

SUGGESTED CHECK LIST FOR LOAN APPROVALS UNDER
CURRENT GUIDELINES

(Please see the attached Supplement to the FHA Condo Loan Approval Checklist which such Supplement shall be considered a part hereof and specifically incorporated herein).

- _____ 1. The legal documents of the homeowners association do not contain a right of first refusal or restrictive covenant. –**See Attached.**
- _____ 2. The unit is part of a condominium regime that provides for common and undivided ownership of common areas by unit owners.
- _____ 3. The project, including the common elements, and those of any Master Association, are complete, and the project is not subject to additional phasing or annexation.
- _____ 4. (a) There are no special assessments pending. – **See Attached.**
- _____ (b) No legal action is pending against the condominium association, or its officers or directors. – **See Attached.**
- _____ 5. The common areas have been under the control of the homeowners association for at least one year.
- _____ 6. At least 90 percent of the total units in the project have been sold. Verified by _____.
- _____ 7. At least 51 percent of the total units in the project are owner-occupied. Verified by _____. –**See Attached.**
- Unknown 8. There are no adverse environmental factors affecting ht project as a whole or individual units. –**See Attached.**
- _____ 9. No single entity owns more than 10 percent of the total units in the project. Verified by _____.
- _____ 10. The units in the project are owned in fee simple or the units are held under a leasehold acceptable to FHA. Leasehold in file.
- Unknown 11. The condominium association has adequate common area insurance coverage. General liability, replacement coverage, etc. reflects the character, amenities and risks of the particular development. Flood and other insurances carried, when applicable. – **See Attached.**

- Unknown 12. General maintenance level of common elements is acceptable and there is no deferred maintenance, based on the comments by the Appraiser and/or the pictures. **-See Attached.**
- Unknown 13. The condominium association has a reserve plan and a reserve fund, separate from the operating account, that is adequate to prevent deferred maintenance. The amount of the fund is \$_____ as of _____. **-See Attached.**
- Unknown 14. (a) For projects consisting of over 30 units, no more than 10 percent of the total units are encumbered by FHA insured mortgages. Verified by _____. **-See Attached.**
- Unknown (b) For projects consisting of 30 units or less, no more than 20 percent of the total units are encumbered by FHA Insured mortgages. Verified by _____. **-See Attached.**

(Mortgagee)

(Reviewer)

(Addressee)s

(Title)

(Date)

(Condominium Association Name)

(FHA case number)

(Address)

SUPPLEMENT TO FHA CONODO LOAN APPROVAL CHECKLIST

The following information is intended to supplement and qualify the responses to the attached "Checklist":

1. To the best of my knowledge and belief there is no right of first refusal found in the _____ Condominium ("Condominium Association") documents. There are, however, restrictive covenants and reference should be made to such documents in this regard.
- 4(a). To the best of my knowledge and belief there are no special assessments assessed as of the date of this response, but no representation is intended nor should any be implied regarding the potential for such an assessment to be made at some future time.
- 4(b). To the best of my knowledge and belief there are no legal actions pending against the Condominium Association, its Officers or Directors as of the date of this response, but no representation is intended nor should any be implied regarding the potential for any such legal action to be brought at some future time.
7. To the best of my knowledge and belief, 51% of the units are owner occupied but the Condominium Association does not track owner-occupancy so the bank should verify.
8. As the term "environmental factors" is undefined and vague, it is not possible to respond to this question.
11. No representation is made as to adequacy of insurance. Contact the insurance agent as follows:
12. No representation is made as to the maintenance level or deferred maintenance.
13. The amount in the reserve fund as of _____, 20__ is \$_____. No representation is made as to adequacy.
14. It is not practical for the Board of Directors to undertake the title examinations necessary to make this determination and thus it is not known the percent of the units encumbered by FHA-Insured Mortgages.

DISCLAIMER

This information is provided by _____ in its capacity as Agent for _____ Condominium Association. Neither the management company nor the Board of Directors can guarantee the accuracy of this information. You should verify this information through other sources.

This document is for the sole use of the lender or mortgagee and cannot be disseminated to any other party without the specific consent of _____ Condominium Association and _____ (Management Company).

Signature

Title