

REAL ESTATE NEWS

Published Sunday June 20, 2010

Pry before you buy

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CTW FEATURES

Though some prospective homebuyers love vintage condos with their roomy closets, high ceilings and aged floorboards, others equate the genre with frequent, pricey repairs.



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For them, new construction is the goal, whether they buy from blueprints and make some changes, or purchase a completed unit as is.

Buyers can take steps to help ensure that they get the new condo of their dreams.

Ask about the developer's financing. Find out whether the developer has received approval for government-backed financing. Those who haven't might not be able to move projects forward. Banks also might not advance funds to begin construction unless a certain percentage of units

are sold to owner-occupied buyers or second homeowners, with the number dependent on the bank, municipality and state, says Vikki Robbins with Pace Builder Services Inc. in Jacksonville, Fla. If a developer hasn't received approval, find out where it is in the process, she says. Also ask to see a sales prospectus, as it reveals key information, says Elie Hirschfeld, president of Hirschfeld Properties LLC, a New York development firm.

Learn about the developer's reputation. Search the Internet for details about prior projects and pending or past litigation, says Gea Elika, founder and principal broker of Elika Associates, a New York buyers' agency. Ask other professionals — lenders, attorneys, salespeople — whether the developer has delivered projects on time and without problems, says Janelle Gordon, a broker with Sudler Sotheby's International Realty in Chicago.

Find out about neighbors. Ask how many buyers have signed contracts, closed and plan to occupy their residence on a permanent basis or as a second homeowner, or if they plan to use it as an investment and rent it out, if permitted.

Read the sales contract or offering plan thoroughly. It provides information such as the building's budget, unit specifications, bylaws, etc., says Carolyn Jones, a New York real estate attorney.

"You want to be sure that expenses for management fees, staff, insurance, maintenance and other charges don't exceed income, and also want to be sure that big-line items aren't missing or look inadequate."

Your contract should state how your deposit is held, Robbins says.

"A portion may go toward construction and equity, but another portion should be held in escrow by a third party," she says.

The contract also should spell out what your money is buying.

"You want a detailed spec list on everything you're getting," Gordon says. Be sure you know how problems will be resolved, such as workmanship that becomes a problem within a certain period, Elika says.

Check finished work. Consider hiring a building inspector to go through your unit before moving in, Robbins says, so you know that construction was completed according to building codes.