

A GUIDE TO BUYING A vacation condo IN BERMUDA

Everything you need to consider in terms of location, community, the Homeowners' Association, amenities and much, much more.



welcome to the bermuda vacation condo buying guide

Choosing the right condo is a tricky task. It's more than just considering what it looks like on the outside. You also need to consider the overall location, the local community, the Homeowners' Association, amenities and much, much more.

To help you out, we've created this great checklist and guide to buying a vacation condo. From the basics like the definition of a condo to the key factors you need to think about, our checklist will help you navigate towards buying the right dream condo for you.

CHAPTER ONE

back to basics:
what is a condo?

CHAPTER TWO

why a condo

CHAPTER THREE

selecting your
condo

CHAPTER FOUR

getting the wheels
in motion

CHAPTER FIVE

the paperwork

CHAPTER

one

BACK TO BASICS

what is a condo

DEFINITION & CLASSIFICATION

Short for "condominium", a condo is a residence that usually sits as a unit of accommodation within a larger building. This is why people often use the terms "condo" and "apartment" interchangeably - both are shared properties - buildings within a larger building.

In condos which are leasehold the owner is known as 'the tenant'. It's home ownership, but in a shared building, instead of a single family home on a lot. Condo owners are obligated to join the Homeowners' Association (HOA) for that community and pay monthly or annual fees to the HOA. In return, the HOA will take care of the upkeep and maintenance of the condo building's common areas, landscaping, pool cleaning, elevators and so on.



common condo locations

When you think of a condo, do you imagine a high-rise apartment in the downtown area of a city? You're partially right - some condos exist in downtown areas of cities, but this is only one type of condo.

high rise condos

The high rise is typically (but not always) found in the denser areas of a city - like downtown. They are multi-story buildings that are usually more than six stories high and contain multiple units.

Because these condos are often located in downtown urban areas, they're within close proximity to amenities such as grocery stores and pharmacies. They're also more likely to have in-building facilities than low rise buildings. These might include a gym, pool, garage parking and 24-hour onsite management (e.g. security) due to the high number of residents.

Owners of high rise condos in cities often rent these out as serviced apartments to short stay business guests as well as travelers on vacation. It's worth checking to see how strong the corporate market is for short term rentals if this is the route you are considering.

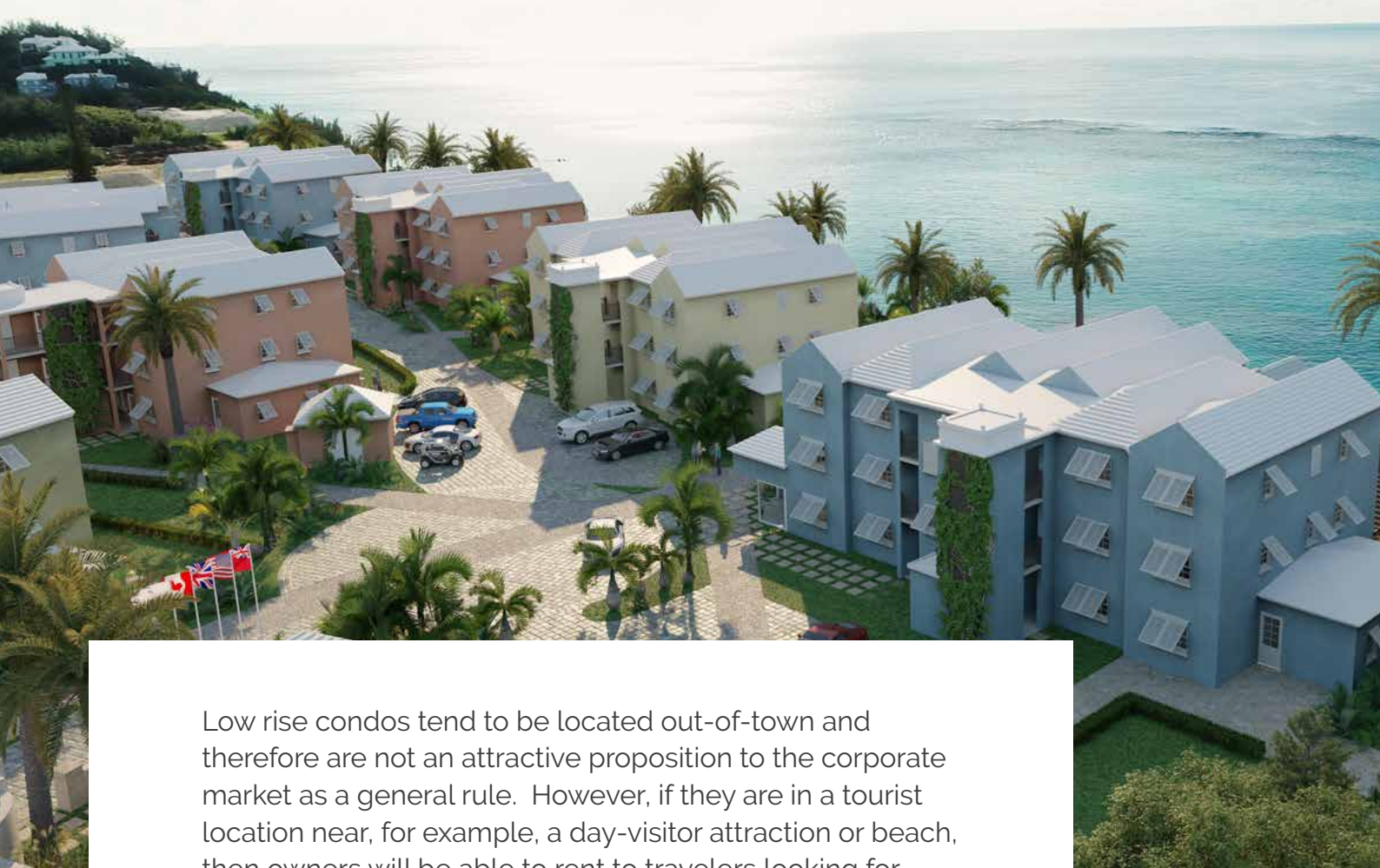




low rise condos

Each floor will have multiple units and there are usually open-air parking lots rather than underground parking. Low rise condos often (but not always) have lower fees than the high rise alternative as there are fewer common areas to maintain.

Low rise condos tend to offer fewer in-building facilities than high rise condos. As there are fewer residents, 24-hour security and onsite management are less likely to be available on a daily basis. These are important to some buyers so it is worth checking what services are on offer before you buy.



Low rise condos tend to be located out-of-town and therefore are not an attractive proposition to the corporate market as a general rule. However, if they are in a tourist location near, for example, a day-visitor attraction or beach, then owners will be able to rent to travelers looking for vacation rentals.

Each homeowner will pay HOA monthly or annual fees for the upkeep of common areas such as private community pools, landscaping, corridors and stair wells, signage and sidewalk maintenance.



Quick Check

Think you know the basics about condos?
This needs to be checked first...

Are you looking for a city or out-of-town location?

If you are looking to rent your condo how strong is the rental market?

Is the condo development located in a sought-after tourism destination?

CHAPTER
two

why a condo?

Condos aren't just pieces of real estate - they're real estate with additional amenities provided such as recreational facilities. They also come with services so that property and grounds maintenance amongst other things are taken care of for you. You can see why they're popular, in-demand properties. But before you buy a condo, please consider the following...





who are condos ideal for?

People who want access to amenities that wouldn't be available to an individual homeowner

Condos often come with additional amenities such as swimming pools, tennis courts and fitness facilities. Some even come with restaurants, golf courses and clubhouses. These amenities are often not practical or affordable for the individual homeowner. But, they can be when shared by a group of homeowners when they come together in a condo development.

People who want to live in a desirable location

Condos are usually located in highly attractive, desirable locations, such as in a city center close to the hustle and bustle, or on a beachfront with ocean views. A single family home will likely be quite expensive in these areas (usually millions of dollars) so a condo can be a viable alternative, sitting at half or even a third of the cost.



People who want to live in an area with a strong sense of community

Condos by definition are a collection of properties in a larger building or private community. As such, owners are often in close proximity to each other, get to know each other well and develop a strong sense of community. This is particularly the case if you are a permanent resident in your condo or, if it is a vacation home, you return to it at the same time each year and meet your fellow returning neighbors.

People who want a low maintenance, flexible vacation home

One of the biggest perks of a condo is that the management company takes care of maintaining your home, the common areas and gardens for you. You don't have to worry about things like fixing the refrigerator or cutting the grass, which frees up your time to rest and relax. That means when you buy a vacation condo, it really is a vacation when you visit. It's home ownership without the hassle.

It also makes it easy to leave your condo vacant if you're away for long periods of time because there is a manager on site taking care of things for you. That's why condos are particularly ideal as vacation homes.

People who want to rent out their condo

Condos are great if you intend to rent yours out to earn some additional income towards property costs. They have facilities to attract vacation rentals, are located in prime tourist locations and cost less than villa rental, which appeals to a broader market.

is a condo better than a single home or villa?

There is no right or wrong answer to this: it mostly comes down to taste and budget.

Taste and Budget

Some prefer to put a little distance between their home and their neighbors, and you can do this with a single home on its own lot. Others prefer the security and friendliness of a closer community such as you get in a condo development.

Single homes are typically larger buildings than condos and sit on their own land, both of which make these more expensive than condos where party walls and common land reduce both construction and ongoing running costs.





Amenities

The amenities that come with a condominium, generally don't come with a privately-owned villa. These, for a lot of people, are the draw that persuades them to purchase a condo in the first place.

Flexibility

Owning your own single home on a freehold basis means you are free to do with it much as you please within planning law and the bounds of social reason. However, with a condo there will be rules and regulations to ensure that neighbors act responsibly towards each other and the property. Although, this means less flexibility it is a blessing in a closer-knit community.

Maintenance

One of the main differences is who is responsible for maintenance. If you own a single home or villa, you are responsible for all maintenance yourself, whereas with a condo this is normally taken care of for you as pointed out previously.

Rentability

There's another major benefit that condos have over villas - they are much easier to rent out when you're not living there. Condos are typically smaller so they tend to rent out for lower rates than villas. This means they tap into a far larger market of tourism travelers.

Therefore, if well located, well presented and correctly priced, most condos will achieve a higher year round occupancy than villas.

With both villas and condos, you remain responsible for renting your property out, either directly or through an agent or online travel agent. If your vacation home is in a condo-hotel development you don't have to worry about letting your property out – this is all taken care of for you.

Is it better to buy Condo or a Condo-hotel?

Well they are both condos. But what's the difference?

The condo-hotel model

A condo in a condo-hotel development is set up to run as hotel accommodation when you are not in residence. There is normally a share of income and cost between the hotel and the owner of the condo. There are also normally constraints on the amount of time the condo owner can occupy in order to make the hotel operation viable.

In a condo-hotel development your condo can often be converted into hotel rooms and/or suites when you are away and marketed by the hotel / management company on your behalf.

Sometimes furnishings are included in the price, particularly if the interior design is standard throughout, as you would expect in a hotel.

For such developments to work well, condos should ideally have lock-off facilities (for example with a lock-off a 2-bedroom condo can convert into one hotel suite and a hotel room), services should include hotel-style reception to check guests in and out, and leisure facilities such as a pool, restaurant, beach access etc.

Ideally, the condo-hotel should be part of a familiar hotel group or brand.



An aerial photograph of a rugged coastline. On the left, dark, jagged rock formations rise from the water. The water is a vibrant turquoise color, with white foam from waves crashing against the rocks. To the right, a sandy beach is visible, bordered by dense green vegetation and more rock formations. Several people are seen swimming in the shallow water near the beach.

Benefits of condo-hotel condos

The hotel brand will hold your condo-hotel management team to account on the quality of the property and service offered, so quality standards will be set from Day 1 and maintained all the while the brand is involved. If not the condo-hotel risks being de-branded by the hotel group.

Having a hotel management team looking after your rentals for you invariably increases occupancy and Average Daily Rate, particularly if the condo-hotel is associated with a hotel brand.

This improved rentability also often leads to a price premium when you eventually come to resell your condo.

Drawbacks of condo-hotel condos

Because they are often of a higher standard and/or have more amenities, they can cost more to buy and run so make sure you check HOA fees to avoid surprises.

In order for the hotel to be profitable there are normally usage restrictions on owner occupancy. For example, you may be limited to the number of days you can use your condo and when seasonally these days fall.



Quick Check

Think you've found your perfect condo?
Make sure you check these questions first...

Are you sure that you're someone who
would suit the condo lifestyle?

Is a condo better for you than a single
home or villa?

Would you prefer to maintain your
property yourself, or have this taken
care of for you?

Would you prefer to rent your property
yourself, or have this taken care of
for you?

What is your budget?

Is it better to buy a simple Condo
or a Condo in a Condo-hotel?

CHAPTER

three

selecting your condo

When you come to choosing a condo, there are various factors to consider if you want to ensure you pick the right condo as a vacation home for your family.



1. Your Reason for Buying

One of the first things you need to think about when considering a condo is why you're looking to buy one. Will it be a vacation home for specific times of the year, or will you be living in it all the time? Will you be renting it out?

2. The Condo's Purpose

Then, you need to think about what purpose the condo will serve. Is it because you want a family vacation home for your young children or for your grown-up children and grandchildren? Or do you want it as a place where you can escape from your normal daily life and work stresses? Should it be somewhere you can experience something new?

Knowing what purpose the condo serves when used will help narrow down your search.

For example, a condo in an idyllic, secluded location would be perfect for someone who craves peace and quiet, but it might not be ideal for a family who wants to be near the beach and surrounded by plenty of things to do.



3. Number of Occupants

There's no use in buying a condo that's too small for all the things that you want to do with it and who you want to do them with. It needs to be big enough to comfortably accommodate all of your occupants, such as your family. You don't want to be tripping over each other or embroiled in wars with your children every night because it's their turn to sleep in the top bunk.

4. Location

When you're browsing for a condo, one of the main things you might notice or the real estate agent might mention is the location or neighborhood. That's because we all know how important location is when it comes to buying property. Consider the following:

- Is it in a desirable location, such as near a beachfront with ocean views?
- Is it near the city center and other essential amenities, such as local markets, convenience stores and supermarkets?
- Can you easily access the main road and is there easy access to modes of public transport?
- Is there plenty of parking space, such as a private driveway, underground or designated parking?
- Is the area prone to accidents, such as floods?



5. Budget

Your budget is obviously an important factor to consider when you're buying a condo. It's not just about the down payment or utility bills either. Keep in mind that with condos, there are other fees to pay - such as monthly dues, HOA fees and other payments you may be obligated to pay. Work out how much you can afford and see which condo property will fit into your budget before you make that investment.

Quick Check

Think you've found your perfect condo? Make sure you check these questions first...

Do you know why you're getting a condo?

How will you use your condo?

Is your condo big enough for how you plan to use it?

Is your condo in the right location?

Have you factored the ongoing running costs of a condo into your budget?

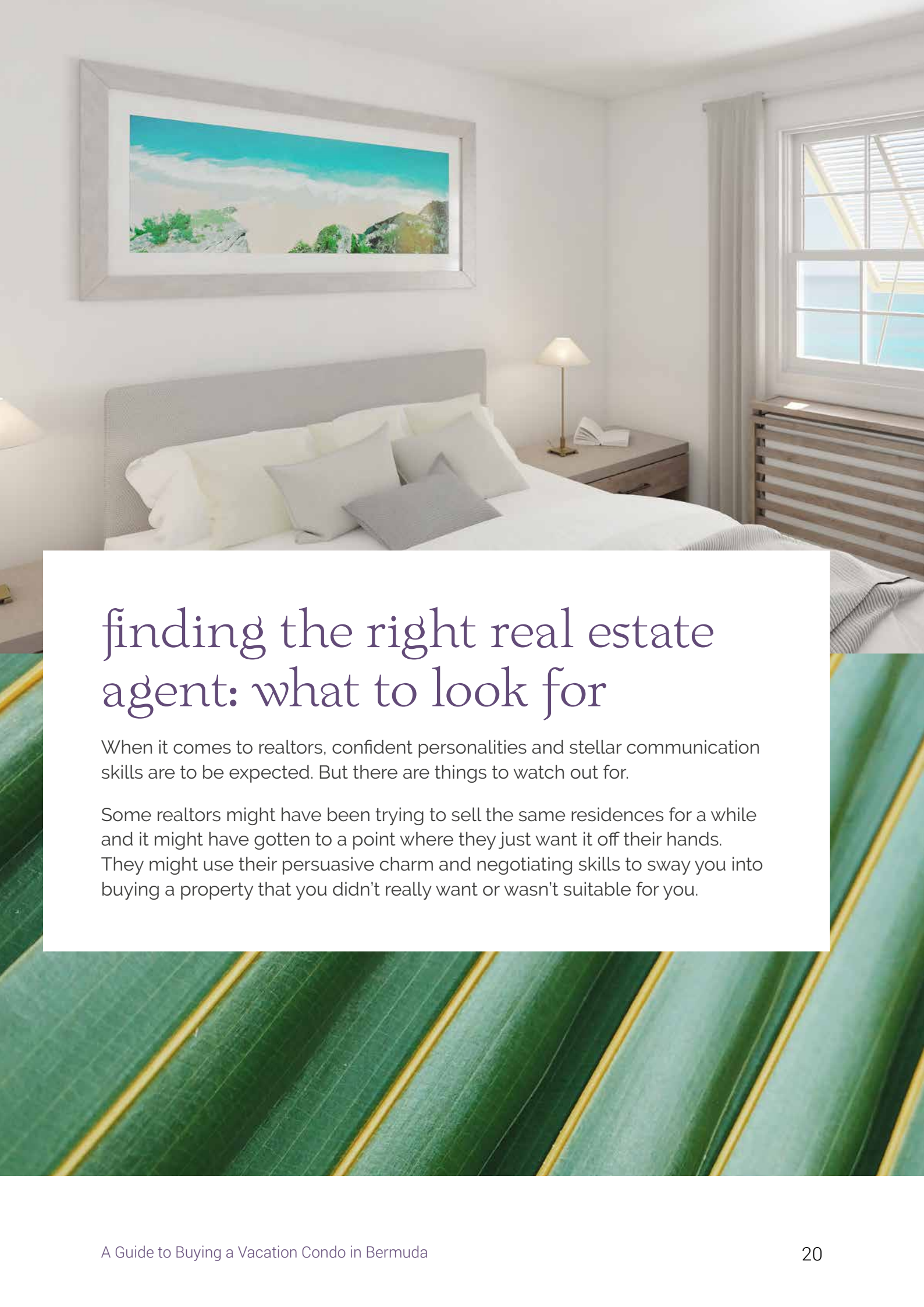
CHAPTER

four

getting the wheels in motion

So, you've found your perfect condo. Everything about it so far is right: from the location to its exteriors, interiors and size etc. Oh, and it boasts breathtaking views of the ocean. But before you go ahead and make that payment, there's one last thing to think about.

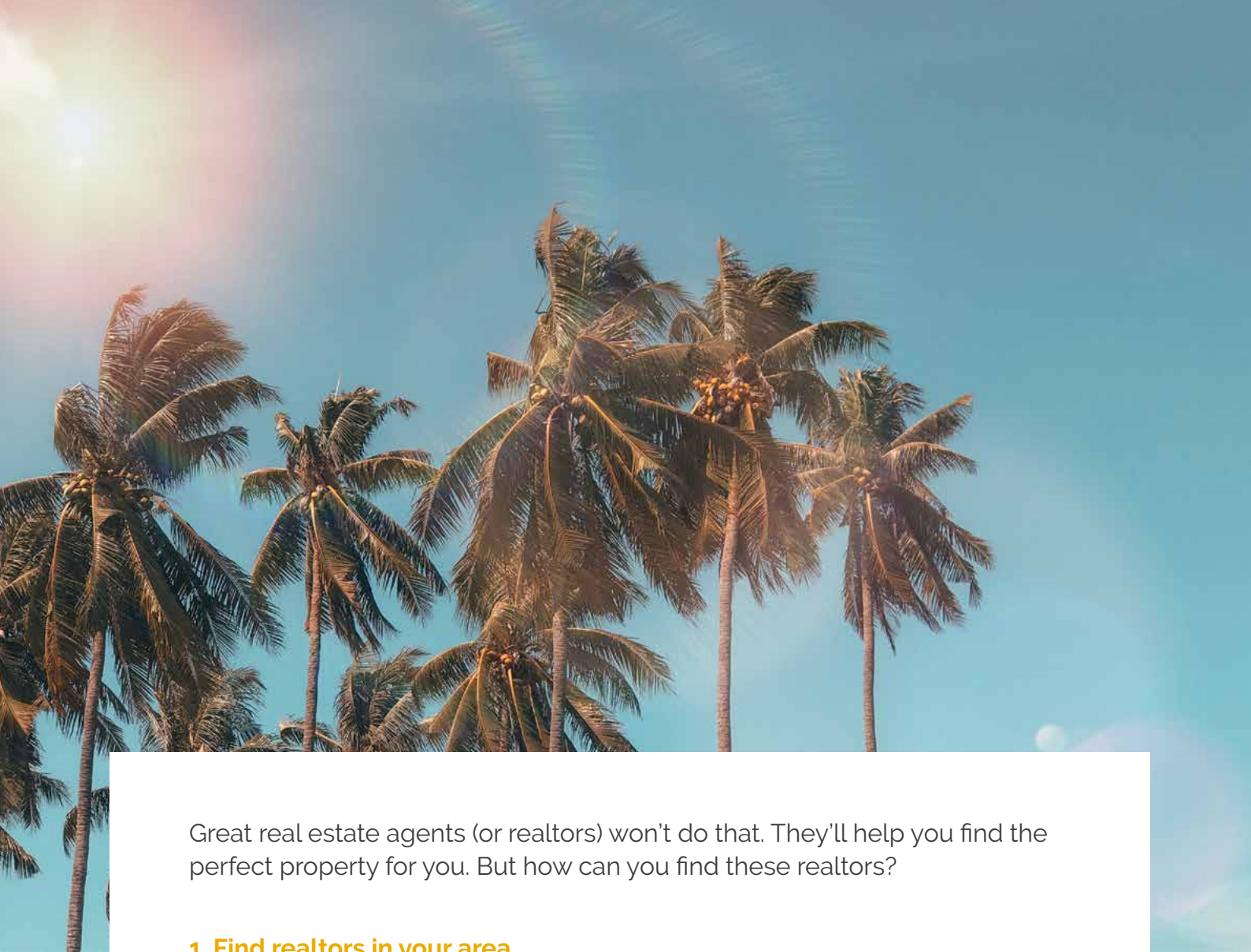




finding the right real estate agent: what to look for

When it comes to realtors, confident personalities and stellar communication skills are to be expected. But there are things to watch out for.

Some realtors might have been trying to sell the same residences for a while and it might have gotten to a point where they just want it off their hands. They might use their persuasive charm and negotiating skills to sway you into buying a property that you didn't really want or wasn't suitable for you.



Great real estate agents (or realtors) won't do that. They'll help you find the perfect property for you. But how can you find these realtors?

1. Find realtors in your area.

Do this by asking around (the best realtors get a huge amount of business from referrals), attending open houses or checking out advertisements in the media.

2. Look for the right credentials.

In Bermuda real estate brokers and agents must have a current license. Make sure this is the case with your chosen realtor.



3. Once you've found an agent, analyze them and their current listings.

Are they someone that you'd get along with? Do they seem honest and trustworthy? Does their personality and energy level mesh well with yours? And are the properties they're selling of a standard that you'd expect your dream condo to be?

4. When you meet with the realtor, ask them the right questions.

This will determine their success as a realtor, how well they know the area and their overall approach to their job. For example:

- Do you have an active real estate license?
- Is real estate your full-time career?
- How much of your business is from referrals?
- Have you ever won any professional awards (like Realtor of the Year)?
- How long have you been working in the area?
- On average, how long does it take your prospects to find the right home (if they're buying) or to sell their home?



questions to ask when visiting the property

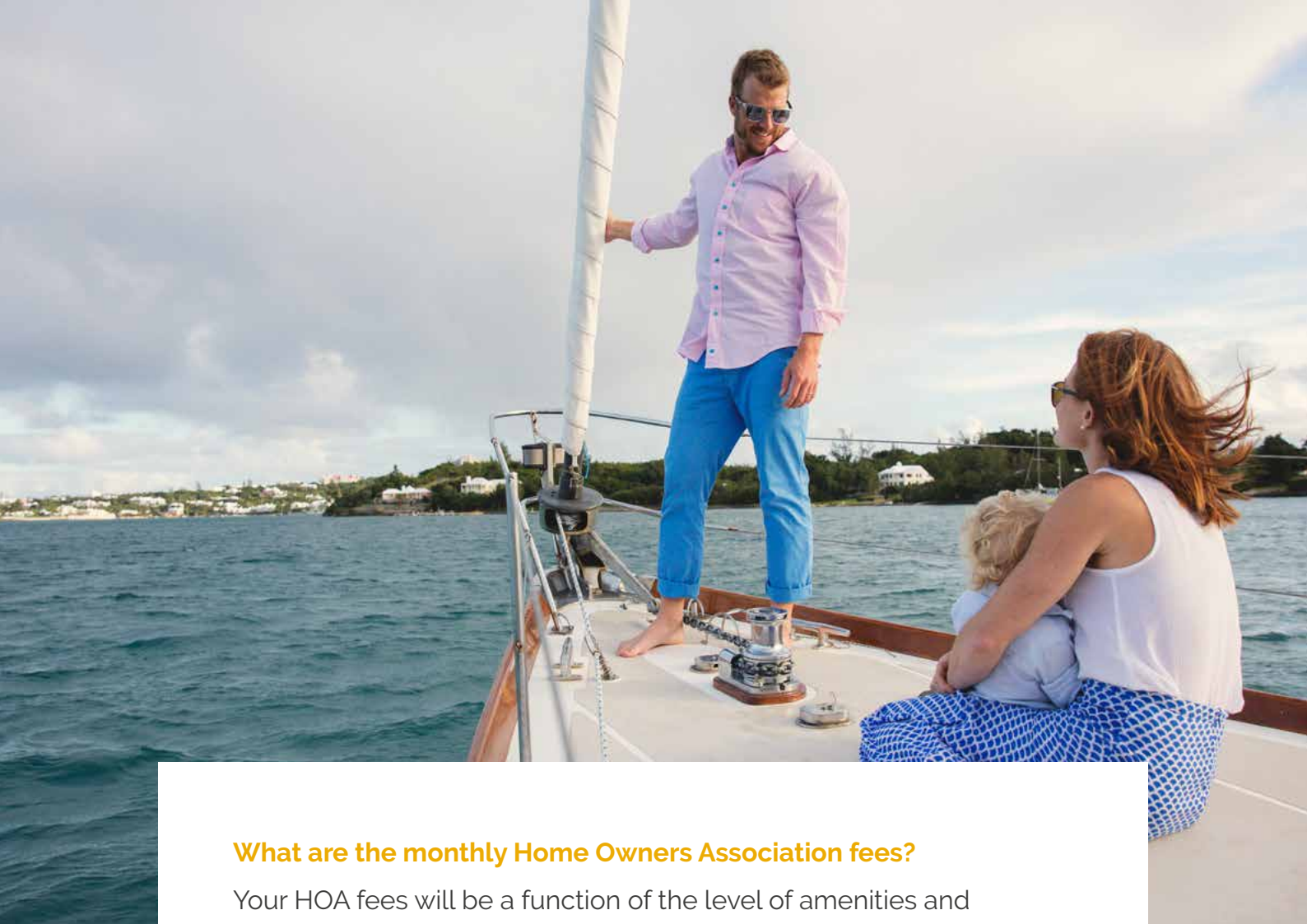
When you're looking around the property, there are two parties you should be asking questions to: the realtor and the local residents.

Questions to Ask the Realtor:

What does the insurance cover?

Make sure that you get a full copy of what your insurance covers. Insurance doesn't cover the cost of refurbishing the building.

It's also important to check whether your personal belongings will be included in your insurance policy. If not, you will need to take out a contents policy out.



What are the monthly Home Owners Association fees?

Your HOA fees will be a function of the level of amenities and services provided divided by the number of condos in the development . Fees will be based on development annual running costs, whether your community is professionally or self-managed, and whether reserve funds are to be set aside for major repairs.

If the development has been operational for a few years it's important to get hold of a copy of the quarterly or annual accounts if you can. Keep in mind that condo association fees aren't tax deductible.

You should always review the repair fees included in the clause. Every condo association should set aside money for major repairs – a reserve fund.

Is there any litigation?

Litigation is the process of taking legal action. Make sure there's no past or ongoing litigation in your community, it's a sign of a poorly run neighborhood or bad neighbors.

What amenities will the condo be sold with?

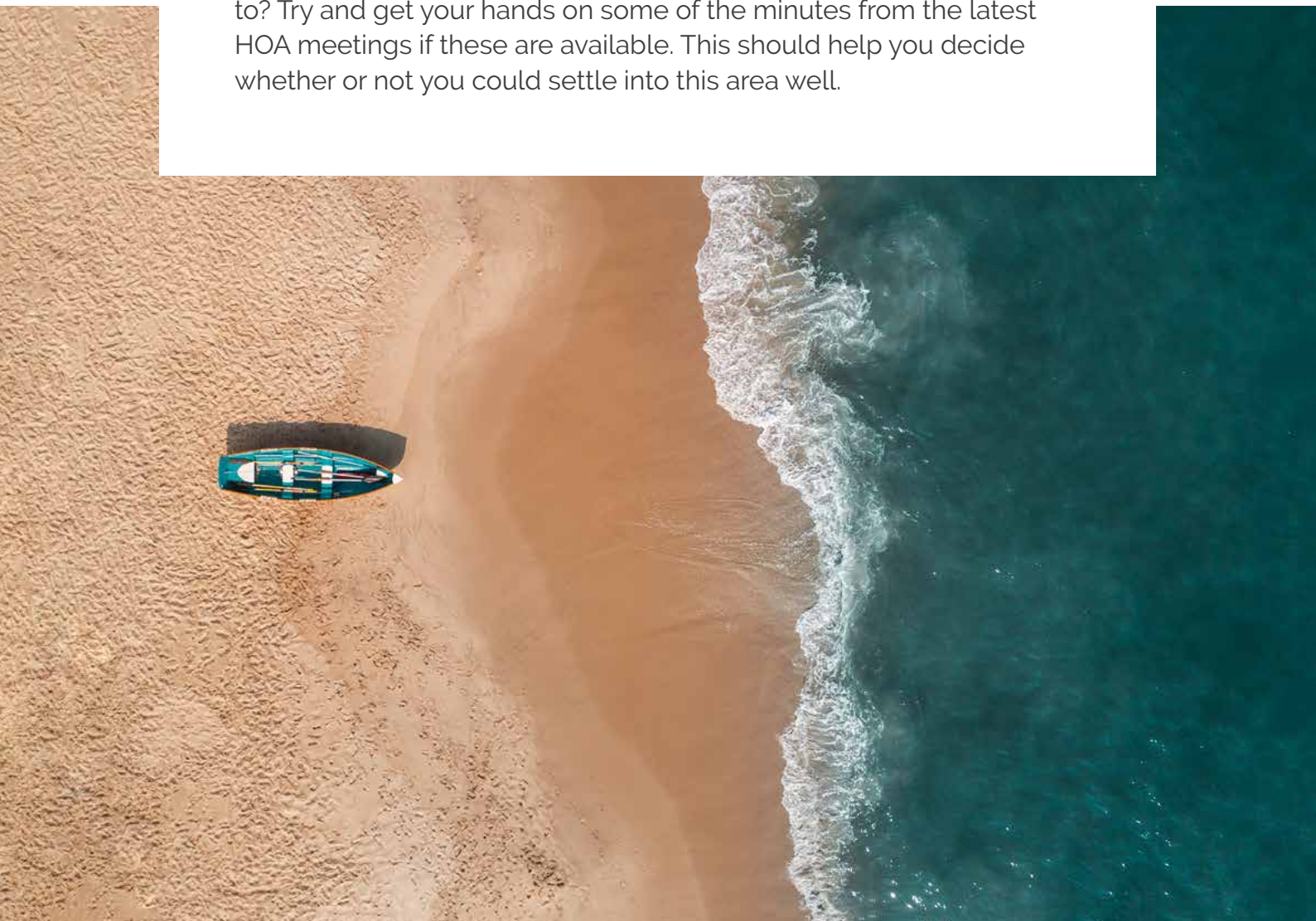
Before you set your heart on your dream condo, make sure to check whether it's got the amenities you want - things like an infinity pool, a gym, a spa and 24-hour security.

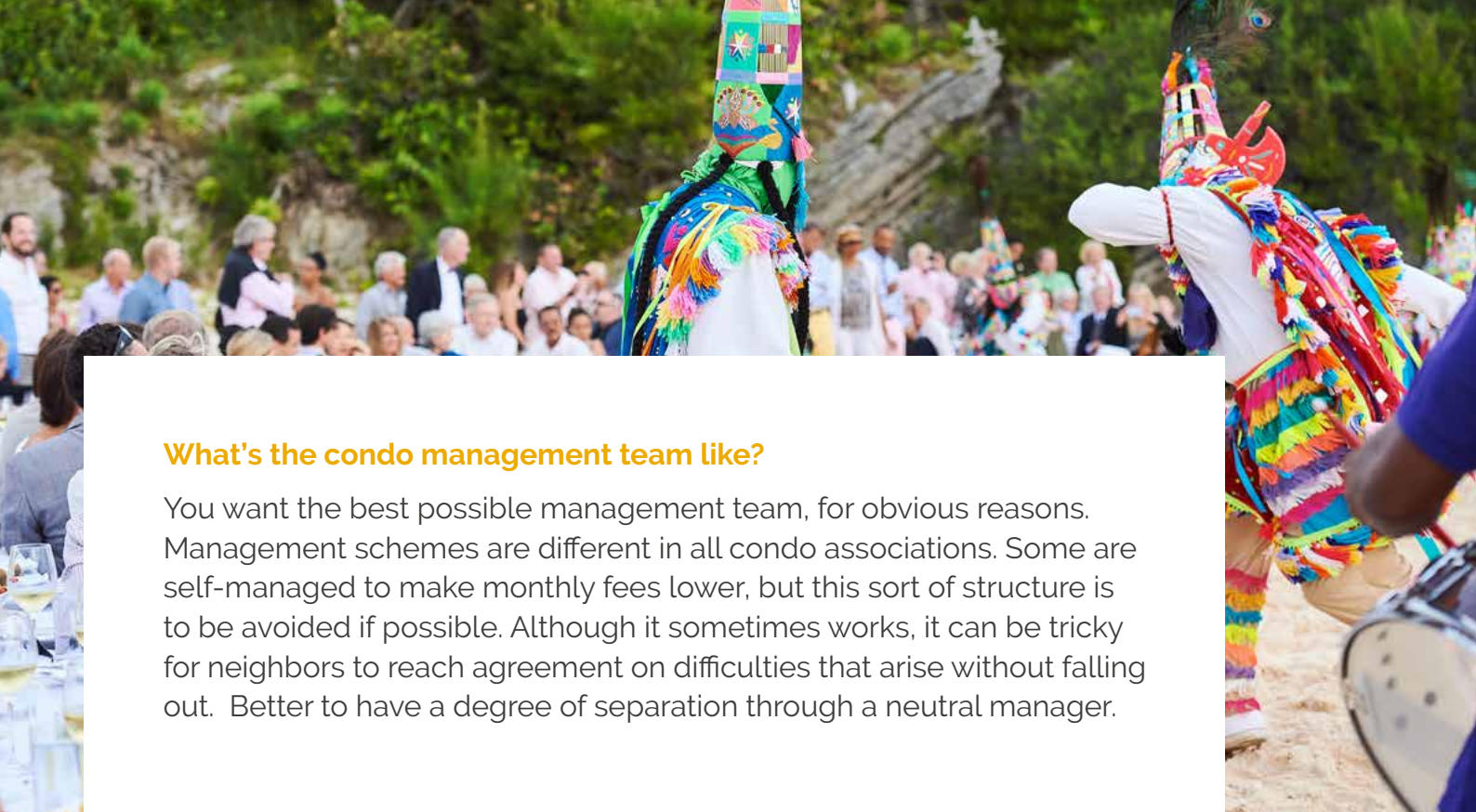
Yes, these amenities will increase the price, but they're completely worth it to provide the ultimate luxury escape away from the big city to relax and unwind. Plus, when you can't be there, these attractive qualities will make it easier for you to rent out your condo for other visitors to have the most perfect stay.

Questions to Ask Local Residents:

What are the biggest complaints?

What are the biggest problems in the area you're looking to relocate to? Try and get your hands on some of the minutes from the latest HOA meetings if these are available. This should help you decide whether or not you could settle into this area well.





What's the condo management team like?

You want the best possible management team, for obvious reasons. Management schemes are different in all condo associations. Some are self-managed to make monthly fees lower, but this sort of structure is to be avoided if possible. Although it sometimes works, it can be tricky for neighbors to reach agreement on difficulties that arise without falling out. Better to have a degree of separation through a neutral manager.

Quick Check

What can you afford in capital terms to buy the property in the first place?

Do you need to mortgage / remortgage / borrow in order to buy? If so, how will you go about this?

Do you slot into the condo lifestyle well? Will it suit you?

Will it make you happy?

CHAPTER

five

the paperwork

So, you've found your perfect condo and the perfect realtor.
Now it's time for the final step of the journey: sorting out
the legal paperwork.

legal side

Various amendments made to the Bermuda Immigration and Protection Act 1956 have allowed internationals to buy real estate in Bermuda. There are two types of residential real estate that are available to buy in the country: real estate available only to Bermudians and real estate that is available to both national and international buyers.

That's the simple distinction. But from there on, it gets more complex. Here's a summary of the requirements, exemptions and exceptions:

- In order to be eligible for purchase by an international buyer, the property's annual rental value must be more than a designated amount (\$25,800 for a condominium and \$126,000 for a house).
- Prospective international buyers must submit their applications along with a consideration fee.
- A License to Acquire is required and its cost depends on the type of property the buyer wishes to purchase. The fees are set at:
 - 6% of the purchase price of a condo
 - 8% of the purchase price of a house
 - If you are a Permanent Resident Certification holder (PRC), the fees will be 4%
- The agreement in principle between an international buyer and seller will also include a deposit of 10% of the property's purchase price.
- The Immigration Department can grant international buyers permission to rent their property. Permission rarely extends to periods of more than a year and there will be an additional tax of 7.25% for short-term rentals. [Read](#) more about this here.
- International buyers are not allowed to buy property with the main intent of earning rental income. But, recent changes to the Bermuda Immigration and Protection Amendment (No 2) Act 2010 permits this, if the property is tourist accommodation and hotel residences.

There are also taxes on land and property. These rates depend on the property's annual rental value. At the time of writing, they are set as:

Annual Rental Value	Tax Rate
\$0 to \$11,000	0.8%
\$11,001 to \$22,000	1.8%
\$22,001 to \$33,000	3.5%
\$33,001 to \$44,000	6.5%
\$44,001 to \$90,000	12%
\$90,001 to \$120,000	25%
\$120,001 and over	47%



documents & visas

It's important to realize that although international buyers are allowed to purchase real estate in Bermuda, if you own a home here, that doesn't make you eligible for Bermudian citizenship or permanent residency.

However, visitors are always welcome in Bermuda and are allowed to stay for up to six months.

As of March 2014, entry visas and visa waivers are no longer required if you're entering Bermuda for tourism, business or work (if you have a work permit). But if you require a multiple-entry visa and are traveling from the US, UK or Canada, you need at least 45 days remaining on that visa beyond the date of departure. There are other requirements to consider too. Read more about them [here](#).



Quick Check

Does your condo exceed \$25,800?

Have you factored in additional costs, such as the application fee and tax rates?

Have you got a License to Acquire?

Have you sorted out any visas that you might need?



taking the final step towards your perfect condo

Buying a condo isn't a choice that should be taken lightly. It could be everything you've always dreamed of, so in order to ensure this outcome, it's important that you go into this fully prepared.

Bermudiana Beach is part of the Tapestry Collection by Hilton, and Bermuda's first branded condo hotel. Featuring two and three bedroom properties that are fully furnished and beautifully presented, the condos can sleep between six and eight people comfortably. So, there'll always be room for family and friends.

As the condo owner, you can spend 90 days taking in the glorious Bermudian landscapes and ocean views, accessing the superb hotel facilities (think cliff top infinity pool, terrace bars and premium spa) or strolling down to enjoy the local amenities and mingle with the locals.

For the rest of the year, your condo will be managed and marketed on your behalf as a fully serviced hotel room or suite. This is part of your arrangement with Bermudiana Beach and Hilton's Tapestry Collection - the hotel will look after and maintain your property, so you can enjoy all the benefits of the prestigious condo life, but without any of the hassle.