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## Condominium Questions & Answers *Wisconsin Law*

Purchase and ownership of a condominium unit involves issues that are not shared with other types of real estate transactions. The following was developed to address some of the most frequently asked questions we receive from condominium unit owners and purchasers.

### ***What should I look for when purchasing a condominium unit?***

In Wisconsin, the seller of a condominium unit must provide the buyer certain disclosure documents at least 15 days prior to closing. The documents required in a particular transaction are specific to the type of condominium unit being purchased. For example, different documents are required for small, conversion, or standard condominiums. Disclosure documents include items such as the condominium declaration, bylaws, rules, and articles of incorporation. In most cases, a buyer should also be provided with an executive summary which sets forth important information about the condominium in an abbreviated manner and a copy of the annual condominium budget. It is important for buyers to review the disclosure documents and additional condominium documents that may be available, such as information regarding the condominium's insurance, reserve accounts, or financial statements.

### ***Does my condominium association have to adopt an annual budget?***

If your association is either residential or mixed-use, the answer is yes. Condominiums with at least one residential unit must adopt an annual budget and distribute it to all unit owners. The annual budget must include detailed information regarding anticipated association expenses and expenditures, reserve fund balances and contributions, common surpluses, income and assessments to be levied.

### ***Should my association have an executive summary?***

Yes. To improve disclosure of information to prospective purchasers, Wisconsin law requires that all condominium associations provide an executive summary of key condominium provisions relating to issues such as governance, pets, parking, and reserves. The executive summary should be provided along with the required real estate condition report when a unit is being sold. For this reason, it is crucial for your association to have a standard, uniform executive summary in place to avoid unnecessary delays in future condominium unit sale transactions.

### ***How long can the developer of my newly constructed condominium retain control of the condominium after units are sold?***

In the case of a non-expandable condominium, a developer must relinquish control within three years from the date the declaration is recorded. On the other hand, a developer may control an expandable condominium for up to ten years from the date the declaration is recorded. Your condominium documents will tell you whether your condominium is expandable or non-expandable.

***Should my condominium association maintain a statutory reserve account?***

A condominium can fund repairs and replacement of common elements in several different ways. A condominium may impose special assessments, borrow the required funds, or maintain reserves which are funds that are set apart, over time, from operating expenses. Even if a condominium maintains reserves, it is not required to maintain a statutory reserve account, however, if a condominium decides to “opt-out” of maintaining a statutory reserve account, it must file a statement to that effect with the Register of Deeds for the county in which the condominium is located.

***My neighbor has two dogs and the condominium rules only allow for one dog. What can I do?***

You should report the violation to the Board of Directors and ask that the Board take action to enforce the rules. Many, if not most, condominiums give the Board the authority to impose charges, fines, or assessments for rule violations, provided adequate notice is given to the unit owner. The association is authorized to file a statement of condominium lien against a unit for unpaid charges, fines or assessments. In some cases, if necessary, the Board has the ability to commence court action if an owner refuses to comply with the rules.

***I decorated my balcony with plants, statues and sunshades and now the Board has told me to remove the items because they violate the condominium rules. Can the Board do that?***

Many condominiums have restrictions, either in the declaration, bylaws, or rules regarding the use and alteration of limited common elements such as patios and balconies. You should refer to your condominium declaration, bylaws and rules to determine if the Board is correctly interpreting the rules governing use of limited common elements. If so, the Board is within its right to require that the objectionable items be removed.

***What types of insurance and what amounts of coverage should I purchase for my condominium unit?***

The type of insurance and amount of coverage you carry for your unit is, in large part, dictated by how your condominium documents define the term “unit.” Thus, it is important that you coordinate your homeowner’s insurance with the definition of “unit” and your condominium’s master insurance policy. It is also important to verify that the association’s master policy is maintained to the appropriate levels of coverage.