OBA Living Team

Condo Buyer's Guide

Where Smart Investors Come to Verify Before They Commit

Orange Beach & Gulf Shores
Condo Buyer Risk Checklist

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Most costly condo mistakes are not obvious. This checklist is designed to help you identify $50,000–$200,000 risks before they become your problem!!

How to Use This Checklist:

✅ Print this checklist and keep it with you during showings and due diligence.

✅ Do not rely on verbal assurances — every item should be verified with documentation

✅ If you cannot check off multiple items, pause the transaction until clarity is achieved

✅ Pay special attention to financial health, insurance, and assessments

✅ Use this checklist to guide conversations with agents, lenders, property managers, and boards.

✅ If answers are unclear or delayed, treat that as a warning sign.

**** This checklist is meant to be used before you remove contingencies or commit to a condo purchase. Do not rush through it. Each checked item reduces your risk exposure.**

1. Association Financial Health

- **Obtain the most recent balance sheet (not just the budget)**
- **Verify operating account balance**
- **Verify reserve account balance**
- **Confirm whether reserves are growing or shrinking**
- **Ask if capital improvement assessments are planned**
- **Confirm if a muilt-year reserve build plan exists**

2. Documents You Must Review

- Declarations and bylaws
- Most recent approved budget
- Most recent balance sheet
- Two most recent board meeting minutes
- Two most recent owner meeting minutes
- Reserve study (if available)
- Rules and regulations (rental and pet policies)

3. Special & Insurance Assessments

- **Identify current assessments**
- **Confirm approved but not yet due assessments**
- **Ask about annual insurance assessments**
- **Verify expected insurance premium changes**
- **Clarify responsibility for assessments approved during contract**

4. Deferred Maintenance Check

- Roof age and replacement history
- Exterior paint condition
- Balcony railings and concrete
- Sliding doors and windows
- Elevators
- Pool and common areas
- Parking structures

5. Financing Reality Check

- Determine if condo is warrantable or non-warrantable
- Confirm lender has local condo experience
- Plan for 25% down payment when possible
- Ask when condo review begins in underwriting
- Confirm loan type and term

6. Insurance Structure

- Review master insurance policy
- Confirm master policy renewal date
- Verify flood insurance coverage
- Obtain HO6 Policy quote
- Confirm HO6 includes assessment coverage

7. Rental Rules & Income Reality

- **Confirm minimum rental period**
- **Verify short term rental allowance**
- **Review Pet policies for owners versus renters**
- **Confirm owner usage restrictioins**
- **Understand impact on spring and fall rentals**

8. Rental Performance Variables

- **Review actual rental history**
- **Understand owner usage during peak season**
- **Evaluate property management quality**
- **Confirm listing presentation quality**
- **Verify platform exposure (Airbnb, VRBO, etc.)**

9. Taxes, Fees & Operating Costs

- **Confirm lodging tax rate**
- **Verify platforms collect and remit taxes**
- **Confirm COA included utilities**
- **Estimate power bill separately**
- **Include HO6 premium in cash flow math**

10. Closing & Ownership Details

- **Confirm furnishings transfer via Bill of Sale**
- **Verify ownership of linens and locks**
- **Confirm transfer of parking passes and keys**
- **Ask whether rentals must be honored post closing**

Final Buyer Check

- Do I understand the financial health of the association?
- Am I comfortable with assessment risk?
- Do the numbers work without optimistic assumptions?
- Have I stress tested worse case scenarios?

Next Step

If you want a professional second opinion, schedule an Investor/Owner Readiness Check before committing....

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