



CONDO QUESTIONNAIRE ANSWER KEY

- 1. Project is:**
Condo and PUD's are allowed. HOA certification not needed for a PUD
- 2. Unit is:**
Attached and Detached projects are *allowed*
- 3. Units are:**
If Leasehold, project is *ineligible*
- 4. Unit owners in control of HOA?**
Developers or unit owners may be in control. If Developer is still in control, condo is considered new and requires a FNMA PERS approval
- 5a. Are all units complete? Are all common elements and amenities with the subject phase complete?**
All units, common areas, and recreational facilities must be 100% complete for the subject phase
- 6a. Is the project a legally phased project? If yes, is the project subject to additional phasing / annexation / add-ons?**
Additional phasing and add-ons are allowed. Condo is considered new and requires PERS approval
- 7a. Is the project a conversion of an existing building? If yes, was conversion a full gut-rehabilitation?**
Condo conversions that are *at least 3 years* old are eligible
- 8. Project pre-sale and owner occupancy questions are for residential units only:**
The date when first units were made available is used to determine if the project is selling at an acceptable rate
- 9a. How many units are over 30 days delinquent? If units are delinquent, what is the balance owed?**
If *more than 15%* of the total units or *10% of the total budget* are greater than 29 days delinquent, project is ineligible.
- 10a. Total income budgeted this year, total reserves budgeted:**
At *least 10%* of the total budget should be allocated for reserves. (Exceptions may be considered)
- 11. Is project part of a "Master" or "Umbrella" Association?**
If yes, additional information may be required for eligibility
- 12. Does any one person or entity own more than one unit?**
No single entity may own more than *20%* of the total units
- 13. Are there any pending or outstanding special assessments?**
If yes, obtain details and determine the impact on all units and marketability
- 14. Is the HOA involved in any litigation, mediation, arbitration, or other dispute resolution process?**
If yes, obtain details (attorney opinion letter) and determine risk. If litigation *affects the structure or marketability*, the project is ineligible
- 15. Are there any adverse environmental factors affecting the project as a whole or as individual units?**
If yes, the appraiser must address the impact on *value and marketability*
- 16. Does the homeowners' association have a reserve fund separate from the operating account?**
At *least 10%* of the total budget should be allocated for reserves
- 17. Do the project legal documents include any restrictions on sale which would limit the free transferability of title?**
If yes, the only restrictions allowed are *age restrictions*
- 18. Is the unit part of a legally established condominium project, in which common areas are owned jointly by unit owners?**
If no, project is *ineligible*





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- 19a. Do unit owners have sole ownership & exclusive right to project facilities?**
If no, project is *ineligible*
- 19b. Are any project facilities (parking, recreation facilities) leased to the HOA?**
If yes, project is *ineligible*
- 20a. Does the project consist of manufactured housing units?**
If yes, project is *ineligible*
- 20b. Are any units less than 600 square feet?**
If yes, project is *ineligible*
- 20c. Are any of the units used for “live-work” (e.g., the unit owner lives in a loft area and runs a business on the ground floor)?**
If yes, project is *ineligible*
- 20d. Is the project a Continuing Care Retirement Community or Life Care Facility where residents sign long-term contracts for housing, medical, assisted-living, and other services?**
If yes, project is *ineligible*
- 21. If a unit is taken over in foreclosure or deed-in-lieu, is the lender responsible for delinquent HOA dues?**
If yes, the mortgagee *may not be responsible for more than the greater of 6 months*, or the maximum amount permitted under applicable state law
- 22. Does the property operate as a resort hotel; renting units on a daily basis?**
If yes, only allowed on a *case by case* basis with prior management review and approval
- 23. Is any part of the project used for commercial purposes?**
If yes, only allowed on a *case by case* basis with prior management review and approval
- 24. Do the project legal documents or local zoning limit the amount of time the owners can live in their unit?**
If yes, project is *ineligible*
- 25. HOA is named insured on master insurance policy?**
If no, project is *ineligible*
- 26. Are common elements / limited common elements insured to 100% replacement cost?**
If no, project is *ineligible*
- 27. Are units or common improvements located in a flood zone?**
If yes, flood insurance is *required*
- 28. Is the HOA insured for general liability?**
If no, project is *ineligible*
- 29. Does the HOA provide hazard insurance coverage for the interior (walls-in) of the condominium unit?**
If no, the borrower must obtain a *separate HO-6 policy*
- 30. Is the HOA insured for Fidelity Bond?**
Fidelity bond coverage is required for projects *over 20 units*, must be \$1 million per occurrence and must be at least *equal to the greater of 3 months HOA dues* or reserves or minimum required by state law.
- 31. Minimum number of days required for written notification to be given to HOA or insurance trustee before any substantial changes or cancellation of the project coverage.**
Minimum of *10 days* required
- 32. We certify that the right of first refusal does not adversely impact the rights of a mortgage or its assignee to foreclose or take title to a condo unit pursuant to the remedies in the mortgage; accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; and sell or lease a unit acquired by the mortgagee or assignee.**
If no, project is *ineligible*

