

HIRZEL LAW'S ESSENTIAL CHECKLIST FOR MICHIGAN CONDO BUYERS

Learn What to Consider
When Purchasing Your Condo

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Buying a condo can be an exciting experience! As you make your purchase, you need to make sure everything is squared away and ready to go. Use this checklist to perform your due diligence before closing!





— New Construction Condominiums

Disclosure Statement



The [Michigan Condominium Act](#) requires a developer to provide the purchaser of a new condominium unit with a disclosure statement. The disclosure statement must accurately disclose all material information regarding the condominium, including the developer, an annual budget and information regarding warranties, among other things. The disclosure statement for a new construction condominium unit is different than the standard seller's disclosure statement that is used in re-selling an existing condominium unit that has already been constructed.

Other Documents a Developer Must Provide



In addition to a disclosure statement, [MCL 559.184a](#) requires a developer to provide the purchaser of a new condominium with the following: (1) the recorded condominium documents; (2) a purchase agreement and escrow agreement that complies with the Michigan Condominium Act, which is different than a standard residential purchase agreement; and (3) a [condominium buyer's handbook](#) from the State of Michigan.

Preliminary Reservation Agreements



Pursuant to [MCL 559.183](#), a developer may enter into a preliminary reservation agreement with a prospective purchaser before signing a purchase agreement. Any funds that are held in escrow under a preliminary reservation agreement must be refunded. A developer also cannot change the price after you enter into a preliminary reservation agreement.

Know How to Withdraw from a Purchase Agreement if Necessary



The [Michigan Condominium Act](#) allows for a purchaser of a new condominium unit to withdraw from a signed purchase agreement without case or penalty before the unit is conveyed and within 9 business days after receipt of the documents the developer must provide. If you need to withdraw from a purchase agreement, you should consult an attorney on your options under the Michigan Condominium Act.



— All Condominiums

Review the Financials



It is important to know whether you can afford the current assessments and if the condominium association has any major expenses planned. It is a good idea to ask for a budget and a financial statement and determine whether there are any additional or special assessments.

Review the Condominium Bylaws



Condominium living is not for everyone. It is important to review any restrictions regarding the use of the property to ensure that the community is conducive to your lifestyle. You will be bound by the condominium bylaws even if the seller does not provide them to you. If the seller does not give you a copy of the bylaws, you should obtain a copy from the Register of Deeds. Examples of common restrictions that could be problematic include architectural restrictions, commercial use, holiday decorations, landscaping, pets, parking, renting or smoking.

Request a Payoff



[MCL 559.211](#) allows a purchaser to request a written statement of any unpaid assessments, interest, late charges, fines, costs and attorney fees that are owed by the seller. A title company typically obtains a payoff prior to closing. If a payoff is not requested, then the purchaser is responsible for any outstanding assessments. If any assessments are not yet due, the purchase agreement should identify who will be responsible for payment.

Check for Existing Bylaw Violations



Purchasers should be careful to ensure that their condominium unit has no existing bylaw violations. A purchaser will be responsible for any [outstanding bylaw violations](#) even if they did not cause them.

Perform an Inspection



As with any real estate purchase, it is important to have a professional perform a physical inspection of the condominium unit prior to closing.

Make Sure You Have the Right Insurance



Associations are responsible for insuring the general common elements while co-owners are responsible for obtaining a [HO-6 policy](#) for their units and its contents. The condominium documents should be reviewed to determine whether it is mandatory for a co-owner to carry insurance or whether a co-owner must carry a minimum amount of insurance. Even if insurance is not mandatory, every co-owner should have insurance to protect their unit and personal property.



We hope this checklist has helped you understand what you need to know during the condo buying process. If you have questions or are in need of legal counsel, contact the attorneys at Hirzel Law, PLC.

CONTACT US

Disclaimer: Hirzel Law, PLC has created this checklist for informational purposes only. Downloading and relying on this checklist does not form an attorney-client relationship between Hirzel Law, PLC and the reader. An experienced condominium and real estate attorney should be consulted regarding specific questions as the answer to many legal questions is highly fact-specific. If you have specific questions, you can learn more by contacting Hirzel Law, PLC at hirzellaw.com.