



de la Mora & de la Mora

ATTORNEYS AT LAW

a full service
law firm meeting
your business and
personal needs

LEGAL UPDATE

CONDOMINIUM LAW: WHAT BUYERS NEED TO KNOW

The market for condominiums has grown as Americans are opting for what may appear to be a simpler lifestyle and, in some cases, a less expensive real estate purchase. Because condominium ownership involves an association governing the units and the finances of the association, it can be more complicated than a single-family home purchase. As such, it is important for condominium buyers to understand the purchase they are about to make and to understand the rights and responsibilities involved in a condominium purchase transaction.

In addition to the minimum disclosures required by state law, we recommend that buyers also request a copy of the association's latest financial statements, copies of the last year of association and board meeting minutes, and a statement from the association as to any unpaid assessments on the unit to be purchased in the Offer to Purchase. Current financial statements are important in evaluating the financial stability of an

association. Meeting minutes will often provide important insights into key issues affecting the association. A statement as to unpaid assessments is important to make sure the buyer does not become responsible for any arrears.

A buyer has only five business days to rescind the purchase contract following receipt of the disclosure documents. For this reason, it is crucial for buyers to promptly review the documents provided to them. The disclosure documents will often contain regulations concerning items such as parking, pets, and rental restrictions. Such regulations are usually enforceable against condominium buyers/owners.

Condominium ownership can be a very positive, satisfying experience. To help ensure that your condominium ownership will be a positive experience, be sure to request and review the pertinent documents, financials, and management information before you sign on the dotted line.

The following is a list of items to request and review when purchasing a condominium:

CONDO BUYER'S CHECKLIST

- Executive Summary
- Declaration, Bylaws, Rules, Articles of Incorporation
- Projected/Current Annual Budget
- Current Financial Statements
- Last Year of Meeting Minutes
- Statement Regarding Any Unpaid Assessments on the Unit
- Management Contract
- Expansion Plans
- Floor Plans

ESTATE TAX UPDATE

For five years from October 1, 2002 to December 31, 2007, Wisconsin had an estate tax that was imposed on estates in excess of \$675,000 passing to non-spouses for deaths occurring during that period. Many observers anticipated this temporary tax would be extended beyond 2007 in order to bring in more revenue to the state, the extension of the tax was not included in the budget bill and the Wisconsin estate tax has expired. Although it can be reintroduced in future years, there is little discussion of doing so at this time.

In the meantime, the exemptions on the federal estate tax have been steadily increasing. In 2002, a total of \$1 million could be left to non-spouse beneficiaries without the imposition of a federal tax. For deaths occurring in 2008, the exemption is \$2 million; in 2009 the exemption increases to \$3.5 million.

There has been much speculation about what to expect with federal estate taxation after 2009. Under current law there will be no estate tax on any estate for a death occurring in 2010, regardless of the size of the estate, but in 2011 the tax is scheduled to return for estates exceeding \$1 million. The expectation is that a new Congress and President will address revisions to the estate tax situation in the coming year, but at this time the outcome cannot be predicted.

Our best advice, given the uncertain future, is to build as much flexibility as possible into estate planning and to periodically review an estate plan as new legislation is adopted.