

[Q] How do I avoid buying a leaky condo?

[A] The number of blue and green tarps sprouting on older condos grows every year. “The only way to minimize the risks is through the buyers’ own due diligence,” says John Grasty, a licensed real estate representative and advocate for homeowners. He offers the following tips to avoid buying a leaky condo:

[•] Speak to condo owners about the building before purchasing.

[•] Hire qualified professionals to help with the risk assessment and buying process. While the building envelope itself cannot be probed, the exterior wall detailing can be carefully inspected and any repair document details, technical audits or engineer reports should be

reviewed by a professionally certified home inspector.

[•] A low strata maintenance fee may not necessarily indicate a well-managed building. Is there a contingency or reserve fund to pay for repairs in future? Is there a long-term maintenance plan in place which includes capital improvements? If there aren’t any, be very leery.

[•] One useful buyer’s tool is the minutes of strata council meetings (notes recorded during the period of assessment discussions and when remediation decisions are being made). Check to ensure it is a complete set of all minutes, without missing pages.

[•] Sellers are required to disclose in writing any known hidden defects (known as “material latent” defects) on the Property Disclosure Statement (PDS). Note that MLS listings for properties in the same building often have disclosure discrepancies. For example, the listings might describe the cladding or building exterior as “rainscreened,” “partial rainscreen” or “no rainscreen.” A professional should be able to help identify and get to the bottom of couched statements such as these.

[•] Beware of language like “We are not aware of leaks,” and get any oral representation and warranties in writing in the Contract of Purchase and Sale.

[•] For resales, the PDS should be incorporated into the Contract of Purchase and Sale and you should be informed of any material changes before the completion date.

[•] Understand the difference between using a lawyer and a notary. Before removing subject conditions, a lawyer needs to review the contract, the disclosure statement, the title search and any pending litigation, judgment or other liability. Doing this at completion is too late.

[•] Be extra cautious of any property offered “as is.” There are no shortcuts to completing due diligence. Refuse to be rushed. No real estate transaction is without risk.

See The Condominium Buyer’s Guide, Appendix C, pages 34 to 37 for a general checklist: cmhc-schl.gc.ca/odpub/pdf/63100.pdf. Or visit johngrasty.ca —Tara Schmidt

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