

## MILLFIELD CONDOMINIUM FAQ'S

1. What exactly is a condominium?

The word "condominium" describes a specific form of ownership where an owner holds title to their individual unit, plus a fractional interest in the common areas and elements of the neighborhood. When you purchase in a condominium, you typically own your unit from the drywall inwards. Because the common areas and elements are jointly owned by all condominium owners, you pay for the upkeep of your share of these elements by way of monthly maintenance fees. Virtually any type of real estate (i.e. single family homes, townhouses, space within a high-rise) can be part of a condominium.

2. What are common areas and elements?

Common areas within the condominium are those areas that all residents have access to (i.e. land, common hallways, walking trails, water features, etc.). Common elements are those items within the condominium that are owned by all condominium homeowners (i.e. pools, clubhouses, tennis courts, etc.). When you own a unit in a condominium, you own a prorated share of all common area and elements. As an example, if you are one of fifty homeowners in a condominium neighborhood, you own 1/50<sup>th</sup> of the common area and elements.

3. What are limited common elements?

Limited common elements are that portion of the common elements allocated for the exclusive use of one or more but fewer than all of the units (i.e. decks, patios, driveways etc.)

4. What is a Homeowner's Association and what is its function?

Each buyer who purchases a unit within the condominium is automatically a member of the Home Owner's Association (HOA) and is entitled to one vote on issues that affect the condominium. A small group of the HOA is selected or elected by the members to sit on a board and oversee and manage the day to day operations of the condominium and enforce the covenants, conditions and restrictions. In the beginning of a project, the developer typically oversees the daily operations of the condominium but as more units are transferred to owners, the developer cedes control to members of the HOA.

5. What are condominium by-laws?

By-laws are written rules that govern the conduct of the condominium and the HOA. Condominium by-laws generally provide for meetings, elections of a board of directors and officers, filling vacancies, notices, types and duties of officers, committees, assessments and other routine conduct.

6. What are Homeowner's Association dues and how is the amount determined?

HOA dues are used to pay for the upkeep of the common area and elements within the condominium. Dues may also be used for specific services that benefit owners

such as liability insurance, snow removal, trash hauling and utilities. Each condominium development is different so it is very important to read the HOA documents closely so that you understand what is covered and what will be the responsibility of the individual unit owner. The fees are initially set by the developer of the project based upon projected costs. Adjustments to the fees are usually governed by the HOA documents.

7. What are reserves?

Reserves are funds set aside from HOA dues that will be used for future capital expenditures. Examples of capital expenditures are roof replacement, repaving streets (if privately maintained) or repairing sidewalks. Proper reserve planning enables an HOA to adequately maintain and replace assets in the future without the need for special assessments.

8. What is a Public Offering Statement?

A public offering statement is a set of documents that describe the condominium and its financial situation. These documents usually include the condominium's declaration, by-laws and restrictive covenants as well as a balance sheet, projected budget and disclosure of any special fees that the Buyer may owe at closing. In the state of Pennsylvania, the delivery of the public offering statement must be made no later than the date the Buyer executes an agreement. The buyer has the right to cancel the agreement within fifteen days after receiving the documents.

9. What type of insurance do I need to cover my condominium?

Condominium developments secure master insurance policies to cover the common area and elements and a general liability policy which will cover the HOA if someone gets hurt or is injured while on site. The master policy premium is paid for from the HOA dues. The condominium owner will need to cover their personal belongings and maybe some of the interior structure of the condominium such as walls, cabinetry and plumbing fixtures. A review of the condominium documents will outline what is covered by the master insurance policy and what type of insurance should be obtained by the individual condominium owner. Your insurance agent should contact the holder of the master insurance policy to review coverage and make sure that you are adequately covered.

10. Can I improve or renovate my condominium without HOA permission?

It depends on what you want to improve or renovate. In most cases, you can improve or renovate the interior of your condominium without obtaining permission from the HOA; however, you should check with your local municipality to see if a building permit will be required to make the type of improvement that you are contemplating. The exterior of your condominium is a different story. Because you own from the drywall inward, anything that you want to do to the exterior must be approved by the HOA or its architectural review board. Refer to a condominium's documents for further clarification.