

Listing or Sale – HOA Questions

Obtain the information, listing, HOA, and title report order report, preliminary title report and contact the HOA for the following data:

1A. What is the owner Occupancy of the Complex (Condos)? _____ %

1B. Currently FHA or VA Approved? _____ %

For Buyer/Borrowers: Owner occupancy must be over 51% for FHA regardless of having an FHA approval on the project. Owner occupancy may not matter on an owner occupied transaction as long as the borrower has 20% down (conforming loans only under 417,000). Owner occupancy must be over 51% for any investment purchase (Non-owner occupied) (conforming loans only under 417,000). Owner occupancy does not matter on a 2nd home transaction as long as the borrower has 25% down (conforming loans only under 417,000).

Some lenders have guidelines regarding number of investors in the project. These are general guidelines, each lending institution has their own criteria (ie. “layering requirements”).

2. Is there any litigation between the homeowners or HOA? Yes No Unknown

Litigation in an HOA generally is a RED FLAG and will kill a transaction (Builder defects, common area issues, etc.) unless the litigation is minor in scope and usually between 2 homeowners.

3. If yes (Item #2), are you aware of a lender that has financed a loan in the complex within the past 6 months? Yes No Unknown

Buyers may have to pay HOA dues penalties, late fees, document transfer fees, and attorney’s fees if this sale approaches a short sale or is a short sale. All fees will be prorated.

4. Is the Seller delinquent on their HOA dues? Yes No Unknown

Has the seller been sued regarding back HOA dues owed? What are the HOA fees, attorney’s fees and penalties due at close of escrow?

5. Are more than 15% of all the homeowners delinquent in their HOA payments?

Yes No Unknown

Generally, no more than 15% of all the homeowners can be delinquent on their HOA dues (eg. 100 units in the project- then we can’t have 16 homeowners who are late 30 days on HOA dues.

Even if a limited review is obtained (less paperwork required than a full condo review), this guideline may cause the loan to be denied.

6. Is the complex/project completely built? Yes No Unknown

Projects must be 100% complete and all common areas. A certificate of occupancy needs to be issued. Was the complex built in phases, if so, what are the dates of completion? What is the Assigned Parking (CCR'S) _____

7. Do you know if the reserves are within condominium standards?

Yes No Unknown

8. What type of property is this? Principal residence Vacation home Investment

9. How does the seller hold title? _____

10. If this is an investment property (eg. rental), is the seller conducting a 1031 exchange that the buyer is required to cooperate with? Yes No

11. What are the amenities of the property?

12. What is included in the HOA Fees?

13. What are the HOA fees? _____

14. Are there any known assessments? Yes No