CONDOMINIUM CONSIDERATIONS

HDF urges you to learn all you can learn about a Condo/Townhouse you may be interested in. Association fees and what they cover are only one of the many pieces of information you should gather. You should be concerned about the financial stability of the association and the rules and regulations that you will have to live by if you purchase.

In order for us to approve a loan for any condominium project, it must meet certain criteria. If it is on the HUD approved FHA list, you will not be required to provide additional information.

1) To determine if it is on the FHA list, go to www.HUD.gov.
2) Click on “Resources” → “HUD Approved Condominium Projects”. Enter the information required.

If it is NOT on the HUD list you will be required to provide HDF with:

- Condo project questionnaire
- Resale Certificate
- Budget for BOTH the current year to date and the most recent full year (if no line item for replacement reserves, a statement from Management Company detailing the reserves must be provided)
- Income statement for BOTH the current year to date and the most recent full year
- Balance sheet (AKA Statement of Assets & Liabilities) or BOTH the current year to date and most recent full year
- Condo by-laws AND Declarations
- Actual insurance certificate (ACCORD), to include fidelity insurance (AKA Officers & Directors coverage) if complex has more than 20 units, and flood insurance if complex is in zones A or V

The bank you are using for a first mortgage may request this information on your behalf from the association. If not, you will be required to obtain all the documents. The condo association may ask you for a questionnaire to complete but will have copies of the other documents. There is a condo questionnaire included in this folder.

NOTE: If the condo you are interested in is NOT FHA approved or does not meet minimum standards mortgage, financing may not be available. Bank criteria could be different than HDF’s.

This is the minimum criteria the condo must meet to obtain HDF approval:

- Owner occupancy 51% or higher (Actual: ____________)
- Commercial space is no more than 25% of total (Actual: ____________)
- HOA fee delinquency rate (30 days or more) is no higher than 15%
- Investor concentration is no more than 10% of total units (Actual ____________)
- Adequate budget has been provided and reviewed
- No pending lawsuits or litigation, unless the issue is sufficiently insured against
- Adequate hazard, liability, fidelity and flood insurance (if applicable) is in place. Flood insurance is required in zones A and V. General liability insurance should specify a minimum of $1,000,000 per occurrence. Hazard insurance should be based on replacement cost. Fidelity insurance is needed if the project is larger than 20 units.
**HDF - UNIFORM CONDOMINIUM and CO-OP QUESTIONNAIRE**

Project Name: _________________________________________________ Date: ______________
Address: _______________________________________________________________________________
City: __________________________________________________________________________________

1. Is the project a (   ) Condominium or (   ) Co-op?
2. The legal name of this project is: __________________________________________________________
3. Does any single investor own more than ten percent of the total units in the project? (   ) YES (   ) NO
4. Is the owner occupancy 51% or higher? (   ) YES (   ) NO (Actual_____%)
5. Is commercial space more than 25% of total? (   ) YES (   ) NO (Actual_____%)
6. Is the HOA fee delinquency rate (30 days or more) higher than 15%? (   ) YES (   ) NO (Actual_____%)
7. Is the Owners’ Association currently a party in any type of litigation or public administrative action (including any violations of any environment or public health statutes and laws or current environmental or public health litigation or administrative action)? (   ) YES (   ) NO. If YES, describe the nature of the litigation or public action and attach any information: ____________________________________________________________

8. Flood insurance is required in zones A and V. General liability insurance should specify a minimum of $1,000,000 per occurrence. Property, hazard and building insurance should be on replacement cost. Fidelity insurance is needed if the project is larger than 20 units. Co-ops with elevators, excess liability insurance of $2,000,000 per occurrence. Co-ops that are less than 70% owner occupied, rent loss insurance is required. Is adequate hazard, liability, fidelity, and flood insurance (if applicable) in place? (   ) YES (   ) NO.
9. Current year budgeted replacement reserves: ($__________)
10. Are budgeted replacement reserves for the current year at least 10% of budgeted expenses for the current year? (   ) YES (   ) NO

11. Describe the unit sales. For a fully constructed project that has been sold out, complete the below information

<table>
<thead>
<tr>
<th>UNIT SALES</th>
<th>UNIT TYPES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of units in project ______</td>
<td>Single-Family Detached ______</td>
</tr>
<tr>
<td>Total number of units conveyed to purchases ______</td>
<td>Townhouse, Row, or Cluster ______</td>
</tr>
<tr>
<td>show breakdown below:</td>
<td></td>
</tr>
<tr>
<td>Total no. principal residence units conveyed ______</td>
<td>Garden ______ No. of stories(1-2) ______</td>
</tr>
<tr>
<td></td>
<td>Mid-rise ______ No. of stories (3-5) ______</td>
</tr>
<tr>
<td>Total no. second home units conveyed ______</td>
<td>High-rise______ No. of stories (6 +) ______</td>
</tr>
<tr>
<td>Total no. investor -owned units conveyed ______</td>
<td>Other ________________________________</td>
</tr>
<tr>
<td>Total no. units retained by developer/converter ______</td>
<td></td>
</tr>
</tbody>
</table>

12. If the project was (or is being) created by the conversion of an existing building, please provide the following:
Age of building:_______ Year converted: __________________ Type of original use: ______________
13. The project (     ) is (    ) is not a legally phased project. The project consists of _____ units in ____ legal
phases.

14. Does any investor own more than one unit (     ) YES (     ) NO. If YES, identify the investor, (the
same individual, investor group, partnership, or corporation) and indicates the total number of units
owned by each such investor in the project

____________________________________________________________________________________

15. The recreational amenities (other than those in a master association) include: (     ) Pool # ______ (     )
Clubhouse # ______ (     ) Tennis Court # ______ (     ) Playground # ________ (     ) Other
__________(    )

16. Are all units and facilities complete? (This included all amenities and common areas such as pool,
tennis courts, roads, walkways, parking areas, landscaping, clubhouse, and renovations associated
with conversions.) (     ) YES (     ) NO
If NO, please provide the following: _______ units is _____ Phases have been completed. Describe the
incomplete items:

____________________________________________________________________________________

17. Can the project be expanded beyond its current size? (     ) YES (     ) NO

18. Has the Owners’ Association been notified of any violation of any government or land-use regulations
(such as zoning ordinances and coastal tideland or wetlands laws)? (     ) YES (     ) NO. If YES, describe
the nature of the violation and attach any information.

____________________________________________________________________________________

19. How is title to the units held: ______ Fee Simple ______ Leasehold. If Leasehold, please provide a
copy of the lease.

20. Are there any leased recreational facilities or any common area leases? (     ) YES (     ) NO. If YES,
please provide a copy of the lease.

21. Does the unit owner own the lot or land below the unit or an undivided interest in common land?
(     ) lot (     ) undivided interest.

22. Do the unit owners have sole ownership interest in and the right to the use of the project facilities (     )
YES (     ) NO. If NO, please explain:

____________________________________________________________________________________

23. Does the developer retain ownership interest in any of the facilities or common area? (     ) YES (     )
NO. If YES, please explain:

____________________________________________________________________________________

24. Do the project documents allow the units to be leased or rented for less than a 30-day period? (     ) YES
(     ) NO.

25. Are there any other restrictions relating to the term of any lease or rental agreement? (     ) YES (     )
NO. If YES, describe restrictions:

____________________________________________________________________________________

26. Has voting control of the Board of Directors been turned over from the builder and/or developer?
(     ) YES, control was turned over in_______________________(Month/Year).
(     ) NO, the anticipated date for the transfer of control is_______________________(Month/Year).

27. The Owners’ Association fiscal year is from ________________ to ______________(Month/Year).

28. How many budget cycles have been controlled by the unit owners as a majority (as opposed to the
developer)?
(     ) NONE (     ) ONE (     ) TWO (     ) MORE THAN TWO
29. The unit assessment/common charges for all units are:
   (   ) The same, the assessment is $____________________________ per month.
   (   ) Not the same, the assessments range from $________________ to $________________ per month.

30. Do the unit assessments include any charges for unit utilities? (   )YES    (   ) NO. If YES, please indicate which utilities:
   ____________________________________________________________________________________

31. As of the start of the current fiscal year, how many are delinquent more than thirty (30) days in their unit assessment charges? #___________________. Total amount of outstanding delinquent charges is $__________________________

32. Are there any special assessments now approved, or have there been any in the past two years? (   ) YES (   ) NO. If YES, describe the nature / purpose, the total amount, and the per unit charge. Nature / Purpose of assessment:_____________________________. Total amount of assessment: $______________. Per unit charge: $__________.

33. Indicate if the project is (   ) Self-Managed, or (   ) Managed by a management firm.

34. If a management firm manages the project, is it related to the developer? (   ) YES (   ) NO. If YES, describe the nature of the relationship:_______________________________.
   Name:__________________________________________________________
   Company Name:______________________________________________________
   Address:___________________________________________________________
   Telephone #:_____________________

35. If an Owners’ Association employee manages the project, supply the following contact information:
   Name:________________________________________________________
   Title:___________________________________________________________
   Mailing Address:__________________________________________________
   Telephone #:_____________________

36. If a co-op, provide date of proprietary lease expiration (please attach page 1 of lease showing date).

CERTIFICATION
I, the undersigned, certify that to the best of my knowledge and belief, the information and statements contained on this form and the attachments are true and correct.

____________________________________________    ______    _______________________________________
Signature of Association Representative or Preparer            Date      Telephone Number

_________________________________________________    ___________________________________
Name of Association Representative or Preparer         Title

Preparer’s Company Name and Address