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What are the differences between buying a condo versus buying a home?

Looking to purchase real estate? Will it be a single-family home or condo?

There are differences between the two transactions.

Three important factors when considering which type of real estate you will purchase are the affordability factors, financing and closing costs. If you are looking to use a FHA or VA loan product, specific condo complexes need to be FHA or VA approved. The complexes are easily identified with your Realtor or loan officer.

Complexes that have a larger renter-to-owner ratio may also require a higher down payment

from your lender. With single-family homes this is not the case.

The affordability factor comes into consideration with condos because the association dues play a role in the buying power you have. Most single-family Homes do not have association dues, unless they are in a private community or a community that provides certain amenities and services.

The dues are factored in additionally to the carrying cost of the home, thus lowering your buying power. You might have a higher buying threshold for a single-family Home versus a condo



based on the dues.

Closing costs tend to be higher with a single-family home than a condo. With single-family homes, most mortgage companies require you to pay one year of homeowner's insurance in advance and

potentially escrow up to six more months at closing. This alone increases the closing costs. As with a condo, the Master Policy is held by the association, so the insurance for the new owner is lower than insurance of a single-family.

You have to consider weekly, monthly and yearly maintenance as well. With condo living your responsibilities are between the walls and might include windows as well. With a single-family home there is weekly exterior maintenance, monthly repairs and yearly servicing on equipment within the home.

Let's also look at if you have a pet or not. Some condos do not allow pets at all. And if they, there might be restrictions, such as, breed, species, weight, et cetera. With a single-family home only you are the restriction on what type of pet you want.

As you can see there are several factors and differences when considering what type of home to purchase. There are other factors as well, but these tend to be the largest.

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