



CONDOMINIUMS –FULL REVIEW

WHAT DOES A BROKER NEED TO PROVIDE?

Projects not meeting Limited Review guidelines must be approved by 1st Advantage and meet FNMA guidelines. Full Reviews require the following documents:

1. Condo/PUD Questionnaire Full Review
2. Certificate of Insurance (coverage must meet FNMA insurance requirements)
3. Project’s legal documents (declarations, bylaws, articles of incorporation)
4. Project’s Budget (must show revenue, expenses and reserves)
5. Architect’s/Engineer’s Report (for new or recent conversions)
6. Appraisal (the project approval can be done subject to acceptable appraisal)

SPECIFIC PROJECT REQUIREMENTS:

FNMA PROJECT TYPE	TYPE S (ESTABLISHED)	TYPE R (NEW)
Control of Association	Must be turned over to Homeowners	Developer can still be in control
Common Areas/Units Complete	Must be 100% complete	Must be "substantially" complete
Pre-Sale (closed sales or under contract)	At least 90%	At least 51% to owner occupants
Owner Occupancy	At least 51%	At least 51% of total units in project
Additional Phasing	Not Allowed	Allowed
Fidelity Bond	Not Required	Required for projects with 20 + units

Requirements for all projects (this is brief summary and does not cover every requirement):

1. No single entity can own more than 10% of total units, except for developer during initial marketing period.
2. No more than 20% of the total gross square footage can be used for commercial purposes.
3. No more than 15% of HOA Dues can be more than 1 (one) month delinquent.
4. If project is a new or recent (last 3 years) conversion, an Architect’s/Engineer’s Report must be obtained and reviewed. All rehab work must be complete.
5. Budget must be reviewed to determine that it is adequate and that it provides for funding of replacement reserves (at least 10% of budget).
6. The property must be owned fee simple and cannot be ineligible (condotel, timeshare, cooperative, etc) or manufactured housing project.
7. The project cannot be involved in any current or pending litigation (HOA or developer).
8. Individual Units should have separate utility metering.

Requirements for 2-4 Unit Projects (New or Established):

1. All but one unit in the project must have been conveyed (closed sales) to owner-occupant principal residence or 2nd home purchasers.
2. No single entity may own more than one unit within the project.
3. All units and common areas/facilities must be 100% complete.
4. The project cannot be subject to additional phasing or annexation.
5. Control of the HOA does not have to be turned over to the unit owners.
6. Project must be subject to a binding arbitration clause in its legal documents.
7. Budget does not need to be reviewed for 2-4 unit projects.