

Table of Contents

CHAPTER 1

OVERVIEW OF WISCONSIN CONDOMINIUM LAW

by Daniel J. Miske

I. Scope [§ 1.1]

II. Introduction [§ 1.2]

- A. In General [§ 1.3]
- B. Statutes [§ 1.4]

III. Definitions [§ 1.5]

- A. Condominium Instruments [§ 1.6]
- B. Unit [§ 1.7]
- C. Common Elements [§ 1.8]
- D. Limited Common Elements [§ 1.9]
- E. Association [§ 1.10]
- F. Common Expenses [§ 1.11]
- G. Expandable Condominium [§ 1.12]
- H. Conversion Condominium [§ 1.13]
- I. Small Condominium [§ 1.14]
- J. Master Association [§ 1.15]

IV. Nature and Characteristics of a Condominium [§ 1.16]

- A. In General [§ 1.17]
- B. Unit Ownership [§ 1.18]
- C. Common Elements [§ 1.19]
- D. Governance [§ 1.20]
 - 1. Declarant Control [§ 1.21]
 - 2. Association of Unit Owners [§ 1.22]
 - 3. Association Records and Inspection by Unit Owners [§ 1.23]
- E. Assessments and Liens [§ 1.24]
 - 1. Liens for Assessments [§ 1.25]
 - 2. Mortgages and Construction Liens [§ 1.26]
- F. Relocation of Boundaries and Separation or Merger of Units [§ 1.27]
- G. Voluntary Termination of Condominium [§ 1.28]
- H. Expandability [§ 1.29]
- I. Termination of Contracts and Leases [§ 1.30]
- J. Limited Liability [§ 1.31]
- K. Restrictions on Use and Leasing [§ 1.32]
- L. Comparison with the Cooperative [§ 1.33]
- M. Leasehold Condominium [§ 1.34]

V. Other Provisions [§ 1.35]

- A. Disclosure Requirements [§ 1.36]
- B. Insurance Requirements [§ 1.37]
- C. Zoning and Building Regulations [§ 1.38]

- D. Platting and Subdivision [§ 1.39]
- E. Conversions [§ 1.40]
- F. Exterior Changes [§ 1.41]
- G. Applicability to Existing Condominiums [§ 1.42]

CHAPTER 2

CONDOMINIUM FINANCING

by Brent A. Stork

I. Scope [§ 2.1]

II. Introduction [§ 2.2]

III. Construction Loans [§ 2.3]

- A. Underwriting Considerations [§ 2.4]
- B. Preconstruction Sales [§ 2.5]
- C. Construction (Mechanic's) Lien Problems [§ 2.6]
- D. Condominium Document Requirements [§ 2.7]
- E. Release Provisions [§ 2.8]
- F. Default Problems [§ 2.9]

IV. Conversion Loans [§ 2.10]

- A. Underwriting Considerations [§ 2.11]
- B. Existing Financing [§ 2.12]
- C. Owner Financing [§ 2.13]
- D. Preconversion Sales [§ 2.14]
- E. Other Matters [§ 2.15]

V. Unit Loans [§ 2.16]

- A. Underwriting Considerations [§ 2.17]
- B. Additional Requirements for First Purchaser [§ 2.18]
- C. Insurance [§ 2.19]
- D. Loan Document Requirements [§ 2.20]
- E. Assessment Lien Priority [§ 2.21]
- F. Alterations in Unit and Project [§ 2.22]
- G. Professional Management [§ 2.23]
- H. Secondary Markets [§ 2.24]
- I. Innovative Financing Uses for Condominium Format [§ 2.25]

VI. Appendices [§ 2.26]

- A. Appendix 2A: Fannie Mae Requirements [§ 2.27]
- B. Appendix 2B: Freddie Mac Requirements [§ 2.28]
- C. Appendix 2C: U.S. Department of Veterans Affairs Requirements [§ 2.29]
- D. Appendix 2D: Condominium Mortgage (State Bar of Wisconsin Form 23) [§ 2.30]
- E. Appendix 2E: Condominium Rider to Mortgage (Wisconsin Bankers Association) [§ 2.31]
- F. Appendix 2F: Condominium Land Contract (State Bar of Wisconsin Form 14) [§ 2.32]

CHAPTER 3

MARKETING CONDOMINIUM UNITS

by John P. Starkweather

I. Scope [§ 3.1]

II. Introduction [§ 3.2]

III. For Sale by Owner [§ 3.3]

- A. Seller’s Decision, Activities [§ 3.4]
- B. Broker Reaction to FSBOs [§ 3.5]

IV. Listing with a Broker [§ 3.6]

- A. General Considerations [§ 3.7]
- B. Listing Contracts [§ 3.8]
- C. Broker’s Role and Activities [§ 3.9]
- D. Measure of Performance [§ 3.10]
- E. Compensation [§ 3.11]
- F. Attorney Involvement [§ 3.12]

V. Unit Resales [§ 3.13]

- A. In General [§ 3.14]
- B. Listing Contract [§ 3.15]
- C. Compiling Information [§ 3.16]
- D. Sales Activities [§ 3.17]
- E. Broker Cooperation [§ 3.18]
- F. Preparation for Closing [§ 3.19]

VI. Listing New Construction and Conversion Units [§ 3.20]

- A. In General [§ 3.21]
- B. Broker/Developer Relationship [§ 3.22]
- C. Property Description [§ 3.23]
- D. Price and Other Offer Terms [§ 3.24]
- E. Compensation [§ 3.25]
- F. Duration of Agreement [§ 3.26]
- G. Exclusive Listing [§ 3.27]
- H. Other Matters [§ 3.28]

VII. Timeshare Brokerage [§ 3.29]

VIII. Appendices [§ 3.30]

- A. Appendix 3A: Residential Condominium Listing Contract—Exclusive Right to Sell (WB-4) [§ 3.31]
- B. Appendix 3B: Buyer Agency Agreement (WB-36) [§ 3.32]
- C. Appendix 3C: Residential Condominium Offer to Purchase (WB-14) [§ 3.33]

CHAPTER 4

CONDOMINIUM DEVELOPMENT AND DOCUMENTATION

by Ronald M. Trachtenberg

I. Scope [§ 4.1]

II. Representing Developers and Converters [§ 4.2]

- A. In General [§ 4.3]
- B. Financing and Mortgage Considerations [§ 4.4]
- C. Zoning, Subdivision, Planned Unit Development, and Building Regulations [§ 4.5]
- D. Completion of Construction [§ 4.6]
- E. Assessment of Development Plan [§ 4.7]
- F. Statutory Requirements for Developer’s Sale of Condominium [§ 4.8]
 - 1. In General [§ 4.9]
 - 2. Establishment of Condominium [§ 4.10]
 - 3. Organization of Unit Owners’ Association [§ 4.11]
 - 4. Release of Existing Mortgages [§ 4.12]
 - 5. Notice to Tenants in Conversions [§ 4.13]
 - 6. Disclosure Requirements [§ 4.14]
 - a. In General [§ 4.15]
 - b. Conversion Condominiums [§ 4.16]
 - c. Small Condominiums [§ 4.17]
 - d. Format of Disclosure Materials [§ 4.18]
 - e. Exceptions to Disclosure Requirements [§ 4.19]
 - f. Seller’s Liability [§ 4.20]
 - g. Additional Disclosure Materials [§ 4.21]
 - 7. Other Considerations [§ 4.22]
 - a. Buyer’s Right to Rescind Contract [§ 4.23]
 - b. Buyer’s Waiver of Right to Receive Disclosure Materials or Rescind Contract [§ 4.24]

III. Preparing Condominium Instruments [§ 4.25]

- A. In General [§ 4.26]
- B. Condominium Declaration [§ 4.27]
 - 1. In General [§ 4.28]
 - 2. Statutory Requirements [§ 4.29]
 - a. Name [§ 4.30]
 - b. Legal Description [§ 4.31]
 - c. Declarant’s Intent [§ 4.32]
 - d. Unit Description [§ 4.33]
 - e. Common Elements [§ 4.34]
 - f. Percentage Interest [§ 4.35]
 - g. Votes Appurtenant to Unit [§ 4.36]
 - h. Use Restrictions [§ 4.37]
 - i. Resident Agent [§ 4.38]
 - j. Vote to Repair [§ 4.39]
 - 3. Discretionary Provisions [§ 4.40]
 - 4. Execution [§ 4.41]
 - 5. Saving Provision [§ 4.42]
 - 6. Amendment [§ 4.43]

- 7. Expandable Condominiums [§ 4.44]
 - a. In General [§ 4.45]
 - b. Reservation of Right to Expand [§ 4.46]
 - c. Description of Additional Property [§ 4.47]
 - d. Number of Additional Units [§ 4.48]
 - e. Calculation of Revised Percentage Interests [§ 4.49]
- 8. Small Condominiums [§ 4.50]
 - a. In General [§ 4.51]
 - b. Bylaws [§ 4.52]
 - c. Plat [§ 4.53]
 - d. Unit Owners' Association [§ 4.54]
 - e. Common Expenses [§ 4.55]
 - f. Applicability to Duplex Condominiums [§ 4.56]
 - g. Other Exceptions [§ 4.57]
- 9. Master Associations [§ 4.58]
 - a. In General [§ 4.59]
 - b. Limited Liability [§ 4.60]
 - c. Election of Executive Board [§ 4.61]
 - d. Noncondominium Property [§ 4.62]
- 10. Merger or Consolidation [§ 4.63]
- C. Condominium Plat [§ 4.64]
 - 1. In General [§ 4.65]
 - 2. Statutory Requirements [§ 4.66]
 - a. Name [§ 4.67]
 - b. Survey [§ 4.68]
 - c. Floor Plans [§ 4.69]
 - d. Common Elements [§ 4.70]
 - e. Document Format [§ 4.71]
 - f. Unit Designation [§ 4.72]
 - g. Surveyor's Certificate [§ 4.73]
 - 3. Small Condominiums [§ 4.74]
 - 4. Expandable Condominiums [§ 4.75]

IV. Preparing Bylaws for Unit Owners' Association [§ 4.76]

- A. In General [§ 4.77]
- B. Statutory Requirements [§ 4.78]
- C. Additional Provisions [§ 4.79]
- D. Recommended Provisions [§ 4.80]
 - 1. Conformity with General Corporate Law [§ 4.81]
 - 2. Means of Implementing Development Plan [§ 4.82]
 - 3. Declarant Control During Development [§ 4.83]
 - 4. Election of Directors [§ 4.84]
 - 5. Payment of Common Expenses [§ 4.85]
 - 6. Calculation of Interest on Assessments [§ 4.86]
 - 7. Unit Owner Roster and Membership Certificates [§ 4.87]
- E. Saving Provision [§ 4.88]
- F. Amendment [§ 4.89]

V. Preparing Residential Condominium Offer to Purchase [§ 4.90]

- A. In General [§ 4.91]
- B. Analysis of Condominium Adaptations [§ 4.92]
 - 1. Association Action [§ 4.93]
 - 2. Condominium Disclosure Materials [§ 4.94]
 - 3. Common Surplus [§ 4.95]
 - 4. Warranties and Representations [§ 4.96]
 - 5. Real Estate Taxes [§ 4.97]
 - 6. Title Insurance [§ 4.98]
 - 7. Association Statement Regarding Unpaid Assessments [§ 4.99]
- C. Additional Terms [§ 4.100]
 - 1. In General [§ 4.101]
 - 2. Contingency for Minimum Sales Requirement [§ 4.102]
 - 3. Restriction on Assignability of Purchase Contract [§ 4.103]
 - 4. Developer’s Right of First Refusal [§ 4.104]
 - 5. Condominium Rules and Regulations [§ 4.105]
 - 6. Warranty and Covenant Limitations [§ 4.106]
 - 7. Immediate Association Reserve or Working Funds [§ 4.107]
 - 8. Amendments to Development Plan [§ 4.108]

VI. Preparing Condominium Deed [§ 4.109]

- A. In General [§ 4.110]
- B. Requirements for Execution [§ 4.111]
- C. Marital Property Considerations [§ 4.112]
- D. Real Estate Condition Report [§ 4.113]

VII. Appendix [§ 4.114]

- A. Appendix 4A: Checklist: Condominium Development and Documentation [§ 4.115]

CHAPTER 5

ASSOCIATION OF UNIT OWNERS

by Lydia J. Chartre

I. Scope [§ 5.1]

II. Introduction [§ 5.2]

III. Establishment [§ 5.3]

- A. In General [§ 5.4]
- B. Period of Declarant Control [§ 5.5]
- C. Transition to Unit Owner Control [§ 5.6]
- D. Election of Executive Board [§ 5.7]

IV. Powers [§ 5.8]

- A. Unconditional Powers [§ 5.9]
 - 1. To Adopt Budgets and Make Assessments [§ 5.10]
 - 2. To Employ and Dismiss Employees and Agents [§ 5.11]
 - 3. To Sue on Behalf of Unit Owners [§ 5.12]
 - 4. To Exercise Powers Conferred by Condominium Documents [§ 5.13]

- B. Conditional Powers [§ 5.14]
 - 1. To Contract and Incur Liability [§ 5.15]
 - 2. To Control Common Elements [§ 5.16]
 - 3. To Make Improvements to Common Elements [§ 5.17]
 - 4. To Acquire, Hold, Encumber, and Convey Real Property [§ 5.18]
 - 5. To Grant Easements Over or Through Common Elements [§ 5.19]
 - 6. To Receive Income from Use of Common Elements [§ 5.20]
 - 7. To Control Exterior Appearance of Condominium [§ 5.21]

- V. **Bylaws [§ 5.22]**
 - A. In General [§ 5.23]
 - B. Required Provisions [§ 5.24]
 - 1. Form of Administration [§ 5.25]
 - 2. Mailing Address [§ 5.26]
 - 3. Notice and Meeting Requirements [§ 5.27]
 - a. In General [§ 5.28]
 - b. Powers of Meetings [§ 5.29]
 - c. Notice Requirements [§ 5.30]
 - d. Voting Procedures [§ 5.31]
 - 4. Election, Powers, and Compensation of Directors [§ 5.32]
 - a. In General [§ 5.33]
 - b. Director and Officer Liability [§ 5.34]
 - 5. Manner of Assessment and Collection [§ 5.35]
 - a. In General [§ 5.36]
 - b. Statutory Reserves [§ 5.37]
 - c. Unit Owner’s Liability for Assessments [§ 5.38]
 - d. Calculating Assessments [§ 5.39]
 - (1) In General [§ 5.40]
 - (2) During Construction Period [§ 5.41]
 - e. Special Assessments [§ 5.42]
 - f. Interest on Assessments [§ 5.43]
 - g. Assessment as Lien Against Unit [§ 5.44]
 - (1) In General [§ 5.45]
 - (2) Filing the Statement of Lien [§ 5.46]
 - (3) Enforcement and Foreclosure [§ 5.47]
 - (4) Lien Priority [§ 5.48]
 - 6. Manner of Borrowing Money and Acquiring and Conveying Property [§ 5.49]
 - C. Other Provisions [§ 5.50]
 - 1. Restrictions on Use and Maintenance of Unit and Common Elements [§ 5.51]
 - 2. Adoption of Rules [§ 5.52]
 - 3. Master Associations [§ 5.53]
 - 4. Small Condominiums [§ 5.54]

- VI. **Books and Records [§ 5.55]**
 - A. Requirements for Maintaining Books and Records [§ 5.56]
 - B. Inspection and Copying of Association Records by Unit Owners [§ 5.57]
 - C. Internet Site for Association Records [§ 5.58]
 - D. Financial Audits of Association Records [§ 5.59]

VII. Special Problems [§ 5.60]

- A. Damage or Destruction [§ 5.61]
 - 1. In General [§ 5.62]
 - 2. Insurance [§ 5.63]
- B. Eminent Domain [§ 5.64]
- C. Expandable Versus Multiple Regimes [§ 5.65]
 - 1. In General [§ 5.66]
 - 2. Merger or Consolidation [§ 5.67]

VIII. Appendices [§ 5.68]

- A. Appendix 5A: Checklist: Association Management [§ 5.69]
- B. Appendix 5B: Checklist: Annual Operating Budget [§ 5.70]
- C. Appendix 5C: Checklist: Annual Meeting Agenda [§ 5.71]
- D. Appendix 5D: Release of Lien [§ 5.72]

CHAPTER 6

REPRESENTING THE UNIT BUYER

by Christopher J. Pahl

I. Scope [§ 6.1]

II. In General [§ 6.2]

III. Disclosure Requirements [§ 6.3]

- A. In General [§ 6.4]
- B. Review of Disclosure Materials [§ 6.5]
 - 1. In General [§ 6.6]
 - 2. Legal Sufficiency of Condominium Instruments [§ 6.7]
 - a. In General [§ 6.8]
 - b. Declaration [§ 6.9]
 - c. Plats and Plans [§ 6.10]
 - 3. Other Documents and Provisions [§ 6.11]
 - a. In General [§ 6.12]
 - b. Bylaws [§ 6.13]
 - c. Contracts [§ 6.14]
 - d. Budget and Assessments [§ 6.15]
 - e. Expansion Proposals [§ 6.16]
 - f. Parking and Storage [§ 6.17]
 - g. Restrictions on Unit Rentals [§ 6.18]
 - h. Restrictions on Unit Sales [§ 6.19]
 - i. Litigation and Commitments [§ 6.20]
 - j. Insurance [§ 6.21]
 - k. Limitations on Unit Uses [§ 6.22]
 - l. Alterations [§ 6.23]
- C. Conversion Condominiums [§ 6.24]
- D. Liability for Defects in Disclosure Materials [§ 6.25]
- E. Real Estate Condition Report [§ 6.26]
- F. Lead-Based Paint Disclosure Requirements [§ 6.27]

IV. Condominium Offer to Purchase [§ 6.28]

- A. In General [§ 6.29]
- B. Legal Description [§ 6.30]
- C. Right of Rescission [§ 6.31]
- D. Right of First Refusal [§ 6.32]
- E. Title Insurance [§ 6.33]
- F. Assessments and Prorations [§ 6.34]
- G. Other Warranties and Contingencies [§ 6.35]
 - 1. Occupancy [§ 6.36]
 - 2. Litigation and Claims [§ 6.37]
 - 3. Storage and Parking [§ 6.38]
 - 4. Protecting Against Defects [§ 6.39]
- H. Special Considerations [§ 6.40]
 - 1. In General [§ 6.41]
 - 2. Presale Contracts [§ 6.42]
 - 3. Construction Liens [§ 6.43]
 - 4. Warranties [§ 6.44]
 - 5. Taxes [§ 6.45]
 - 6. Land Contracts [§ 6.46]
 - 7. Local Ordinances [§ 6.47]

V. Conveyance [§ 6.48]

- A. Title Examination [§ 6.49]
- B. Deed [§ 6.50]
- C. Closing [§ 6.51]

VI. Appendices [§ 6.52]

- A. Appendix 6A: Real Estate Condition Report [§ 6.53]
- B. Appendix 6B: Condominium Addendum to Real Estate Condition Report [§ 6.54]
- C. Appendix 6C: Checklist: Closing Matters [§ 6.55]

CHAPTER 7

INSURANCE

by Melita M. Mullen

I. Scope [§ 7.1]

II. Introduction [§ 7.2]

III. Statutory and Other Insurance Requirements [§ 7.3]

- A. In General [§ 7.4]
- B. Wis. Stat. § 703.17 [§ 7.5]
- C. Repair and Restoration [§ 7.6]
- D. Association and Unit Owner Status [§ 7.7]
- E. Association Business Operations [§ 7.8]
- F. Other Insurance Requirements [§ 7.9]

IV. Coverages and Policies [§ 7.10]

- A. In General [§ 7.11]

- B. Property Insurance [§ 7.12]
 - 1. In General [§ 7.13]
 - 2. Property Insurance Policies [§ 7.14]
 - a. In General [§ 7.15]
 - b. Co-Insurance [§ 7.16]
 - c. Deductibles [§ 7.17]
 - d. Unit Owner Considerations [§ 7.18]
 - 3. Other Property Insurance Coverages and Endorsements [§ 7.19]
- C. Liability Insurance [§ 7.20]
 - 1. In General [§ 7.21]
 - 2. Liability Insurance Policies [§ 7.22]
 - 3. Other Liability Insurance Coverages and Endorsements [§ 7.23]
 - a. In General [§ 7.24]
 - b. Association Operations [§ 7.25]
 - c. Association Business Activities [§ 7.26]
 - d. Timeshares [§ 7.27]

V. Attorney’s Role [§ 7.28]

CHAPTER 8

TITLE INSURANCE

by Jonathan T. Luljak

I. Scope [§ 8.1]

II. Introduction [§ 8.2]

III. Primary Considerations for Condominium Endorsement [§ 8.3]

- A. In General [§ 8.4]
- B. Legal Status of Condominium [§ 8.5]
 - 1. Substantial Conformity [§ 8.6]
 - 2. Severability of Provisions [§ 8.7]
- C. Sufficiency of Condominium Documents [§ 8.8]
 - 1. In General [§ 8.9]
 - 2. Bylaws [§ 8.10]
 - 3. Plat [§ 8.11]
 - 4. Legal Description [§ 8.12]
- D. Compliance with Restrictive Covenants [§ 8.13]
- E. Unpaid Assessments and Liens [§ 8.14]
 - 1. In General [§ 8.15]
 - 2. Priority of Assessment Liens [§ 8.16]
 - 3. Construction Liens [§ 8.17]
 - 4. Judgment Liens [§ 8.18]
- F. Tax Assessment as Separate Parcel [§ 8.19]
- G. Encroachments [§ 8.20]
- H. Waiver of Right of First Refusal [§ 8.21]
- I. Payment of Existing Liens [§ 8.22]

IV. Special Considerations for Condominium Endorsement [§ 8.23]

- A. In General [§ 8.24]
- B. Expandability Provisions [§ 8.25]
- C. Conversions [§ 8.26]
- D. Mergers [§ 8.27]
- E. Small Condominiums [§ 8.28]
- F. Older Condominiums [§ 8.29]
- G. Other Matters [§ 8.30]
 - 1. Deed to Limited Common Elements [§ 8.31]
 - 2. Association Ownership and Transfer of Property [§ 8.32]
 - a. In General [§ 8.33]
 - b. Sale of Common Elements [§ 8.34]
 - c. Easements [§ 8.35]
 - 3. Right of Rescission [§ 8.36]
 - 4. Termination of Existing Contracts [§ 8.37]
- H. Limits on Types of Property Conveyable as a Condominium [§ 8.38]

V. Title Insurance Mechanics [§ 8.39]

- A. In General [§ 8.40]
- B. Development/Conversion Considerations [§ 8.41]
- C. Resale Considerations [§ 8.42]
- D. Amendments to Condominium Documents [§ 8.43]
- E. Title Claims [§ 8.44]
- F. Subrogation Rights [§ 8.45]
- G. Secondary Mortgage Market Considerations [§ 8.46]
- H. The Interstate Land Sales Full Disclosure Act [§ 8.47]

VI. Appendices [§ 8.48]

- A. Appendix 8A: ALTA 4 Condominium Endorsement [§ 8.49]
- B. Appendix 8B: Certificate of Condominium Unit Owners' Association [§ 8.50]
- C. Appendix 8C: Sample Title Company Checklist for Issuing Condominium Endorsement [§ 8.51]
- D. Appendix 8D: Alternate Surveyor's Certificate for Condominium Plat [§ 8.52]
- E. Appendix 8E: Condominium Deed (State Bar of Wisconsin Form 8) [§ 8.53]
- F. Appendix 8F: Sample Statement of Condominium Lien [§ 8.54]
- G. Appendix 8G: ALTA Policies' Exclusions from Coverage [§ 8.55]

CHAPTER 9

CONVERSION TO CONDOMINIUM

by Julia K. Potter

I. Scope [§ 9.1]

II. Introduction [§ 9.2]

- A. In General [§ 9.3]
- B. Regular Conversion [§ 9.4]
- C. Self-Conversion [§ 9.5]
- D. Shelf Conversion [§ 9.6]

III. Statutory Provisions Applicable to Conversions [§ 9.7]

- A. Historical Background [§ 9.8]
- B. Conversion Condominium [§ 9.9]
 - 1. Definition of Conversion Condominium [§ 9.10]
 - 2. Analysis of Definition [§ 9.11]

IV. Legal Implications of Conversion Status [§ 9.12]

- A. In General [§ 9.13]
- B. Residential Property—Wis. Stat. § 703.08 [§ 9.14]
 - 1. In General [§ 9.15]
 - 2. Application [§ 9.16]
 - 3. Notice of Conversion [§ 9.17]
 - 4. Tenant’s Option to Purchase [§ 9.18]
 - 5. Term of Tenancy [§ 9.19]
 - 6. Waivers [§ 9.20]
- C. Residential Property Special Disclosures—Wis. Stat. § 703.33(2)(cm) [§ 9.21]
- D. Nonresidential Property [§ 9.22]
- E. Regulations Affecting Conversions [§ 9.23]

V. Legal Procedure for Conversion and Sale [§ 9.24]

- A. Condominium Documents [§ 9.25]
- B. Disclosure Requirements [§ 9.26]
- C. Sales Documents [§ 9.27]

VI. Planning Conversions [§ 9.28]

- A. Reasons to Convert [§ 9.29]
- B. Legal Planning [§ 9.30]
 - 1. Legal Possibility [§ 9.31]
 - 2. Legal Feasibility [§ 9.32]
- C. Coordination [§ 9.33]

VII. Financing Conversions [§ 9.34]

- A. In General [§ 9.35]
- B. Underlying Mortgage [§ 9.36]
- C. Bridge Financing [§ 9.37]
- D. End Financing [§ 9.38]

VIII. Property Renovation [§ 9.39]

- A. Special Aspect of Conversions [§ 9.40]
- B. Engineering Report [§ 9.41]
 - 1. In General [§ 9.42]
 - 2. Plans [§ 9.43]
 - 3. Guidance for Renovation [§ 9.44]
 - 4. Maintenance Charges and Reserves [§ 9.45]
 - 5. Developer Defense [§ 9.46]
- C. Standards for Renovation [§ 9.47]
- D. Construction Liens [§ 9.48]
- E. Warranties [§ 9.49]

IX. Tenant Relations [§ 9.50]

- A. Special Aspect of Conversions [§ 9.51]
- B. Tenants' Reaction to Conversion [§ 9.52]
 - 1. In General [§ 9.53]
 - 2. Fighting Committee [§ 9.54]
 - 3. Negotiating Committee [§ 9.55]
 - 4. Developer Responses [§ 9.56]
- C. Tenant Sales [§ 9.57]
 - 1. Marketing Strategy [§ 9.58]
 - 2. Sales Techniques [§ 9.59]
 - 3. Carryover Problems [§ 9.60]

X. Special Conversion Situations [§ 9.61]

- A. Turnover of Control [§ 9.62]
- B. Investment Sales [§ 9.63]

XI. Representing Parties Other Than the Developer [§ 9.64]

- A. Seller of Conversion Property [§ 9.65]
- B. Unit Buyer [§ 9.66]

XII. Appendices [§ 9.67]

- A. Appendix 9A: Notice of Conversion, with Option and Tenancy Notice [§ 9.68]
- B. Appendix 9B: Affidavit of Notice, with Tenant List and Options Exercised [§ 9.69]

CHAPTER 10

INCOME TAX CONSIDERATIONS

by Timothy C. Smith

I. Scope [§ 10.1]

II. Taxation of Condominium Developers [§ 10.2]

- A. In General [§ 10.3]
- B. Methods of Obtaining Capital Gains Treatment [§ 10.4]
 - 1. Lease of Land [§ 10.5]
 - 2. Sale of Land [§ 10.6]
 - 3. Liquidating Development Corporation with Unsold Units [§ 10.7]
- C. IRS Challenges to Capital Gains Treatment [§ 10.8]
 - 1. In General [§ 10.9]
 - 2. Agency Relationship [§ 10.10]
 - 3. Sale of Land as Capital Contribution [§ 10.11]
 - 4. Dealer Status [§ 10.12]
 - 5. Dividend Received on Sale [§ 10.13]
 - 6. No Arm's-Length Transaction [§ 10.14]
- D. Tax Consequences of Developer's Form of Business [§ 10.15]
 - 1. In General [§ 10.16]
 - 2. C Corporation [§ 10.17]
 - 3. Partnership [§ 10.18]
 - 4. S Corporation [§ 10.19]

III. Taxation of Condominium Converters [§ 10.20]

- A. In General [§ 10.21]
- B. Computing Gain or Loss [§ 10.22]
- C. Characterizing Gain or Loss [§ 10.23]
- D. Methods of Obtaining Capital Gains Treatment [§ 10.24]
 - 1. In General [§ 10.25]
 - 2. Liquidation of Investment [§ 10.26]
 - 3. Sale to Unrelated Third Party [§ 10.27]
 - 4. Sale to Related Corporation [§ 10.28]
 - 5. Sale to Related Partnership [§ 10.29]
 - 6. Retaining Ownership of the Land [§ 10.30]
- E. Subsequent Sales of Rental Units [§ 10.31]
- F. Planning for Ordinary Income [§ 10.32]
 - 1. In General [§ 10.33]
 - 2. Choosing the Fiscal Year [§ 10.34]
 - 3. Electing S Corporation Status [§ 10.35]

IV. Taxation of Condominium Unit Owners [§ 10.36]

- A. In General [§ 10.37]
- B. Deduction for Interest on Mortgage [§ 10.38]
- C. Deduction for Real Estate Tax [§ 10.39]
- D. Deduction for Maintenance Expenses [§ 10.40]
- E. Deduction for Depreciation [§ 10.41]
- F. Tax Consequences of Sale of Unit [§ 10.42]
- G. Deductions for Expenses Attributable to Vacation Condominiums [§ 10.43]
- H. Deduction for Contribution of Condominium to Charitable Organization [§ 10.44]
- I. Cooperative and Condominium Exchange [§ 10.45]

V. Taxation of Condominium Unit Owners' Associations [§ 10.46]

- A. In General [§ 10.47]
- B. Tax Consequences of Association's Form of Business [§ 10.48]
 - 1. In General [§ 10.49]
 - 2. Partnership [§ 10.50]
 - 3. Corporation [§ 10.51]
 - 4. Nonprofit Corporation [§ 10.52]
 - 5. Homeowners' Association (I.R.C. § 528) [§ 10.53]
 - a. Qualifications [§ 10.54]
 - (1) In General [§ 10.55]
 - (2) Residential Use Test [§ 10.56]
 - (3) Organizational and Operational Test [§ 10.57]
 - (4) 60% Income Test [§ 10.58]
 - (5) 90% Expenditure Test [§ 10.59]
 - (6) Inurement of Net Profits [§ 10.60]
 - b. Exempt-Function Income [§ 10.61]
 - c. Making I.R.C. § 528 Election [§ 10.62]
 - d. Revoking I.R.C. § 528 Election [§ 10.63]
- C. Recreational Facilities [§ 10.64]

VI. Appendix [§ 10.65]

- A. Appendix 10A: Income Tax Return for Homeowners' Association [§ 10.66]

CHAPTER 11

SECURITIES LAW CONSIDERATIONS

by Michael H. Altman & Vincent M. Morrone

I. Scope [§ 11.1]

II. In General [§ 11.2]

III. Determining Whether a Sale of a Condominium Is a Sale of a Security [§ 11.3]

- A. Federal Securities Law [§ 11.4]
 - 1. In General [§ 11.5]
 - 2. Investment of Money [§ 11.6]
 - 3. Common Enterprise [§ 11.7]
 - 4. Expectation of Profits [§ 11.8]
 - 5. Profit from Others' Efforts [§ 11.9]
- B. SEC Guidelines [§ 11.10]
- C. Wisconsin Securities Law [§ 11.11]

IV. Registration Exemptions [§ 11.12]

- A. In General [§ 11.13]
- B. Federal Exemptions [§ 11.14]
 - 1. Intrastate Exemption [§ 11.15]
 - 2. Private Placement Exemption [§ 11.16]
 - a. Rule 506 [§ 11.17]
 - b. Rule 504 [§ 11.18]
 - c. Regulation A [§ 11.19]
 - 3. Crowdfunding [§ 11.20]
 - 4. Integration [§ 11.21]
- C. Wisconsin Exemptions [§ 11.22]

V. Registration Statement [§ 11.23]

CHAPTER 12

SPECIAL UNITS

by Christopher J. Pahl

I. Scope [§ 12.1]

II. Introduction [§ 12.2]

III. Condominium Documentation [§ 12.3]

- A. In General [§ 12.4]
- B. Bylaws [§ 12.5]
 - 1. Board Membership [§ 12.6]
 - 2. Assessments [§ 12.7]
- C. Condemnation Provisions [§ 12.8]
- D. Insurance Provisions [§ 12.9]
- E. Restrictions on Use and Subsequent Sales [§ 12.10]
- F. Alterations Within Units and Changes to Unit Boundaries [§ 12.11]

- G. Easements [§ 12.12]
- H. Notice of Claims and Dispute Resolution [§ 12.13]
- IV. Mobile Home Community Condominiums [§ 12.14]**
 - A. In General [§ 12.15]
 - B. Advantages to Condominium Form of Ownership [§ 12.16]
 - C. Disadvantages to Condominium Form of Ownership [§ 12.17]
- V. Commercial Condominiums [§ 12.18]**
 - A. In General [§ 12.19]
 - B. Shopping Centers [§ 12.20]
 - C. Office Buildings [§ 12.21]
 - D. Hotel and Motels [§ 12.22]
- VI. Aircraft Hangars [§ 12.23]**
- VII. Grain Storage Bins [§ 12.24]**
- VIII. Mixed-Use Condominiums [§ 12.25]**
 - A. In General [§ 12.26]
 - B. Mixed-Use Incubator Buildings [§ 12.27]
- IX. Planned Unit Developments (PUDs) and Planned Development Districts (PDDs) [§ 12.28]**
- X. Resort Condominiums [§ 12.29]**
 - A. In General [§ 12.30]
 - B. Condominium Documentation [§ 12.31]
 - C. Vacation Homes [§ 12.32]
 - D. Campgrounds [§ 12.33]
 - E. Rental Pools [§ 12.34]
 - F. Timeshares [§ 12.35]
 - 1. In General [§ 12.36]
 - 2. Interval Ownership [§ 12.37]
 - 3. Unit Prices [§ 12.38]
 - 4. Maintenance [§ 12.39]
- XI. Industrial Condominiums [§ 12.40]**
 - A. In General [§ 12.41]
 - B. Industrial Buildings [§ 12.42]
 - C. Industrial Parks [§ 12.43]
 - D. Expansion [§ 12.44]
- XII. Leasehold Condominiums [§ 12.45]**
 - A. In General [§ 12.46]
 - B. Condominium Documentation [§ 12.47]
- XIII. Expandable Condominiums [§ 12.48]**
 - A. In General [§ 12.49]
 - B. Amending the Declaration [§ 12.50]
 - C. Easements [§ 12.51]

XIV. State and Federal Regulation [§ 12.52]

XV. Special Case [§ 12.53]

XVI. Condominiums Within Condominiums [§ 12.54]

XVII. Opportunities [§ 12.55]

CHAPTER 13

STATUTORY SMALL CONDOMINIUMS

by Lydia J. Chartre

I. Scope [§ 13.1]

II. Introduction [§ 13.2]

A. Background of Wis. Stat. § 703.365 [§ 13.3]

B. Rules Applicable to Small Condominiums [§ 13.4]

C. Considerations for Electing Small Condominium Status and Optional Provisions
[§ 13.5]

III. Options for Declaration [§ 13.6]

IV. Options for Bylaws [§ 13.7]

V. Options for Condominium Plat [§ 13.8]

VI. Options for Unit Owners' Association [§ 13.9]

VII. Resolution of Disputes [§ 13.10]

VIII. Prohibition on Expansion [§ 13.11]

IX. Disclosure Requirements [§ 13.12]

X. Special Financing Concerns [§ 13.13]

TABLE OF CASES

TABLE OF STATUTES, REGULATIONS, AND RULES

INDEX

