Condominium Financial: Prepared for the Unexpected

Condominium boards continually work to build well-funded reserves and create long-term plans for capital repairs while keeping reasonable maintenance fees for unit owners. However, more condominium corporations are experiencing funding shortfalls. Older condominiums face simultaneous repairs to multiple common elements as the buildings age and newer condominiums are experiencing unexpected issues due to their rapid construction. Despite the financial needs of this market, few financial institutions have the interest in or understanding of the complexities of lending to a condominium corporation. Condominium Financial has the expertise to help condo boards and unit owners navigate this unique lending process and to alleviate the stress and financial burden often associated with capital repair projects.

Case Study: Over Budget and Under Funded

Summary

- The reserve fund fell short of the expected budget for repairs and the owners were tapped out after two special levies still left repairs unfinished
- Condominium Financial sourced financial options that allowed for repairs to be completed without the need for a special assessment

Client
Townhouse condominium complex

Number of units
39 units in five buildings

Year built
1979

Funding shortfall
$1,750,000

Results
Loan delivered in 8 weeks
Avoided a third special levy
Continuous repairs reduced overall costs

At Issue

Despite years of intentional saving, the townhouse condominium complex found itself with a funding shortfall after costs for a siding replacement far exceeded the anticipated budget. The condominium corporation had already passed two special assessments in two years when the additional need for new windows increased the financial strain. The extended time frame for repairs threatened to result in more damage to the property and unit owners were concerned about yet another assessment. They needed a new approach to financing.

Solution

The property manager reached out to Condominium Financial. After we completed a review of the corporation, we met with the board and unit owners to present multiple options with a financing term of 5 years and 10- to 20-year amortizations. With funding secured in only 8 weeks, the board and engineer decided on appropriate upgrades and timelines without unnecessary delays.

As a result, repairs were completed within a year without increased repair costs or the need for a $45,000 special levy against the unit owners. The condominium corporation avoided additional property damage, created cost savings by ensuring a continuous repair and modernized the buildings by refreshing the exteriors.

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Case Study: Too Much, Too Soon

Summary

- Water damage due to building deficiencies required unexpected extensive repairs to a newer complex
- Condominium Financial presented options to the board that provided flexibility for its decision making

Client
Gated townhouse condominium complex

Number of units
45 units in 14 buildings

Year built
2008

Funding shortfall
$600,000

Results
Loan delivered in 6 weeks
Reserve fund still available for anticipated repairs

At Issue
After water started pooling within the parking garage, the condominium corporation hired an engineer to perform a study. The study revealed that compromised balconies were allowing water to enter the structure, resulting in accelerated deterioration of the concrete. Green spaces surrounding the complex were also impacted, with the ground sinking significantly. While the reserve fund was well funded based on typical repair timelines, the rapid necessity of extensive structural repairs could not be financed by the reserve fund.

Solution
The engineer provided three plans to tackle the building deficiencies with price tags ranging from $500,000 to $3,000,000, depending on the extent of the repairs. Condominium Financial detailed corresponding financing options to allow the board flexibility in choosing the repairs they wanted to undertake. With options of 5-year terms and 5- to 20-year amortizations, the board was able to move forward with the repairs to the balconies and grounds without introducing a special assessment of $600,000.

About Condominium Financial

Specializing in condominium lending, Condominium Financial is your partner in the capital repair loan process. Condominium Financial offers consultation and support services to condominium corporations as they navigate the lending process. We help source financing options for capital repairs to condominiums, and we are active members of the Canadian Condominium Institute. Our team educates and assists our clients to ensure that they complete the financing process with the best option for their needs.

Experience the benefits of working with Condominium Financial

- Free consultation
- Educational support for the board and unit owners
- Avoid special assessments or delays to repairs
- Access the best loan solutions through specialized institutional contacts
- Years of experience within the condominium lending market across Canada

Contact us to learn more:
Jim Wallace
(647) 250-7260
jim@condominiumfinancial.com
www.condominiumfinancial.com

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