

## FHA CONDOMINIUM GUIDELINES

*(Effective with Case Number on or after November 2, 2009)*

- Projects must consist of two (2) or more units.
- At least 50% of the units must be sold prior to endorsement of any mortgage on a unit. Valid presales include an executed sales agreement and evidence that the lender is willing to make the loan (copy of mortgage commitment).
- At least 50% of the units must be owner occupied or sold to owners who intend to occupy the units.
- No more than 25% of the property's total floor area in a project can be used for commercial purposes. The commercial portion of the project must be of the nature that is homogenous with residential use.
- No more than 10% of the units may be owned by one investor. For two (2) to three (3) unit condos, no single entity can own more than one (1) unit. All common elements and facilities must be complete and only one (1) unit can be conveyed to non-owner occupant.
- No more than 15% of the total units can be in arrears (more than 30 days past due) on their association fees.
- Right of First Refusal is permitted.
- Projects must be covered by Hazard and Liability Insurance and when applicable, flood insurance.
- Projects consisting of three (3) or less units will have no more than one (1) unit encumbered by FHA insurance.
- Projects consisting of four (4) or more units will have no more than 30% of the total units encumbered by FHA insurance.
- A current reserve study must be performed to assure that adequate funds are available for funding of capital expenditures and maintenance (current reserve study cannot be more than 12 months old).
- Condo Conversions: One (1) year waiting period is eliminated. In the event a unit or common elements are undergoing remodeling or rehabilitation, the entire condo project, including, common facilities, must be 100% complete.
- If a project has been previously approved, lender must certify that they are not aware of any changes in circumstances since initial approval of the project that would result in the project no longer complying with FHA guidelines.
- Transfer of control of the HOA shall pass to the owners of units within the project no later than the earlier of the following:
  - (a) 120 days after the date by which 75% of the units have been conveyed to unit purchasers or,
  - (b) One year after completion of the project evidence by the first conveyance to a unit purchaser.
- Lenders Certification to Condominium Requirements signed by Underwriter.

## FHA CONDO QUESTIONNAIRE

Applicant(s) Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Dear Homeowners Association Officer:

We have received an application for a mortgage on a unit in the above referenced project. In order to facilitate the mortgage process, the following information is to be completed by an Officer/Trustee of the Homeowners Association or the Management Company.

1. Control of the Homeowners Association was turned over to the unit purchasers on \_\_\_\_\_.
2. Date Project was completed \_\_\_\_\_.
3. Are all common areas, facilities, and individual units completed, including those that are part of a Master Association?  Yes  No.
4. Total Units in Project: \_\_\_\_\_  
Number of Units Sold and Closed: \_\_\_\_\_ Number of Units Second Homes: \_\_\_\_\_  
Number of Units Owner Occupied: \_\_\_\_\_ Number of Units Non-Owner Occupied: \_\_\_\_\_  
Number of Units Sponsor Owned: \_\_\_\_\_ Number of Vacant Units: \_\_\_\_\_
5. Are there any special assessments now planned, or have there been any in the past year?  Yes  No  
If yes, describe the nature of the assessment and the cost per unit: \_\_\_\_\_
6. Are any of the unit owners thirty (30) days or more delinquent in paying monthly Homeowners Association dues?  Yes  No  
If yes, what percentage of the unit owners are thirty (30) days or more past due? \_\_\_\_\_ %
7. Does any single entity (same individual, investor group, or corporation) currently own more than 10% of the total units in the project?  Yes  No  
If yes, what percentage of the total units in the project do they own? \_\_\_\_\_ %
8. Does the project include any multi-dwelling units that represent security for a single mortgage?  
 Yes  No  
If yes, please give details: \_\_\_\_\_
9. Does the project include any commercial property?  Yes  No  
If yes, please provide details including percentage of commercial property: \_\_\_\_\_
10. Is the Homeowners Association involved in any current or pending litigation?  Yes  No  
If yes, explain in detail on a separate sheet and attach all supporting documentation.
11. How many units are encumbered by FHA Insurance? \_\_\_\_\_

12. Is the project a Conversion?  Yes  No

13. Are there any special assessments now planned, or have there been any in the past year?  Yes  No  
If yes, describe the nature of the assessment and the cost per unit: \_\_\_\_\_

14. Does the Homeowners Association have a reserve plan and a reserve fund separate from the operating account that is adequate to prevent deferred maintenance?  Yes  No  
If yes, the amount of the fund is \$ \_\_\_\_\_ as of \_\_\_\_\_.

15. Project Insurance Information:

Hazard Insurance: \$ \_\_\_\_\_

Does this equal 100% of the current replacement cost of the improvement?  Yes  No.

Liability per Occurrence: \$ \_\_\_\_\_

Fidelity Bond (employee dishonesty): \$ \_\_\_\_\_

Flood Insurance (if applicable): \$ \_\_\_\_\_

Earthquake Insurance (if applicable): \$ \_\_\_\_\_

**Please attach a copy of the Master Insurance Policy, including evidence of each type of insurance coverage, along with a copy of the most recent Operating Budget and Recent Financial Statement.**

We appreciate the time you have taken to complete this form.

Sincerely,

Mid-Island Mortgage Corp.  
900 Merchants Concourse  
Westbury, NY 11590  
Phone: (516) 683-0800 • Fax: (516)-832-8135

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

\_\_\_\_\_  
*Officer / Trustee Name and Title (Print)*

\_\_\_\_\_  
*Officer / Trustee Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Telephone Number*

\_\_\_\_\_  
*E-Mail Address*