

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) for **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

UNIT SALES

Total number of units in project _____
 Total number of units conveyed to purchases _____
 show breakdown below:
 Total no. principal residence units conveyed _____
 Total no. second home units conveyed _____
 Total no. investor -owned units conveyed _____
 Total no. units retained by developer/converter _____

UNIT TYPES

Single-Family Detached _____
 Townhouse, Row, or Cluster _____
 Garden _____ No. of stories(1-2) _____
 Mid-rise _____ No. of stories (3-5) _____
 High-rise _____ No. of stories (6 +) _____
 Other _____

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