

Know Basics of Condominium Law

The condominium concept was first codified by statute in Puerto Rico in 1958. When the Federal Housing Administration (FHA) was established in 1961 to insure home mortgages, the United States saw a boom in condominium development. FHA loans have been used extensively to finance condominium purchases and developers have taken advantage of ready financing for their condominium projects. The Ohio Condominium Act was first enacted in 1964, and was amended most recently in 2004. Before investing in a condominium unit, you should know the rewards as well as the risks.

Q: What, exactly, is a condominium?

A: The term condominium can be applied to many different kinds of housing, but all condos share many common attributes. The term “condominium” refers to the entire condominium development, including all land, buildings and units. A “unit” describes an individual owner’s interest in the condominium. In a condo, there is generally no individual ownership of land; the unit owners jointly own the land and building exteriors. Each unit owner has rights only to the unit’s interior space. All other spaces are controlled by the condo owners’ association. Each unit owner automatically becomes a member of the condo association, according to the association’s governing documents. The condominium declaration describes clearly what part of the condominium space is your “unit” and what parts make up the “common elements.” Often, the unit comprises the actual walls, floors and ceilings themselves and any other feature, wherever located, which serves only the unit, such as the outside air conditioning unit.

Q: How is condo ownership different from regular home ownership?

A: Perhaps the difference is the limited amount of control a condo owner has compared with that of a regular homeowner. Generally, a condo owner has as much freedom inside the condo as a homeowner, but outside the home, the condo owner has much less freedom. Condo associations generally can regulate virtually every aspect of what happens outside your walls, and sometimes inside your walls. Condo associations can make rules about everything from what kind of flowers you plant to how many cars you can park in your driveway. These rules ensure the uniformity of the condo’s appearance, which generally helps to keep property value high.

Q: What is a condo association?

A: The condo association controls all of the land and property surrounding individual condominium units, and manages the condo property through a board of directors. The board of directors is elected by the unit owners to run the condo’s daily operations. The unit owners elect board members according to the condo’s bylaws. Usually, each unit has one vote, but some condos use the value or size of an individual unit to calculate that unit’s voting power.

Q: What powers does the board of directors possess?

A: The board can enact budgets, levy assessments and enforce the declaration, bylaws and rules of the condo. Board members act as “point persons” for unit owners and can adjudicate disputes between neighbors if the declaration allows. The board also has the right to make rules and manage

the common elements and to grant permission to alter a limited common element. State law dictates what a board may not do. Generally, for example, boards may not deny unit owners access to association records (financials, minutes and some contracts) except for narrowly defined matters relating to personnel, collections, legal matters and transactions currently under negotiations.

Q: What information should I review before buying a condominium unit?

A: Generally, you should review the association's declaration, bylaws and rules. If it is a new condominium unit, the developer will give you a disclosure statement with valuable information. You will also want to review the association's most recent budget and financial statements to determine its financial condition. In particular, you will want to know that its cash reserves are sufficient to meet future maintenance needs. Ask if there are any out-of-the-ordinary pending lawsuits by or against the association. Finally, talk to a board member about how the board functions and how the association's management company is performing. You can also gain a great deal of information by talking to other owners about their satisfaction level.

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