. The only way to know is to check the legal description.

Tip #3:

Read the legal description. Pay special attention to whether or not the lot is included in the description. If a lot isn't referenced or the legal description refers to a condominium or horizontal regime, you've got yourself a condo.

Now that I know it's a condo, what's next?

If you are trying to determine the likelihood of the project meeting lending guidelines, I suggest doing a deed search of recent sales in the project and see if they have financing or were cash transactions. If mostly cash, it could mean that the project doesn't meet lending guidelines.

The next step will be for the lender to obtain the information needed to determine if the condo project meets the lending guidelines. It's best for lenders to do this sooner than later! One of the first items my team looks at when we receive a contract is the legal description. If it's a condo, we obtain the information needed to determine if the condo meets the lending criteria within the first 48-72 hours of receiving the contract.

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