



7 Crucial Mistakes Buyers Should Avoid When Buying A Condo

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TOWERS .net

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In Austin, Texas the word “condo” is often synonymous with living in downtown Austin. Downtown condo ownership enables buyers to live in a walkable neighborhood where they can easily connect with friends, family, and neighbors to enjoy close proximity to the best recreation and entertainment that Austin has to offer.

Building amenities will make life easy. Lock-and-leave convenience gives you freedom to travel knowing that upon your return your home will be as you left it.



Before You Get Started

Hi, my name is Jude and I want to thank you for taking the time to visit our site and request the “**7 Mistakes To Avoid When Buying A Condo**”. I know that you will get a lot of value from this special report, because we have had so many requests from buyers -- including savvy investors -- just like you, for a “best of” guide on **what to avoid!**

Whether you are a [first-time buyer](#) beginning the journey, or you are a veteran to real estate transactions but not familiar with condos, then you are looking for [secrets of the pros](#) [that’s us!] to ensure you reach your goals!

How To Consume This Report

This “7 Mistakes To Avoid” report is a digital report intended to give you 7 actionable questions that you can use immediately to [remove risk](#) from your purchase. You may be a savvy investor already, still, going through this report and finding information you can apply [immediately](#) will be the best use of your time.

Read this report all the way through the first time, scanning and taking notes on what you think applies to you. Deliver those questions to your REALTOR and get answers quickly!

You Probably Don't Know Who I Am...

****Jude sold the highest number of Downtown condos
in 2014 and 2015****

Source: Austin MLS sold data for Area DT compared to more than 9,000 Austin REALTORS®

Since I'm not one of the "big suburban" REALTORS I thought I should open by introducing myself, our [downtown office](#), and the reason why TOWERS is equipped to teach you this stuff in the first place.

This is the Austin TOWERS team!



Here is the deal: there are too many **misinformed REALTORS** advising their clients to buy a condo, without realizing they have incorrect information!

The unfortunate reality is that REALTORS who focus on single-family homes in the suburbs often get out negotiated, establish unrealistic expectations, and unintentionally misinform their clients!

Your average REALTOR cannot become an “expert” in condo transactions overnight. There are many generalist real estate agents offering to help you regardless of your unique needs with incomplete, misinformed, or **just B.S. opinions** about condo sales.

Experience in a niche-market!

TOWERS.net’s elite team has developed a deep understanding of each condo tower in Downtown Austin. We have spent the time necessary and transacted in **hundreds of condo sales** to bring you the most qualified and experienced expert insight into Austin’s condo market.

Highlights:

Jude Galligan, TOWERS.net's Broker-Principal has been quoted or interviewed by the Austin Business Journal, Bloomberg News, Financial Times, Austin American Statesman, Austin Chronicle, Austin Community Impact, KVUE, Fox News (KTBC), Inman News, KUT news, CultureMap, KXAN, and others.

Our Broker publishes the two most respected blogs about downtown Austin:

- DowntownAustinBlog.org
- Austin.Towers.net

... and volunteers on the Board of Directors for the three major Downtown advocacy organizations:

- Downtown Austin Neighborhood Association (5+ years)
- Downtown Austin Alliance (3+ years)
- City of Austin Downtown Commission (3+ years)

A Few Testimonials:

“Jude is not only the most effective individual I've worked with in real estate, he is also very passionate about his work and maintains one of if not THE best Austin real estate blogs on the net.

Jude's knowledge of the Austin real estate market and especially downtown, can be deconstructed down to a street by street/block by block analysis which will shed light on your particular transaction with respect to risk assessment and ROI.” ~**Jason Zeng**

“Jude has tremendous amount of knowledge in Austin real estate market, especially in downtown market. He helped me buy my condo for a good price by negotiating vigorously with the seller. He was also very cordial, respectful and patient all through the process. I would highly recommend.” ~**Krishna Putluri**

“Jude Galligan got us top dollar for our downtown Austin Condo! Professional, organized, and very responsive – I highly recommend Jude. We were on a tight timeline this summer and he walked us through the listing, closing, and leasing of a new place without any delays.” ~**Brett Warner**

Mistake #1

Not knowing if the condominium is "warrantable" before making an offer

A building that is warrantable simply means that mortgages for those condos are eligible to be purchased by Fannie Mae or Freddie Mac. Most lenders prefer to issue loans then turn around and sell that loan to Fannie Mae or Freddie Mac.

If a building is non-warrantable, the mortgages cannot be sold to [Fannie Mae](#) or [Freddie Mac](#). Instead, you will need to finance through a "portfolio" lender that will keep your loan on their balance sheet. Half of the downtown buildings are non-warrantable.

The difference can make the mortgage more expensive, perhaps an extra percentage of interest rate, or 1–2 upfront points at closing. This could result in hundreds of extra dollars in monthly payment.

There are several scenarios as to why Fannie or Freddie will not warrant the building. Usually these reasons include a [high](#)

percentage of investor-owned units, or the HOA is not carrying sufficient reserves.

In some circumstances, this extra scrutiny by Fannie Mae and Freddie Mac can be unfair to the building. Mixed-use buildings are increasingly the most desirable. However, a building is attached to a commercial component can be shut out of warrantable status, even if the residential HOA is majority owner occupied and carrying healthy reserves.

Mistake #2

Not knowing if the condo's Home Owners Association (the "HOA") is currently involved in any lawsuits

In years past, there were a couple of condo towers in downtown Austin mired in lawsuits. Lenders generally ignore the frivolous lawsuits with a letter from the HOA's attorney. Some lenders will decline loans if the outcome of the lawsuit is uncertain.

It is not uncommon for both listing agents and buyers agents to not know if the HOA is involved in a lawsuit – DO NOT OVERLOOK THIS ONE!

If a lender discovers an HOA lawsuit [after your contract option or financing contingency has expired](#), then you may have just lost your [earnest money](#). Ouch!

Mistake #3

Buying new construction is not like buying an existing condo and requires EXTRA due-diligence from your attorney or agent/REALTOR

It can be very exciting to pursue a never-lived-in residence in a recently announced condo tower. But, once you commit your money it can be very difficult to get it back, including if the building never gets built!

Amidst the economic bust of 2008, many buyers eager to take possession of their new home instead lost tens-of-thousands of dollars of their earnest money because those buyers did not fully

understand what they were signing, on top of **false promises made by the building's sales team**. Ignorance is costly!

Below are three example questions:

- 1) What is your remedy is if the building is not delivered on time?
- 2) Are you prohibited from selling your condo for a period of time after you move-in?
- 3) Are you purchasing a standard residence, or one of the limited "investor friendly" residences?

Before making a reservation for a new construction condo, **make sure your agent/REALTOR knows what questions to ask, and is getting sufficient answers for you to proceed with caution**.

This can be an expensive mistake. **KNOW WHAT QUESTIONS TO ASK!**

Mistake #4

Not knowing if the HOA rules include lease restrictions

We're seeing more trends to crackdown on leasing. Most downtown Austin HOAs restrict the duration of leases to a minimum of 6 or 12 months.

Some HOA rules that prohibit more than 25% of the building to be leased out.

Sounds like a good idea, right?

Well, that depends on your situation. If you plan to be an owner occupant for years to come, then this is probably a good rule.

Looking a few years into the future, if you are an upwardly mobile individual ready to upgrade into a new property but do not want to sell your current condo, then you could get stuck in a [wait-list](#) for months with a vacant unit.

The restrictions, if any, will vary by each building. Make sure you know the lease restrictions in place, or being considered!

Mistake #5

Not knowing exactly what is included in the HOA fees

Were you expecting free basic cable/internet?

Make sure you [get a list](#) of what is included in your monthly HOA fees.

In downtown Austin, HOA fees are [assessed monthly](#) and typically include:

- common area maintenance
- common area/building insurance
- trash pickup
- waste water
- HOA and building management
- security and/or concierge

Mistake #6

Not expecting Outdoor Music Venues

One of the primary reasons people move into downtown Austin is because of the amazing [vibrancy](#). There's entertainment everywhere!

Some districts are known for late night hours, like the [East 6th Street Entertainment District](#) and the [Warehouse District](#). **Some bars host music on their outdoor patio until 2am.** Others until midnight. Others until 10pm.

The music community and the residents typically work together, but if you are considering a condo with a window within [200 feet of an Outdoor Music Venue](#), then set your expectations that you will be able to hear it.

For some, this is exactly the energy you are looking for. The best advice is to [visit the condo](#) in the evening.

Ask your REALTOR what you should expect. **Just be aware!**

Mistake #7

Is Your View Protected?

Every residence has a unique view. Some good, some not so good. Many downtown condos do not trade on having a protected view to begin with; rather they trade based on location, availability, finishes, and building amenities.

But, if you are buying because the view from the living room is exceptional, then you should get concise answers about how that view could potentially change. [Since Downtown Austin is growing it is not always clear where and when the next tower will get built.](#)

With the exception of certain vantage points of the Texas State Capitol, views are never legally protected. However, views can be preserved through local zoning laws, a building's unique geography, and the specific placement of a residence within a building.

An informed downtown Austin REALTOR will be able to address the topic of view preservation with specific answers about adjacent properties.

Where Should You Go From Here?

Seeking answers to these top 7 Mistakes can significantly reduce risk of buying a condo, leading to a long-term investment that you can enjoy for many years!

Now that you have read this special report what's next?

We only had time in this special report to empower you with a few nuggets of wisdom that comes with experience. In the future, we want to continue supporting your property search and guide you through a smooth transaction.

We want to invite you to be a client of TOWERS.net and here is why:

Access To Experts – When you work with TOWERS.net, you obtain access to the collective experience of the entire office. If you are going to buy a downtown Austin condo then you should work with the best, most credible, and experienced agents in the world on the subject: TOWERS.net licensed REALTORS.

Official Transaction Reports – Our clients may request official reports of real estate sales in downtown and surrounding zip codes so that you keep current with market trends.

Remote Video Conferencing – All of our team is trained to use Skype video conferencing whenever a face-to-face meeting is not possible. This is great for international buyers and investors.

Search From Your Mobile Device – All of our data and properties are available on your tablet or smartphone so that you have exclusive access and critical insight at your fingertips.

GET FULL-ACCESS NOW

- ✓ Building descriptions
- ✓ 9000+ active listings, updated hourly
- ✓ Sold data
- ✓ Access to REALTORS who live downtown

<http://austin.TOWERS.net>

Need assistance? Email

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