

SCHWARTZ *Report*

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January, 2020

REFLECTIONS OF A CONDO MAN

The regulations governing seller's disclosure and transfer of ownership in home owners association (HOA) and or condominium (condo) governed developments are quite intricate, and like anything else in real estate, have changed over time. So, perhaps some updates for the Schwartz Report readership might be appreciated. Then I thought, why lead my readers on a safari into the tall grass searching for the elusive tiger of condo documents and or the spotted leopard of HOA regulations? Just giving them the basics state by state and focusing on my reflections might be more fun. Let's start with the basics.

In 2009 the Delaware Uniform Common Interest Ownership Act (DUCIOA) went into effect. It covers more than just condominiums. It covers communities with common space, cooperatives and communities with maintenance associations. It was a re-write of the Unit Property Act which had been Delaware's condominium law for decades. The new law made Delaware's disclosure regulations consistent with those already in effect in Maryland and Pennsylvania. Specifically DUCIOA requires that a "resale certificate" be furnished by the unit owner who is selling in a "common interest community" to a purchaser of that unit no later than the time of the signing of the sales contract. This resale certificate is designed to provide the purchaser with disclosure of all pertinent, financial and governing documents relating to the cost of ownership and the maintenance of common areas as well as the status of any sinking fund for their repair or replacement. Timing of delivery of the certification information is a little tricky and here I quote the act: "... The unit owner (seller) is required to furnish this to a buyer no later than the time of signing an Agreement of Sale, otherwise, the buyer may cancel within 5 days after receiving the resale certification." One can see how the grass gets taller with the practical implementation of all this.



Tall grass also grows in Maryland and Pennsylvania. In Maryland, if notice is not in the agreement of sale, then it is voidable by the buyer at any time and the buyer may terminate the agreement of sale within 5 days after receiving the disclosure for HOA's and 7 days for condos. Pennsylvania has two separate DUCIOA like disclosure requirements; the Pennsylvania Uniform Condominium Act (Section 3407) in which the seller must give the buyer a Certificate of Resale and copies of condominium declarations, bylaws and rules and regulations. These must be given prior to the agreement of sale or else it is voidable by the buyer for 5 days after receipt. The second is the Uniform Planned Community Act (Section 5407) for HOA's. The seller here must give a buyer copies of the declaration, bylaws, rules and regulations and certificate containing the provisions set forth in the Act. The same 5 day voiding provision also applies here. Seen any tigers yet? The bottom line is you need a skilled guide to navigate any of this.

It wasn't always this complicated and the truth is that most agents came upon condominium sales later in their careers and so were more able to sort through the nuances of the process of selling and buying them. My experience was the reverse. I was thrown into the tall grass, newly minted and almost as green. I remember a lady saying to me at one of my first Coffee Run open houses: "Sonny, are you old enough to be selling these things?" This was not only a testimony to my rookie status but also of how under the radar condominium ownership was in the Wilmington area of the mid 1970's.

A condominium is a form of ownership of a building and not the building itself although the two are often used interchangeably. With such an arrangement, you own your interior space plus a proportionate share of the rest of the property, usually referred to as common area.

These could also include other facilities such as pools, clubhouses, etc. The cost of maintaining these common areas, plus a reserve fund, is divided up among the owners and paid for by means of a condominium fee which is usually billed monthly.

I still have fond memories of the folks I worked with at Coffee Run and it is still one of the finest condo operations around. The Ambach family, father Max; sons Mike and Jack from Annapolis, Maryland were the developers. To say that they were ahead of their time for that project in this area would be an understatement. It was tough sledding early on as they not only were building here but were also redeveloping the old Henlopen Hotel in Rehoboth into a combination hotel and condominium.

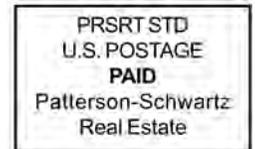
Now we all know that Delaware is a small world and shortly after I started at Coffee Run, my father hired Joseph R. Biden, Sr., the young senator's father, to run both projects. What a guy! He was my mentor and I loved working with him.

Coffee Run sales were slow but steady. Now with Joe Sr.'s ascension, all of a sudden the Henlopen sales, moribund to that point, began to take off. The story goes that the powers that be went to Rehoboth to meet with Joe and ask the obvious question: "How do you do it?" With a twinkle in his eye, Joe replies: "Well you know most of the folks that come in here are from Washington and I just tell 'em that my son the senator thinks these are a good buy."



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11 Critical Home Inspection Traps to be Aware of Weeks Before Listing Your Home for Sale

DE, MD, PA – According to industry experts, there are over 33 physical problems that will come under scrutiny during a home inspection when your home is for sale. A new report has been prepared which identifies the eleven most common of these problems, and what you should know about them before you list your home for sale.

Whether you own an old home or a brand new one, there are a number of things that can fall short of requirements during a home inspection. If not identified and dealt with, any of these 11 items could cost you dearly in terms of repair. That's why it's critical that you read this report before you list your home. If you wait until

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the building inspector flags these issues for you, you will almost certainly experience costly delays in the close of your home sale or, worse, turn prospective buyers away altogether. In most cases, you can make a reasonable pre-inspection yourself if you know what you're looking for, and knowing what you're looking for can help you prevent little problems from growing into costly and unmanageable ones.

To help homesellers deal with this issue before their homes are listed, a free report entitled "11 Things You Need to Know to Pass Your Home Inspection" has been compiled which explains the issues involved.

To order a FREE Special Report, visit www.charlieschwartz.com and select 10 Seller Tips from the side bar menu, or to hear a brief recorded message about how to order your FREE copy of this report call toll-free 1-888-322-5252 and enter 1003. You can call any time, 24 hours a day, 7 days a week.

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