

The Ultimate Guide to Purchasing a Condo

Your Path to Financial Growth,

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1 What is a Condominium?

A condominium, or condo, is a type of housing where:

- You own the interior of your unit.
- The exterior and shared spaces (hallways, pools, gyms) are owned collectively by all unit owners.
- A homeowners association (HOA) manages the upkeep and enforces community rules.

2 Key Advantages of Buying a Condo



- **Affordability:** Condos are often more affordable than single family homes, especially in urban areas.
- **Low Maintenance:** HOAs handle exterior maintenance, landscaping, and repairs for shared areas.
- **Amenities:** Many condos include perks like pools, gyms, and security services.
- **Community Living:** Condos foster a sense of community through shared spaces and organized events.
- **Location:** Condos are often centrally located near work, entertainment, and public transit.

3 Challenges to Consider



- **HOA Fees:** Monthly fees cover maintenance and amenities but can increase over time.
- **Special Assessments:** If the HOA lacks reserve funds for major repairs, you may face additional payments.
- **Rules and Restrictions:** HOAs enforce rules on pets, rentals, and modifications.
- **Privacy Concerns:** Shared walls and spaces can limit privacy.
- **Resale Challenges:** Poorly managed HOAs or overbuilt complexes can affect property value.

4 Resale Value Considerations for Condos



Buying a condo isn't just about today. It's also about tomorrow. Here's what you need to know about resale value:

Factors That Influence Resale Value

- **Location Matters:** The surrounding neighborhood's condition and amenities significantly impact property value. A struggling area can hurt resale potential, even if your condo is in excellent shape.
- **HOA Management:** A proactive, well managed HOA enhances property values, while poor management can deter future buyers.
- **Limited Modifications:** Unlike single family homes, condos often limit the ability to make improvements that boost resale value.

What to Look Out For When Buying a Condo

- **HOA Financial Health:** Ensure the HOA has sufficient reserve funds for future repairs and maintenance.
- **Community Rules:** Understand the HOA's rules to ensure they align with your lifestyle.
- **Owner Occupancy Rates:** Higher owner occupancy rates typically indicate a more stable community and boost resale potential.
- **Property Condition:** Assess both the unit and common areas for maintenance issues.



5 Down Payment Assistance for Condos

CalHFA MyHome Assistance Program: The MyHome Assistance Program provides financial help to cover down payment and/or closing costs through a deferred payment junior loan.

Loan Amount:

1. Up to 3% of the purchase price or appraised value for conventional loans.
2. Up to 3.5% for FHA loans.

Eligibility Requirements:

1. Must be a first time homebuyer.
2. Must occupy the condo as a primary residence.
3. Must meet CalHFA income limits, which vary by county.

Minimum FICO Credit Score Requirements

- Conventional Loans: Minimum FICO score of 680.
- FHA Loans: Minimum FICO score of 640 (660 for manually underwritten loans or manufactured housing).

Pro Tip: Condos must meet specific CalHFA approval criteria to qualify for assistance.



FHA Spot Approvals: What You Need to Know

If the condo you're interested in isn't fully FHA approved, you may still qualify for an FHA Spot Approval.

Key Requirements:

1. At least 50% of units must be owner occupied.
2. HOA must be financially stable with no more than 15% of units behind on dues.
3. The condo must meet FHA's property condition standards.

Extra Steps: Spot approvals involve additional documentation and HOA verification, which can take extra time to process.

7 Final Steps Before Buying



- **Inspect the Unit:** Check for safety and property condition issues.
- **Review HOA Documents:** Look for potential red flags in bylaws and financial statements.
- **Get Pre-Approved for a Loan:** Choose the right loan for your needs.

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Purchasing a condo, including a HUD approved home, can be a smart and affordable path to homeownership. With the right guidance, you can explore financing options, understand condo approval requirements, and confidently navigate the buying process.



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