



HOW TO BUY THE CONDO OF YOUR DREAMS

All You Need To Know About Buying a Condo

©2019 Maria Ana Punzalan

Total or partial reproduction of this book by any electronic or mechanical means is forbidden without the written authorization of the author.

DISCLAIMER

This book is designed to provide information and motivation to our readers. It is sold with the understanding that the author is not engaged to render any type of legal, or any other kind of professional advice. The content of each chapter is the sole expression and opinion of its author derived from her own experience. No warranties or guarantees are expressed or implied by the author's choice to include any of the content in this volume. The author shall not be liable for any physical, psychological, emotional, financial, or commercial damages, including, but not limited to, financial, special, incidental, consequential or other damages. Our views and rights are the same: You are responsible for your own choices, actions and results.

TABLE OF CONTENTS

INTRODUCTION.....	6
CHAPTER 1: INITIAL CONDO BUYING STEPS	8 - 12
Assessment of Your Financial Status	
Deciding on the Location	
Choosing the Condo Floor Level	
Choosing the Condo Orientation	
CHAPTER 2: CHOOSING THE TYPE OF CONDO TO BUY	13 - 20
Buying a Pre-selling Condo	
Buying a Ready for Occupancy (RFO) Condo	
Buying a Pre-owned Condo	
Buying a Pre-owned But Still under Developer's Name	
Buying a Rent to Own (RTO) Condo	
CHAPTER 3: CHOOSING A DEVELOPER.....	21 - 22
Developer's License to Sell	
Developer's Credibility	
Developer's Document Verification	
CHAPTER 4: CONDO BANK LOAN PROCESSING	23 - 29
Steps in Choosing a Bank	
What should be Included in the Contract	
Seller and Buyer Negotiation Process	
CHAPTER 5: CONDO MANAGEMENT.....	30 - 33
Amenities	
Population Density	
Management Handling of Owners' Requests and Complaints	
Rules Implementation	
Association Dues	
Rules Related to Security	
Master of Deeds	

CHAPTER 6: WHAT TO EXPECT WHEN LIVING IN A CONDO.....	34 - 36
Adjustment From a Bigger Space to a Confined Space	
Noise	
Increase of Expenses	
Power Interruption	
Comfort of Living in the City	
 CHAPTER 7: BUDGETTING FOR THE CONDO PAYMENTS	 37 - 40
Equity	
Bank Charges Before Loan Take Out	
Condo Insurance	
Insurance for the Common Area	
Monthly Mortgage	
Monthly Dues	
Utilities	
Fire Extinguisher and Refill	
Maintenance	
 CHAPTER 8: BUYING OR RENTING A CONDO?	 41 - 42
Deciding Factors Whether to Buy or Rent	
 CHAPTER 9: BUYING A CONDO AS AN INVESTMENT.....	 43 - 45
Reasons for Buying a Condo	
Long Term Rental	
Bed Space Rental	
Short Term Rental for Condo	
 CHAPTER 10: BUYING OR RENTING A PARKING SLOT.....	 46 - 47
Buying a Parking Slot	
Renting a Parking Slot	
 CHAPTER 11: WHAT HAPPENS TO A CONDO AFTER 50 YEARS	 48 - 49

INTRODUCTION

What is a Condominium?

A condominium (as per dictionary) is one of a group of housing units where the homeowners own their individual unit space, and all the dwellings share ownership of common use areas.

All the land in the **condominium** project is owned in common by all the homeowners.

Traffic has been so severe lately. Some of our colleagues are spending 2 to 3 hours in public transport such as a bus, taxi or UV Express or even in their own private cars. Sometimes, if we are stuck in the middle traffic for almost 2 hours, we decide to go back home on a Monday morning since we will be just too late arriving at the office or any other destination. What can we do about this? Many people decide living in a condo will fix all their traffic problems.

But sometimes we just want everything to be within our reach; we call this a “walkable life”. Buying a condo means we will be closer to our work and other places we need to go to on a regular basis.

But buying a condo is a major decision to make in life. For those belonging to the above average bracket of our society, buying a condo may be a simple action just like buying clothes, but for most of our fellow men whose every single centavo means a lot to them, it is a major decision. With so many new condominiums rising all around and promising to be next best investment, choosing the right condo to buy in any country would be tricky.

But as usual, everything we don't know yet seems very difficult for us. Your challenge may be the lack of knowledge in this area of condo buying. You don't know who to ask or where to go for information. You will probably research the topic with the help of Google, but there is so much different info scattered in many websites you still don't know which one is correct or suitable for you.

In this e-book I will discuss a step by step procedure on how you can purchase the right condo for you without regret, that will really help you a lot.

Happy reading !!!

CHAPTER 1: CONDO BUYING BASIC STEPS

Assessment of Your Financial Status

I know it is exciting to go condo shopping. But before you get too excited, it is of the utmost importance to first assess your financial capability. You should bear in mind that even after purchasing a condo there are other expenses associated with it. Apart from the mortgage, you also have to pay the association dues, realty taxes, fire insurance, other insurances you will see in your bill annually and of course, the utilities.

Make sure you are ready financially for those expenses. Don't forget that if you are not able to pay your mortgage, the bank will be there after few days to get your property. So it is better to tabulate your expected income versus the expenses you have to settle. If after doing your math, you finally conclude that you can afford to buy a condo, then let's proceed.

Choosing on the Condo Location

Once you are able to determine your financial capacity, you have to determine the location that will best satisfy and fit your needs. Of course, living in the prime location is the most ideal, but you need to go back to your purpose of buying a condo. You must realize that the location has a great effect on two factors. One is the price appreciation potential and the other one is the convenience.

First, you have to distinguish what the reasons are for buying a condo, then from those reasons you will select the location that will best suit your needs. First, what do you need close to your new condo?

If you are married with kids, for sure your first consideration is your kids. Is the location close to their school? Or in any emergencies, are hospitals within easy reach? Even if you are single, you need to plan for the future. You are sure to get married in a few years or sooner, so consider what you will need for your children, and the whole family as well as your convenience.

If you can get a location that will be favorable both for your office location and for the kids' school that is a perfect choice. Can you imagine you are working in the office just across from your condo and your kids are going to a school located beside the condo, wow... that would be a fabulous blessing for you.

Of course, we have to consider if the condo is near the schools where you plan to send your kids. They are your priorities. I know most of us parents will first consider the convenience of our kids rather than our own. It is a big blessing to have a condo both near to your office and to the school your child will attend.

Many condo buyers choose a location near to the school of their children. But one of my friends preferred a condo near to their work place, pointing out that the kids would not go to school forever. Later, they would graduate and have their own jobs. He also pointed out that children are stronger than the parents after a few years. For these reasons, he only wanted to consider a condo located near to his workplace or other conveniences. Well, different people have different ideas. I just shared this thought that might be applicable to others also.

What I am pointing out is that the location is the next requirement that you have to consider. Of course if it is in a prime location, it will be a higher price. So that is another point you have to think about.

Next to consider is if the condo is accessible to the nearest hospital, church, markets, malls, supermarkets or other amenities. We can't foresee when sickness will attack. Coping with illness is much easier if you can reach the hospital in just few minutes either by cab or by your car.

We are very much aware that lately once it rains next comes the flood, even if the rain was not torrential. So be sure to check if the area is prone to flooding. No broker will tell you that an area was flooded during the last typhoon. You have to verify it by yourself.

Don't believe right away what the brokers or sellers tell you. Of course, to sell the property is their goal. Sad to say, some brokers are just after the sales. But in fairness to others, some are more concerned about their clients' situations and not just the sales they can make. You can determine this right away on your first meeting. There are some agents who will tell you if you don't make a quick decision to purchase the condo, others will get it right away. Don't deal with them, but always remember your points to consider, and don't allow the broker to force you into a quick decision. If it is God's will, it will be yours in the Lord's perfect time. What I want to emphasize is to be sure that the location is not prone to flooding once it rains.

Choosing the Condo Floor Level

Some condos are high-rise and some are low-rise. It is dependent on the buyer which they will select. But of course, both have advantages and disadvantages.

If you decide on a condo in a high rise building, then the next decision to make is

the floor level you want or are comfortable living on. You may give a bracket where you prefer to live, like 8th to 12th floor. At least you can inform the brokers immediately or take that into consideration when you are searching over the Internet.

Some people are afraid of heights and we cannot do anything about that. Some want a higher floor so they can enjoy the view. Most of the condos on higher floors are more expensive than the lower ones. Some people consider the lower floors better for emergencies. In the case of a brown-out and the generator of the building doesn't work, they can easily go down by stairs. Also, sometimes when the floor is very high, the water supply is not that ok. So those are the points to be considered in choosing a level that is suitable before starting the search for a condo unit.

When you choose a high level unit, you will be somewhat free from loud traffic noise from the street. You can also see nice view, especially at night. But there are disadvantages too. You will spend more time in going up and down in the elevators. If the elevator is under maintenance, that is a big headache.

When you choose a lower floor, you can go up quickly even by the stairs. But you might have all the noise and the dust coming from the ground.

You really have to check and decide clearly, you may even tabulate and then choose from your tabulation which will benefit you the most.

Choosing the Condo Orientation

The next to consider is the orientation. Some of us want the morning sun into our bedroom, they say it is good vibes to have sunshine in the morning. Others don't want the sun because they want to sleep longer. But if possible, don't get a condo unit facing the sunset. If you happen to get this type of unit, at around 2pm, you will

feel the heat starting to penetrate and will have no option but to turn on the air conditioner. This equates to a much higher electricity bill.

The price of some condos actually depends on the orientation. Those facing busy streets are more expensive, while others have the same pricing no matter where they face. So it is really your decision where you want your condo to face.

But beware if the condo you are looking at is facing a vacant lot. Do some research about the vacant lot. What are the possible establishments that can be built on it? Your unit might soon be blocked by a very tall building, it might be an office or also a residential condo so that you cannot open your blinds anymore, because if you do, everyone inside the unit will be visible to the other side.

Or much worse, if you are on a lower floor and a commercial building went up on the vacant lot, you would not be able to open your window anymore because you would hear the sound of the exhaust from the whole building. Oh no! It would be a nightmare. So you should be very careful with the orientation of the condo unit you purchase. If there is a vacant lot, there are many possibilities and ways to find out what the plans are for it. But I suggest not getting a unit that is directly adjacent to

a vacant lot just in case the plans for it change to something you would not want to live next to. It is ok if there is a road between your condo and the vacant lot as the extra space will allow noise or fumes to escape. So you will be safer and more comfortable.

CHAPTER 2: CHOOSING THE TYPE OF CONDO

Buying a Pre-Selling Condo

Some persons keep the future in mind. They set their plans ahead of time. If they are planning to live in a condo around three to four years from now, they will consider purchasing one of the pre-selling condos.

What are the advantages and disadvantages of a pre-selling condo?

The biggest advantage of a pre-selling condo is the price. It is a lot cheaper than those that are ready for occupancy. The payment terms are very light. You just have to pay a reservation fee to ensure you won't change your mind. You can pay the down payment in 4 to 5 years without interest. Another advantage is you can choose the layout and the orientation of the unit you want, since there are many available slots. But some pre-selling condos sell like hotcakes, since they can be bought right away.

Those are the advantage of pre-selling units. If you really intend to get this type for ease of payment, then I advise you to only deal with an established and well-known developer. Why?? Because you cannot be 100% sure that the construction will be finished on the promised date. There are cases where the project stopped completely because the developer ran out of money. If this happens, getting a refund of the payments already made is likely to be difficult. Prominent and well-known, established developers should be the first on your list. They have their reputation to protect. By doing so, at least you will have more peace of mind than if you dealt with those they call fly-by-night developers. After you pay for let's

say, 3 to 4 years, and find the condo has not even been started yet.. oh no.. another nightmare!

Buying a Ready for Occupancy (RFO) Condo

Some condo buyers are prudent. They want to see the actual units, how the units are built, what materials have been used etc. so they opt to buy a ready-for-occupancy condo. In this way they can be sure they will have no regrets about where they put their hard-earned money,

Of course, just like any other type of condo, there are advantages and disadvantages of buying the ready for occupancy condo.

Let's discuss the advantages first. As mentioned above, the first advantage is that you can see the actual unit you are buying. You can immediately plan how will you spend your day to day life in every corner of the unit, even during the viewing. Next is that you can double check right away what materials they used and whether the unit was built to the proper specifications and standards.

Another advantage is that you can decide right away when you will move in as long as you have satisfied the developer requirements for the down payment and other related payments as stated in the contract.

Last but not the least is that you don't have to worry if the unit can be delivered on time, or can be finished properly by the developer because you can see the with your own eyes that all is well.

There are also disadvantages in buying an RFO unit. Since the unit is ready for occupancy, for sure it is pricey. That is in exchange for the worries about whether the unit will be finished or not. Sometimes it is double the price set during the pre-selling stage. However, most of the buyers of this type of condo have enough savings because they knew ahead of time that it would be more expensive. Developers sometimes still offer payment schemes that you can choose from. Sometimes it is 10% down payment, then you can move in. Some also offer 5%. It depends on the developer and it can vary with different offers from the same developer.

Often, the purpose of offering an easier payment scheme is to sell out the units that are very difficult to sell. Which are these units? It might be those at the center of the layout of the floor plan, without windows and proper ventilation, or those units that are in other, not easily saleable areas.

Another disadvantage is that most of the units in the best orientation position and on the best floors have already been bought during the pre-selling period. So you just have to choose from whatever is left. Just be keen and good in picking the best one that will suit your way of living.

Buying a Pre-owned Condo

Many condo owners sell their pre-loved unit for a specific reason. Let's discuss them one by one.

One of the reasons are that the owners decided to migrate to another country and there was nobody left to maintain the unit. While living miles away they still have

to pay the dues, the insurance and all other costs related to the condo. So instead of doing this, they decide to sell it.

Others sell their condo due to an emergency. They suddenly have urgent financial needs and have no choice but to give up such an asset, to cover the costs they need to pay. If this is the reason, they sometimes sell the condo at a very low price just to come up with the needed amount right away.

Others sell their unit because they have been transferred to a different work assignment a long way from their condo. So they have to sell and buy a new one near their area.

Some people sell their unit because they have a problem in paying the monthly installments. For example, they may have lost their job for some reason

Still others sell their condos due to a change of plans. Initially they just wanted a one bedroom condo but as time goes on, they realize that the family of four plus the helper can't fit in comfortably. If they have other little blessings to come they will sell their current 1BR condo and look for a bigger one. This reason is very rare because purchasing a condo is not that easy. How much more difficult will it be to buy another, more expensive one?

Now let's check the advantages of buying a pre-owned condo. First, it is basically cheaper than those new ones offered by a developer. Sometimes what you can buy are those which are fully furnished but still at a lower price than the developer offers. This can be a really good bargain and save a lot of money.

For those buyers who are ok with fully furnished, they will not experience the stress in filling the unit with appliances and everything they need because those things are already available inside.

For the disadvantages, the buyer will need a large amount of initial cash out for the equity, unlike from developers where the down payment can be paid in monthly amortization. Of course, the sellers want their property to be bought in cash. But since disposal of a property is not that easy, they will agree to bank financing. But before you can get a loan from the bank, there is a lot of documentation you have to go through. There is more about this in the next topic.

You cannot be sure how well the unit was maintained during the time it was occupied by another person.

For the fully furnished condo, if you prefer different appliances or you want customized furniture, you may find it difficult to bring out the existing furniture and appliances.

For those looking to buy a pre-owned unit basically because of the lower price, here is a checklist to consider:

1. You should check how the unit was maintained. This includes the electrical, plumbing, window seals, wall leaks etc. Don't hurry in choosing the condo that you want. You have to be very keen on all parts. You can ask the seller for multiple visits.
2. After several visits and checking, if you decide that this is the one you like, then do the actual measurements. You have to plan what will be your final layout once you are living in the condo. Will the bed fit? Where will my kids

study? Where will I put all my things - is there enough storage? After you decide that this is the one for you and your family then let's go to the main step below.

3. Consider the payment arrangement with the owner. There might be some buyers who can buy the unit in cash. There will be a minimal negotiation in this case. But if the unit will be bought using bank financing or a private financing institution, the owner and the buyer will have to meet several times to discuss the details.

Buying a Pre-owned Condo but Still Under the Name of the Developer

There are instances where condo owners did not transfer the unit to their names. This is very rare, but usually happens with those developers who are not so well-known. They give the option to the buyer not to include the processing of documents right away in the selling price. It is the decision of the buyer when to transfer the title to their names. Sometimes the buyers don't transfer right away after full payment because they plan to resell the unit very quickly.

In this case, first the seller has to transfer the rights to the property. Before the seller can transfer the rights, he has to pay all the unpaid dues for the unit so the Admin will give a clearance certificate. This has to be thoroughly discussed with the seller to decide on who will shoulder relative expenses. After clearing all the financial aspects, then the Admin will give clearance to transfer the rights.

Once the rights are transferred, the transferring of the title to the buyer can start. This will depend on the agreement of the buyer and the seller. Since the transferring will be done by the developer, it will cost a lot more than ordinary

transferring by the buyer or by the seller, and even more than transferring by a licensed broker.

Both parties have to agree who should shoulder the different charges. The mode of payment must also be decided. Sometimes they agree to pay 40%, the buyer can have the key and transfer to the unit, and the remaining 60% will be paid after the transfer of the title and documents are thoroughly checked of their authenticity.

Buying a Rent To Own (RTO) Condo

Some developers and even owners engage in the rent to own condo scheme. Rent to own (RTO) or lease to buy is an arrangement where both parties, the lessee and the lessor both agree that the property can be purchased after leasing it from the owner for a specified period of time. The buyer will first rent the unit, then later he has the option to purchase it. This decision must be made during the period that he is renting or immediately the contract expires – but not afterwards.

At the beginning, both the seller and the buyer will have to be specific with the monthly rental, the starting date or purchase date, the selling price and the interest rate. After they agree on the terms, they will sign a contract. In RTO, the owner or the developer is the one offering financing to buyers. The lessee pays the rent that is basically above the current monthly rental fee. It is higher because part of it will go to the down payment of the unit if the lessee decides to buy it. If after three years for example, the lessee decides to buy the unit then he has to arrange with a financial institution or bank to finance the remaining balance. If the lessee decides not to purchase the unit, then all the extra rental fee and the advance to the principal will not be refunded to the him, but is kept by the lessor.

You should also remember that the price stated in the contract cannot be altered even there is increase or decrease in the value of the property over the entire duration of the lease period. One tip applicable in all cases is that before signing any contract or document, be 100% sure that you fully understand the whole content and agree with it.

The question is... who benefits more? Is it the buyer or the seller?

In an arrangement like this, both parties benefit. Buyers are given a chance to acquire a property right away while establishing their finances. Another good advantage for the buyer is that they are able to test every detail of the condo. If any problem is found in any the part of the unit, you have the option to walk away and look for a better one before the agreed purchase date.

The sellers, while getting the monthly amortization are able to pay off property taxes and other costs related to the condo. The sellers don't lose anything if the lessee decides not to purchase the unit because they already have the amortization payments. But there is also a drawback for the seller. Since the price can't be changed, any increase in the market price can't be applied to his unit. Of course, this works as an advantage to the buyer.

Any financing agreements come with different possible risks. The best thing to do is for the seller and the buyer to ensure that all important points and concerns are discussed openly and covered clearly in the contract. Having a well-defined contract will free you from the possibility of stress in the future. The service of a property expert lawyer is highly recommended in buying an RTO condo.

CHAPTER 3: CHOOSING A DEVELOPER

Whether the success of the establishment of a certain condo will continue or not is mainly dependent on the developers. Recently there have been many shonky developers appearing and describing in many colorful words what they will do and what they have done in their last projects, but their words and promises are not worth the paper they are written on. Most wise condo buyers look for those developers with established, reputable names. However, some do opt to buy from a developer who is not so well-known in the industry because sometimes they are the ones offering the condo that the buyers prefer.

Developer's License to Sell

As a buyer, first you have to check the developer's license to sell. Beware of those developers who sell condos without their license to sell yet being approved. The buyers may check first with different government offices. In the Philippines it is the Housing and Land Use Regulatory Board (HLURB). This is the government organization that provides a license to sell to the developers. It is better to go to those offices personally and check the records of the developer and the document related to the project. There, the buyer can see the title of the lot, the requirements submitted by the developers, the problems or cases filed against the developers by any unit owners and other documents related to the property. Even if you want the unit very much, but upon checking find there are some problems mentioned, think twice or thrice and or many more times before you decide to go ahead with buying the unit. There are some condos that can be occupied only during a certain period of time. After say 50 years, the condo will be demolished. But there are some condos with perpetual ownership. The buyers should look for this in condos.

Developer's Credibility

Again, the buyer should give attention to the credibility of the developer. Some developers have the ability to speak words that seem so agreeable and right, but are not. Beware, your effort to buy a condo might be in vain and your hard earned money at risk. The buyer should also go to the physical office of the developer. Ask for some documentation where you can check their credibility. Don't rely on the information posted on the Internet. Of course the company will not post anything that is not good for their name. You have to look for it by yourself. Then you have to check the registration of this developer with the government agency. The government agency will give you data of their financial status, their capital and their past history as well as their recent and past projects.

Remember, you will not be investing just a small amount of money in your condo, but most condos now cost a great deal of money, so you have to invest time and money also in getting information about the developer of the condo you are looking to buy. You may also read blogs about the performance of this developer. You can get so much info from blogs. Some are good, and some are bad, but it can all help you in one way or another to decide which is best for you.

Developer's Document Verification

The documents related to the condo like the title of the building, title of the unit, the building permit, the fire permit, plumbing and electrical permits of the building should also be checked thoroughly. Usually, the broker has these on hand. You also have to review a copy of the taxes that the building is paying. Some developers don't pay their taxes, and after a certain period of time the condo will be taken by the government or they will issue notice of closure for that condo. So what will happen to you? Oh no... another nightmare!

CHAPTER 4: CONDO BANK LOAN PROCESSING

In most cases, a bank is used to finance the remaining amount after paying the equity. How to choose a bank is also a difficult task. Most of the banks differ in the terms they offer, especially at different rates.

Steps in Choosing a Bank

The following items should be on your checklist when choosing the bank:

1. Have at least three top banks on your list.
2. Ask for the fixed interest rates for each year, at each bank.
3. Tabulate each bank and do your math. Some banks offer a lower rate for a longer term of repayments, but if you compute the total payment it is far higher.
4. Check also banks' policies in paying off the loan early. You might have enough money to settle your mortgage earlier than expected. Some buyers plan to pay off their loans at an earlier date, so this is very important. Some banks charge a huge amount when you pay off your loan early, so you need to be very careful.
5. Confirm the amount of loan the bank can give. Some say 80% or 70% of the total contract price. The percentage of loanable amount should be clear in the very beginning of the transaction.
6. You can even haggle the interest rates with different banks. If bank A offers you this rate, and you want to get the loan with bank B, ask them if they can give you the rate offered by bank A. Most banks will agree to do so to get more clients.

7. Try to look for the very accommodating banks. They can even have their staff deliver the papers for you to sign without leaving the comfort of your home.
8. Other banks that offer promos. But be sure to read the full content of the promo, including the fine print, or you might be trapped. You have to check the specific period covered by the promo. Is it the booked date or the application of the loan date? The booked date means that the date when the loan proceeds is released to the seller.

If the property is bought with a bank loan, of course, the bank will ask for the title and other necessary documents under the buyer's name. It will be tough for the seller to entrust his property and have it transferred to the buyer, especially if he doesn't know anything about them. In this case they will come to an agreement of the percentage of the down payment or the equity. In some countries, a solicitor will handle these kinds of details, becoming a neutral third person who can be trusted to do all that is necessary. This information is provided to aid those who live in countries where this is not the case.

After a series of negotiations, you and the seller will decide how much the equity will be. (Equity is the down payment to be paid by the buyer). It ranges from 20 to 30% of the total contract price. It depends on the bank's regulations. Mostly banks offer 20% of the contract price.

The buyer and seller will again discuss the procedure about who will do the transfer of the property since this is a basic requirement of the bank.

Sometimes the seller agrees that the buyer will be the one to do the transfer, but this is very rare. If this happens, it is a huge advantage to the buyer since he can control the time of the transfer. He can do it right away, so the loan will be taken out the soonest.

However, most sellers do the transfer themselves. They may hire a broker they know personally, but they will have an arrangement with the buyer about the expenses. Usually, the seller will charge the buyer all the expenses relating to the transfer, including the professional fee of the broker. It is better to get a lawyer for both sides, so the lawyers will be the ones to draft the agreement.

Sometimes the seller agrees that the buyer will choose the broker for some reason, for instance if he is out of the country and can't do the processing or look for a broker. But still, mostly, the charges must be paid by the buyer.

In choosing a bank for the loan, you also have to take time to get the right one. Different banks have different terms. Some banks offer lower rates than others. Some ask for higher equity. Anybody who applies for a loan, of course, wishes it to be paid off earlier. You also have to consider the bank scheme in case you want to pay off an advance portion of your loan. Some banks impose charges if you're going to recompute your monthly amortization after paying an advance to the principal.

Some banks have a required amount for you to be able to pay in advance for the principal. These are the points that have to be considered in filing for loan at a bank. After you decide on the bank where you will have your loan, upon approval, the bank will give you a checklist of their requirements. One of the basic requirements

is the bank assessment. The bank assessor has to check the unit personally if you buy a pre-owned unit. If you purchase a unit from a developer, they will be the ones to coordinate with the bank.

Usually, those accredited banks give the unpaid amount as the amount to be financed right away. But for those buying a pre-owned, the bank has to assess by themselves the value of the unit. They usually give a loan amount equal to 70% of their assessed value. If the assessed value is 1 million (any currency), they will only provide a loan amount of seven hundred thousand. Then the buyer still has to raise the three hundred thousand. Before getting into a contract with banks, you have to make sure everything is clear so you will not be in another nightmare.

What Should be Included in the Contract

The buyer and the seller will have to agree on the conditions to be stated in the contract. Some of the matters to be included in the agreement are the following:

1. Payment of the taxes related to transfer. Usually the capital gains tax is paid by the seller, and the buyer will shoulder the rest of the taxes, fees, and other payments. But depending on the deal, sometimes the seller will offer a lower cost and will state in the contract that the buyer will pay the capital gains tax.
2. Payment for the broker and all other fees related to the transfer.
3. The agreement as to when the buyer can occupy the unit. Usually, after the down payment of around 20 to 30%, the buyer can hold the unit under preset conditions.
4. The payment for the dues and other maintenance after occupying the unit.

5. Of course, if any of the buyer or the seller will deviate from what is written in the contract, so it is important that both are satisfied with the terms of the contract.

Seller and Buyer Negotiation Process

After the negotiation is fixed, and the payment was done, the buyer can move in. Be sure to have all the copies of the documentation and ensure that the content of the contract is acceptable to both parties before signing it. It may take 4 or 5 revisions before you come up with the terms acceptable to both parties. This process is the toughest part; how to negotiate with each other, what you want and what you don't want.

Initially, the seller will give you a draft of their proposed content of the contract. Of course, it will be favorable to their side. You, as the buyer, should have your lawyer check the content. Some lawyers are paid on a per visit consultation.

After the consultation, the lawyer might propose for some revision that will also be favorable to your side, the buyer. Now, the negotiations begin, and they might take some time to be settled to the satisfaction of both parties. If you are not that patient and you have enough funds, you can choose to buy from a developer, so they will be the ones to do all the documentation. All you have to do is to sign and pay.

Maybe after 5 to 6 revisions, the content of the contract should be agreeable to both the seller and the buyer. However, there are some instances where, after a series of revisions, the negotiation ends up being cancelled due to the non-agreement of both parties. If this happens, you will have to start over again. But if the negotiation succeeds, then you will pay the equity and can occupy the unit fairly quickly.

Since the papers are not yet final, this will be called probationary occupancy. This type of occupancy must also be mentioned in the contract. It will be up to the buyer if he decides to do any work on the interior in the unit before it is transferred to his name. Some don't touch anything and just reside in the unit. Then they do the renovations they want after the papers are transferred to their name.

Other buyers think it will be tough to remove their stuff again to do the renovations they want. Some condo units are with built-in cabinets, etc. But if the buyer wants everything to be customized due to limited space and he wants to occupy the unit right away, then he might decide to have it renovated even before the papers are done. This will be at his own risk, since there are also conditions in the contract that if there is a problem in the transfer, the sale will not go through. The point to consider here is the budget and the contractor. You can lose a lot of money if the deal does not go through, and have no way of getting it back.

For the seller's side, before doing the transfer, he must be sure that the bank has guaranteed the loan. Before the bank issues a letter of guarantee, they will have to do a thorough investigation of the buyer to ensure they can repay the loan. They will ask for many documents showing that the buyer is capable of paying the loan he is applying for. After the letter of guarantee is issued, the transfer of the title will begin.

In some cases, for those who know and trust each other, they may even do the transfer before they apply to the bank. But this rarely happens.

For the buyer's side, you have the option to follow up on the status of the transfer to different government agencies. The buyer should get the approval of the seller that he can coordinate with the broker about the status of the transfer from the beginning. Some brokers do it very quickly, but others don't have enough skill to do it right away. The buyer may also check the broker's credentials with the seller.

After the transfer, the seller will be given a photocopy of the title and the tax declaration. For the buyer's security about the authenticity of the document, he should secure a certified true copy of the title and tax declaration by himself so he can prove that the processing was legitimate.

After everything is found to be ok, the bank will accept the document and ask for some time to release the loan amount. There are times that the seller will still have some deliverables to be given to the buyer upon full payment of the bank loan. In that case, the buyer should communicate with the bank agent that the check will not be endorsed to the seller without his or her presence.

After the bank gives the full payment amount to the seller, the buyer will do the monthly amortization as agreed by the terms of the loan. The seller will now endorse the new owner of the condo to the Condo Admin.

CHAPTER 5: CONDO MANAGEMENT

Whether you buy a new condo, a pre-selling one, or a pre-owned condo, you have to check thoroughly how the developer manages the condo. Most of the top developers also have high-caliber companies to manage their condos for them. You should pay careful attention to this.

Amenities

Many condo buyers love the condo lifestyle because of the amenities that the condo apartment offers. Basic amenities include a gym, a swimming pool for kids and adults, a function room, children's playground, etc. You have to assess by yourself if the association dues that you will pay are proportionate to the amenities that the condo offers. But to be honest, once you are living in the condo, you will be so busy in your everyday schedule, that you might only visit these amenities once in a while. But it is advisable to check anyway, because even though you might not use them that often, your family might enjoy more frequent use, especially if you have kids. They need a playground so badly.

Population Density

The population density should also be given attention when choosing the type of condo you will buy. Population density is the number of occupants per floor per unit. This equates to the number of persons sharing common amenities. The larger the population, the less space there will be available for you to use.

Let's take, for example, the swimming pool; if there are very many occupants, the chances are you will not enjoy going to the pool due to overcrowding. If most of the residents want to swim, it will be like swimming in a public pool, which I know you

will not enjoy. But as per my observation lately, though you live in a high rise condo with many occupants, most of them are so busy that they have no time to go to the pool anyway. But still, you have to check. Another area you have to consider in terms of population density is elevator usage. How many elevators are available? What if one of the elevators break down or is under preventive maintenance? You will be waiting a long time for a single lift. Even if there are two, that means only one is available if one breaks down.

If you are a gym person, then you have to check the equipment inside. See how many treadmills, bicycles, etc. are available, so you will not have to wait for too long until others are done using them.

In conclusion, the higher the population density, the more inconvenient it can be, because you will have to share all the amenities with everyone else.

It is nice to live in a condo where when you visit the admin office, what you see are owners and tenants lining up to pay their dues and utilities rather than to complain about anything. If you happen to experience this, then you have made the right choice in choosing the condo.

Management Handling of Owners' Requests and Complaints

When you are already living in the unit you intend to buy, there will come a time that you will have requests and complaints. Before purchasing a condo, you should research how your prospective developer handles these. You can check everything over the Internet. There are many forums and blogs that you can read. You can also ask some of your friends who might happen to own a condo by the same developer of the unit you are looking to buy.

Rules Implementation

The next thing to consider is how the Admin. implements the rules. They should be strict in rule implementation. If you happen to have a noisy neighbor, oh no, it is another headache! You have to research to find out how they manage such a situation.

Next, you have to check if the condo rules allow you to live the life you want to? What is that? Some people are very fond of pets. Are pets allowed? On the contrary, others don't want a condo that allows pets. They are not comfortable to be in the elevator with big dogs. Or sometimes they are sleeping, and the dogs barking in the other unit will wake them up.

Some want a unit where they are free to smoke in. Recently there have been many no-smoking areas in certain cities. This rule is an advantage to those who are allergic to smoke, and it makes them very happy. But for those who can't live a single day without a cigarette, this is not the condo for them. So this must be confirmed.

Association Dues

Association dues should also be checked. Is it worth paying the association dues? You have to do your research on this. As you know, association dues will rise as the years pass by. It is ok if you can see the improvements made by these dues that all the residents have to pay annually.

Rules Related to Security

Security is the most important of all. We are working hard for our families, so we should ensure that our loved ones are also secure. Some condos have public doors on the ground floor. You should check if there is a separate entrance for the public

and the condo dwellers. If none, for me, this is dangerous. The security guards might not be able to check every person who goes in and out of the condo. If there is the same entrance for both, then the public can go up anytime without being reprimanded by the security guards. There should also be CCTV installed in all areas. Then, if there had been a problem, the authorities will have a particular reference for the investigation.

The condo that you buy should also be adequately ventilated. Check the windows; is there enough air coming through the unit? Also, check if there is an exhaust passage leading to outside the unit. This is very important, or else you will smell like adobo.

Master Deed

If you are thinking of buying a condo for investment in the future, you have to check first with the Admin the Condo's Master Deed. You have to read their Master Deed thoroughly. Of course, you can't have this when you have not yet signed the contract, but you can request a copy of it from your broker. It can also be photocopied from the government offices' records section. From there, you will see what their master rules and regulation are. Some condos limit the number of persons who can be inside the unit. In terms of having it rented out, other condos don't allow this. So it's better to check than be sorry when it is too late.

CHAPTER 6: WHAT TO EXPECT WHEN LIVING IN A CONDO

After checking all the items I mentioned, are you ready to live in a condo? If yes, then let's discuss what to expect when you are already living there. Planning to live in a particular place and living there can be different.

Adjustment from a Bigger Space to a Confined Space

If you are living in a spacious house, but you are thinking of living in a condo for a change or comfort, you have to be familiar with what to expect when living in a condo. If you are rich enough to buy large unit, then an adjustment will not be that difficult for you. But if you are an average wage earner and can't afford to buy a huge one, you have to prepare yourself for the big adjustment from a spacious place to a limited area.

You have to accept that you can't always cook your favorite native food. This is because the smell will stick to the walls of the whole condo.

Some condos have minimal space for the bathroom. Some don't even have provision for a washing machine. I encourage the buyers to look for a condo with provisions for washing machines. Or, if you are well off, you will not need a washing machine; you can afford to have it laundered for you all the time. In this case, look for a condo with laundry downstairs. Imagine if you want to have your clothes cleaned at all times, and the laundry stall is located a few blocks or buildings away. It would be tough and inconvenient for you to take the clothes there. They might offer delivery after washing; that would be a better choice. If there is a provision for a washing machine, you can have a fully automatic washing machine, so you will have to fold

the clothes after getting them from the washer. But I suggest you buy the washer and the drier separately. Why? Because you can do the drying of some clothes while washing the next batch. In this case, you can finish the washing much more quickly.

If you only have a traditional automatic washing machine, you still have to hang your clothes after washing. Oh no, what if you washed three loads of clothes? Your unit will look like a.... I don't know and worse still, if you hang the clothes, you can't cook, because the smell of the food you cook will stick to the hanging clothes... meaning if you wash and hang clothes inside, you will have no option but to eat outside.

Some condos have their drying cage on the topmost floor. You can take the laundry hamper there and hang your clothes. But if you are on the 12th floor and the cage is on the 42nd floor, and the elevator is not working, it will be very tiring for you to climb up all those stairs to hang the clothes. So you will choose to hang it inside the unit.

Noise

If you are a fan of loud music, you can't have it anymore if you live in a condo. It is the general house rules of condominiums to avoid loud sounds that will affect the neighbors. So goodbye to loud music. Of course, you can always use headphones.

Increase of Expenses

Expect an increase in your expenses. Why? Everything is within reach. Meaning every time you move, you'll need your wallet. You should be a budgeting expert also, to ensure that you will survive until the next payroll.

Power Interruption

You have to expect that sometimes there can be power interruptions. Usually, the condo generator can't supply all the power needed for the elevators. So if you have to go up or down, you'll need to take the stairs. Anywhere you live, there are power interruptions, so be prepared for this.

Comfort of Living in the City

On the other hand, there are many advantages that you can note when you are living in a condo. Firstly, you don't have to wake up around 4 am to be able to leave your house, or 5 am to get to the office on time at 7:30 or 8:00 am.

You will have ample time with your husband, your kids, and even for yourself. If you have a helper with you to prepare the breakfast, you can also go to the gym in the early morning before going to work. Isn't it great? You will feel very fit before you go to work. Imagine if your work is just across your condo - what a big blessing. You will only need to cross the street to step into your office. No stress, no traffic to hold you up. You can even go home during break time to have a freshly-cooked lunch. After office hours, you'll be back home in a few minutes.

You can have so much more time with your family. You can monitor the progress of your children. No more time spent in long lines for public transport rides going home or stuck in traffic in your car. You can even go to malls or other family activities after your office closes for the day.

Hospitals will be within reach. Cabs are all around you at any time of the day. If you don't have time to cook your meals, restaurants are readily available around the vicinity. Going to a grocery store is so easy. Everything will be very convenient. You have to do the proper decision making and consider everything beforehand.

CHAPTER 7: BUDGETTING FOR THE CONDO

After deciding what type of condo to buy, you will be more or less aware of the expenses you will incur from the time you buy it up to the time of living there.

Equity

If you decide to buy from a developer, you'll have to pay the equity, usually 20 to 30%, dependent on the terms presented by the developer. For those condos ready for occupancy, some developers will offer 12 to 24 months to pay the equity. But for those not ready for occupancy and still under construction, the equity will be paid in around 3 to 4 years, without interest. How to choose will be dependent on your capacity to pay. If you think you can pay it off and you wanted to buy a condo, then go for it. But if you think it will be challenging for your finances as you have so many debts right now, then I suggest settling everything else first. It is tough and traumatic to get a condo, then find you can't pay after two years and see it taken over by the bank. Your previous payments will have been in vain, and you will lose all that money. That is another nightmare.

Bank Charges Before Loan Take Out

After paying the equity, the remaining balance will be applied in a bank loan or financing loan. Some developers have accredited banks for the loan; others don't. If they do, you have to file for the loan application with the chosen bank.

Condo Insurance

Once the loan is ok and the documentation is ok, it is time to pay for the mortgage redemption Insurance, commonly called MRI. This is a form of life insurance, which in case the death or total disability of the payor will pay off a part or whole of the

insured's outstanding balance. Initially, this will be paid in full and deducted from the enrolled debit account from the beginning of the loan documentation. You will be informed by the bank staff that you have to settle this insurance so they can proceed with the final processing of the loan take out. In the succeeding years, the MRI amount is divided into twelve and added in the monthly amortization.

Fire Insurance

This insurance is another payment you have to do before the loan take out. Most of the banks have their own insurance company, and they require that the fire insurance will also be taken from them. In the succeeding years, it will be billed separately by the insurance company to the buyer's registered address. It is a requirement of the bank to settle this insurance yearly.

Insurance for the Common Area

Another insurance will be billed to you, sometimes included in the monthly bill. It is sometimes billed separately. It is the Insurance for the common area like a hallway, lobby, and amenities. The amount is dependent on the floor area.

Monthly Mortgage

After paying all this and after securing all the requirements, then it is time to get ready for the monthly amortization. You have to decide whether your loan should have a 5-year fixed interest rate or not. This means the loan amortization will change after the selected number fixed years, depending on the current market interest rate the time. The buyer has to be keen in every detail. You may ask advice from a loan advisor whether you will gain anything by having 1, 2, 3, 4, or 5 years of fixed-rate before the loan returns to the usual variable rate.

Monthly Dues

Another payment to be done is the monthly dues. Every condo has its set monthly dues per square meter. The larger the unit, the bigger the amortization dues. This is usually incorporated into the electricity and water bills. It is also advisable to look after the maintenance of the condo. You will be paying the monthly dues forever, or as long as you have your condo. You should check out how the building is being managed. Remember that the way it is managed will increase or decrease the value of your investment.

Some condo administrators do manage the whole building very well. They repaint the entire building every five years. Some also put more equipment into the gym, add some comfort to the owners by installing air conditioners in the common areas, improve the swimming pools, gym, and the playground. You should observe these items before deciding which condos to buy. Take note that some management gets the monthly dues of the owners without bothering to improve their living conditions. Building management is vital. It is excruciating to pay the high monthly dues without seeing any improvement.

Utilities

Some condos have separate electricity bills under the electricity provider, but others are under one mother meter. Sometimes, if under one mother meter, the electricity bills are very high, but there are other condos, where the bills are lower than expected, even though they are under one mother meter.

Maintenance

If there are some repairs needed inside the unit, the owner can bring in a repairman from outside, but they have to secure a working permit. Some condos charge a

certain amount for every work permit they issue. Others do not. If the repair requires a service elevator for the materials to be lifted up, some condos also charge a certain amount per lift. With some significant repairs, the owners have to comply with the necessary regulations imposed by the Building Administration. Some of these are that the Building Engineer approve drawings. Upon approval, they have to coordinate for the schedule. The owner has to pay a construction bond for this purpose. This is to be refunded less the processing fee, after the construction if there is no violation. If there are violations, this will be deducted from the construction bond. The construction bond may also be applied to the future association dues. It takes mostly two to three months to get the bond refund if you opted to refund it.

Fire Extinguisher and Refill

A fire extinguisher is also mandatory for most of the condos. Some fire extinguishers expire every year, every two years, some of every three years. I suggest you buy the three-year expiration, and you can save some amount, and you don't have to ask the supplier to refill every year.

Maintenance

You have to also maintain the fire alarm. It is a requirement of the Admin that the fire alarm is activated. Some condos also have insect treatment every month, but others have none. So if your condo happened to have so many insects you will hire an expert to kill the insects going around your unit.

Of course, as you live in the condo, there is what we call "wear and tear." You will spend a certain amount on repainting, plumbing repairs, etc.

These are the payments you have to consider in buying a condo. It is not an easy decision; you have to lay down all the data on the table, sit down, and study the figures very carefully.

CHAPTER 8: RENTING OR BUYING A CONDO

Now that I have given the necessary info you need before buying a condo, do you still want to buy one or you are thinking just to rent? Renting a fully furnished condo in your desired location is another option. You might be thinking about that right now.

Deciding Factors Whether to Buy or to Rent a Condo

In renting a condo, you need to choose the best that suits your requirements. Remember that you will pay for it monthly. Finding one to rent will be the same as looking for a condo to buy. Over the Internet, you have many choices.

Different owners have different rules when they have their condo for rent. Some ask for one month rent in advance and one month deposit. Others ask more than that. They will be asking for post-dated checks for the whole rental period stated in the contract.

Most of the condos for rent are fully furnished. All items inside the unit will be specified in a sheet of paper, and you will be asked to verify this before signing. You will have to bring in your clothes, and you are ready to start your condo living.

During the rental period, you can also ask utility services to be connected under your name. Usually, they will ask for proof of ownership, but in your case, you can give them a copy of the rental contract, and it will be acceptable. Usually, all the utility bills are shouldered by the renter or tenant. You will be appropriately endorsed to the Admin Management with proper documentation based on their existing procedures.

During the documentation, you will have to specify the number of guests with their full names and valid government IDs. The names of all persons who will live in the unit you are renting will be included in the paper that you signed. In case you have a visitor, you will need to inform the Admin about this. Some condos are very strict, but others are not. For me, I will choose to have strict admin rules implementation, especially if it is related to me and my family's safety.

If you need a condo for a short time only, it is much better to rent one. But if you intend to stay there for a long time, as for the rest of your life, then it would be better to buy a condo unit. Renting for four to five years is not that easy. The rental fee you pay every month will soon be equivalent to the purchase price of one condo unit.

What I am trying to say is that renting is applicable for a short time only. For a long time, buying a unit is the most practical option.

CHAPTER 9: BUYING A CONDO AS AN INVESTMENT OR SOURCE OF INCOME

Reasons for Buying a Condo

There are many reasons for buying a condo. Some people want to have that walkable life with everything within their reach. Others don't want to maintain big houses with backyards anymore. They don't want to do repainting, plumbing works, or have to clean up a large area. Another reason is to have an investment or source of income. Many condo buyers who already have their residence buy a unit for income purposes.

Long Term Rental

What are the possible ways you can earn from a condo? Well, there are lots of ways. First, you can have it rented out on a long term basis. The renter will have a contract with you for a minimum of one year. Then you will receive the monthly amortization. Since there are many units for rent around your area, there are also brokers marketing your units. The agreement of the broker and the owner is usually that, for every year of the contract, the broker will receive an amount equal to one month of the rental fee as an incentive to look for a renter. There are different set-ups. Sometimes the owner will be the one to pay the association dues, while the renter will settle the bills. There are some arrangements where the renter is the one also to settle the dues. In this case, the rental fee would be lower.

If you happen to find a renter who loves their home, then it is good for you. But if you find a renter who doesn't care about your unit ...oh no! You have to do all the maintenance after they leave. It is advisable again to have a contract that clearly explains all the do's and don'ts and what will be the consequences of doing the don'ts – or of not doing the do's.

Landlord insurance is available in some countries, and this is essential to cover damage to the unit by careless renters. Otherwise, it would be a good idea to keep some money aside for repairs and maintenance to be done when necessary.

Bed Space Rental

Another option to earn an income from a condo is to have it rented out via bed spaces. Assuming you have a 2-bedroom condo, you will set it up using double-deck beds. One big bedroom might be able to accommodate around four bunk beds, which means you will have eight-bed spaces.

The rental fee varies from place to place. Of course, rental costs in a prime area are a lot higher. Some offer to rent with air-conditioning, others don't. If your condo is within the business district, it will always be occupied for sure. You have to make the necessary arrangement with the condo admin for your renters. Some opt to have a none air-conditioned room at a little lower price.

Short Term Rental for Condo

Another option which is very useful nowadays is to list your unit via Airbnb or other Platforms. It is difficult to decide whether you should have it rented for the long term or if you will list it through Airbnb, which usually means shorter stays. Of course, there are advantages and disadvantages to both. If you have it by Airbnb, you will

earn a more significant amount compared to renting, but this is if and only if you have lots of bookings, so the beds are filled at all times. Long term rental is a guaranteed fixed income every month. With Airbnb listing, you can't be sure of the income. You might earn a substantial amount if you are fully booked for a month. But like other businesses, there are times that you might not have any booking in a month. One of the advantages of Airbnb over long term rent is that you can maintain your unit well. And if there are times you have relatives or friends who visit, you can invite them for a sleepover knowing you have a place to offer.

If you buy a condo for income generating purposes, you have to first verify the details with the condo admin the unit you are looking to buy. There are condos that limit the number of persons who are allowed to stay in the unit, while some don't allow an Airbnb set up. So better check everything before buying one.

Applicable taxes should also be settled by the condo owners if the unit is for business purposes. It is a must to study all areas related to business registration and taxes related to it before buying a condo as a source of income.

CHAPTER 10: BUYING OR RENTING A PARKING SLOT

When you plan to buy a condo, you should also consider the parking slot. If you don't have a car right now, you should also read this for the future. There will come a time in your life that you will need a car for easy transport and for emergency cases.

Buying a Parking Lot

This is like buying a unit, it is just a little lower in price. Those condos in the prime areas also include a parking slot at around one to one and half million pesos for the Philippine setting. It is a huge amount of money for the average income earner. But because of necessity, you have no option but to include this in your computation.

Anyway, condo parking slots appreciate in value parallel with the condo price. It can even be an additional income for you now or in the future if you don't need it for yourself at such a time. You can have it for rent. There are many condo dwellers looking for parking space for rent. Contract like as if you are renting a property is also to be accomplished. Mostly the minimum rental period is one year. You will be surprised when you look for parking space for rent. Not so much parking space for rent is available nowadays. So if you are a condo owner and you have a parking slot which you are not using, you can coordinate with your broker or inform Building Admin that your slot is for rent. Admin will take down your slot number and will refer to those condo residents inquiring for a parking slot for rent.

For pre-selling condos you can choose the best location to park your car. But if yours will be a pre-owned condo, sometimes it is also sold with a specific parking slot, but of course, it is of very high contract price. For those with no tandem parking space, you can find parking slots for sale or for rent from those owners who are wants to dispose their parking slots.

You can do your math and decide whether you will buy or rent one. Papers for parking slots differ from one condo to another. Some condo parking has an individual title for around 9-12 square meters, more or less. This is the best one to look for. Some other condos sell only rights for the parking. There is no title to be given but just a certificate of rights. For me, I would choose the condo with a title for the parking slot. You should ask the broker for this information right at the beginning of your condo inquiry. Once you have the information from the broker, then you need to verify everything you read or heard, same as what is advised for the condo purchase. Better to check for yourself than to feel sorry later.

Renting a Parking Slot

Mostly due to financial reason, most of the condo residents choose to rent a parking slot. If you decide to rent a parking slot, the process is just the same as renting a unit. It also has association dues to settle. It should be cleared with the owner as to who will pay the dues for the slot.

CHAPTER 11: WHAT HAPPENS TO A CONDO AFTER 50 YEARS

In buying a condominium, the buyer has to cash out a considerable amount. So, it is natural that most of the buyers ask what will happen to the condo investment after 50 years.

On June 18, 1966, Republic Act 4726, known as The Condominium Act of the Philippines, was mandated. This is the law that protects the rights and interests of the owners in a Condominium Project.

Here is a part of the mentioned Republic Act 4726

Section 8. Where several persons own condominiums in a condominium project, an action may be brought by one or more such persons for partition thereof by sale of the entire project, as if the owners of all of the condominiums in such project were co-owners of the entire project in the same proportion as their interests in the common areas: *Provided, however,* That a partition shall be made only upon a showing:

- (a) That three years after damage or destruction to the project which renders material part thereof unfit for its use prior thereto, the project has not been rebuilt or repaired substantially to its state prior to its damage or destruction, or
- (b) That damage or destruction to the project has rendered one-half or more of the units therein untenable and that condominium owners holding in aggregate more than thirty percent interest in the common areas are opposed to repair or restoration of the project; or
- (c) That the project has been in existence in excess of fifty years, that it is obsolete and uneconomic, and that condominium owners holding in aggregate more than fifty percent interest in the common areas are opposed to repair or restoration or remodeling or modernizing of the project; or

(d) That the project or a material part thereof has been condemned or expropriated and that the project is no longer viable, or that the condominium owners holding in aggregate more than seventy percent interest in the common areas are opposed to continuation of the condominium regime after expropriation or condemnation of a material portion thereof; or

(e) That the conditions for such partition by sale set forth in the declaration of restrictions, duly registered in accordance with the terms of this Act, have been met.

Based on the above excerpt, it is not true that after 50 years, your condominium investment will be gone. There is a certain period that the project will be turned over to the unit owners, and there will be what we call the home owner's association. It will become like a corporation, you being an owner of a unit, is an owner also of that corporation.

As part of the corporation, the owner has a say in every decision. Let's say, after 50 years, the building is to be demolished, and a new property will be developed in the area, all owners will get an appropriate share of the proceeds of the sale.

Every Condominium has its Master Deed. In this document, the condo developers record the project, its division into condominium ownership, and the grant of common areas to the condo owners. Before purchasing a condo, be sure you have a copy of this document and be sure that you are aware of what is written in it. Developers and Condo Building Administration will always refer to the Master Deed in their everyday management and maintenance of the building.

Once you get all these details settled to your satisfaction, you are sure to enjoy your new, very convenient lifestyle.