



From the Law Office of Ronald H. Gitter, Esq.

Addressing the Realities of Residential Real Estate

Asked and Answered



I am buying a new construction condo and the Offering Plan is over 400 pages. Do I need to read the entire Offering Plan?

For the most part, no.

The sponsor's disclosure document is long, complicated and usually not easy to understand. The purchaser's attorney, at least in theory, will review the document and report back on issues that the purchaser should contemplate before making a decision on whether or not to go forward. Most purchasers do not actually review

the Offering Plan, but rely on their attorneys to explain the relevant issues disclosed in the Plan. Nevertheless, there are several sections of the Plan, at a minimum, that a purchaser should review:

- **"Special Risks"** At the beginning of each Offering Plan, there is a section entitled *Special Risks*, in which the sponsor discloses all of the material aspects of the Plan and possible risks to ownership. These disclosures are discussed in greater detail within the body of the Offering Plan, but the Special Risks section will disclose the most important issues that the purchaser should consider. It is essential that the purchaser review these disclosures and understand how this information might affect ownership of an apartment and the future of the development.
- **"Description of Property"** Attached to the Offering Plan as an exhibit, is a document that describes the technical aspects of the construction of the building in great detail. In addition to the Purchaser wading through the specs, if possible, the property description should be reviewed by an engineer or architect to insure that there are no design or construction issues that might be a cause for concern. Once the construction is completed, your architect or engineer can compare the finished product to the construction specifications set forth in the Offering Plan.
- **"Rights and Obligations"** Each Plan has a section describing the rights and obligations of the sponsor, the unit owner, the condominium and the Board of Managers of the condominium.

These provisions give the potential owner of a unit a better sense of what to expect from the sponsor when it comes to completion of the amenities, the obtaining of a permanent certificate of occupancy and liability for construction defects. Again, it is essential that a purchaser understands the rights and obligations of each party, so that there are no surprises down the road.

Residential Reality: No one expects a purchaser to plow through every page of an Offering Plan. That being said, taking the time to at least review the sections referred to above, will provide the purchaser with a wealth of information.

For additional information on this topic, See "[Life's Not Fair: More About Purchasing From a Sponsor.](#)"

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