

Requirements for Lender Full Legal Review Projects

To qualify, a project must meet the following criteria:

1. All new construction and new conversion projects located in Florida and non-gut rehabs new conversions must be submitted to Fannie Mae for Condominium approval known as PERS. A new non-gut rehab conversion will require documentation that the project was renovated to the shell and new mechanical equipment was installed.
2. In order to be considered an Established project (FNMA Type S), a project must be complete with no additional phasing, control of the project has turned over to unit owners from Developer and 90% of the units must be conveyed (closed). Fannie Mae will consider a project as established with less than 90% of the units sold to unit purchasers if Developer has no more than 20% of the total units held back for rentals as long as these units' fees are current and there are no special assessments. Freddie Mac considers a project as established (FHLMC EST) when at least 75% of the total units are conveyed. All other projects would be classified as FNMA Type R/FHLMC New.
3. All units, common elements, and facilities within the project, or legal phase must be 100% complete.
4. The condominium documents must comply with the Legal Guidelines for Type R/New projects. This is determined through a review of the constituent documents.
5. For new projects, at least 50% of units in the project or subject legal phase together with all prior legal phases, must be conveyed or under contract to principal residence or second home buyers.
6. For established condominiums, at least 50% of the total units must have been conveyed as principal residence or second home. However, this requirement shall not apply to primary or second home loans.
7. No single entity, other than units owned by developer still for sale, may own more than 25% of the units for Freddie Mac loans, or 20% of the units for Fannie Mae loans. If a project consists of 5-20 units, no one can own more than 2 units.
8. The fidelity, hazard including confirmation of wind, liability and flood insurance requirements must be met.
9. If the master or blanket insurance policy **does not provide coverage for the interior of the unit**, the borrower will be required to obtain a **"walls in" coverage policy** (commonly known as HO-6 insurance policy).
10. The condominium must be well managed. No more than 15% of the unit owners can be more than 60 days delinquent. The budget must be adequate and provides for funding of replacement reserves for capital expenditure and deferred maintenance in the amount of at least 10% of the budget.
11. **No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment.**
12. No more than 35% of the total square footage of the project can be used for nonresidential purposes.
13. The units in the project must be owned fee simple or if in a leasehold. If the project is in a leasehold, any approval will be subject to a review of the lease by an attorney.
14. All facilities and amenities related to the project must be owned by the unit owners or the homeowner's association and not subject to a recreational lease. No mandatory club membership fees allowed unless amenities are owned exclusively by the HOA or the Master Association.
15. Projects with special assessments and/or loans will require separate documentation which shall include the reason for the special assessment or loan, the total amount assessed and total amount per unit, repayment, terms, documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project.

IMPORTANT: ADDITIONAL DOCUMENTATION MAY BE NECESSARY WHICH MAY INCLUDE THE NEED TO REVIEW THE HOA'S MEETING MINUTES FOR THE MOST RECENT SIX (6) MONTHS OR BASED ON THE HOA MEETING SCHEDULE, ETC.

CHECKLIST OF ITEMS

- **PLEASE INCLUDE** this checklist along with your contact information including phone and email address.
- **THE DOCUMENTS BELOW CAN BE SUBMITTED** via EMAIL condoreview@flcb.com or via "client portal". To register to the client portal, go to www.iimcgroup.com. Please do not fax long or legal documents.
- **DEPENDING ON VOLUME AND COMPLEXITY**, this review may take several business days. We strive to respond as quickly as possible, and may request further information, as circumstances dictate.
- **TOTAL GUT REHABILITATION CONVERSION** reviews will require a summary list from the Developer of all work done with costs thereof.

Lender Name: _____ Loan Number: _____

Loan Type: Conventional FHA Transaction Type: Purchase Refinance

Submitted by: _____ Phone #: _____ Email: _____

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| _____ Condominium Questionnaire (attached) | _____ Appraisal of subject unit |
| _____ Current Annual Budget | _____ Insurance Certificate for applicable types |
| _____ First 4 pages of the Declaration of Condominium and By-Laws of HOA & amendments or CCR's | _____ Sales Contract (if applicable) |
| _____ DU/LPA findings or 1008 | _____ Balance Sheet within the past 90 days |
| _____ Additional Items as requested: HOA Meeting Minutes Reserve Study, Engineer Reports, Structural and/or mechanical inspection reports. | _____ Complete FNMA Form 1076A/FHLMC Form |

For New Construction or New Gut Rehab conversions only provide:

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|--------------------------------------------------------------------------------------------------------|-----------------------------------------|
| _____ Declaration of Condominium including Amendments and Bylaws for both Subject & Master Association | _____ Presale Form |
| _____ Site Plan | _____ Master Association current budget |
| | _____ Insurance for Master Association |

The address for overnights is:

Florida Capital Bank, N.A. – Condo Review Dept.
4704 18th Avenue West
Bradenton, FL 34209
Phone: 941-896-3997 fax 941-747-9725
Email: condoreview@flcb.com

CONDOMINIUM REVIEW FORM

PROJECT LEGAL NAME: _____ CITY AND STATE: _____

Total # of Units	# of units conveyed	Developer owned units	# of Owner Occupants	# of Second homes	# of Investors

We will not accept "Doesn't track", "Unknown", "N/A" or blanks for answers. Provide actual numbers & not percentages.

1. Does the project have any of the items listed below? Please mark all which apply. Yes _____ No _____
 - Multi-Dwelling Unit (more than one unit on a deed and/or mortgage) Project is listed as an investment security with the SEC.
 - Project contains non-incidental business operations (restaurant, spa, etc.) Project is a common interest apartment or community apt. project.
 - Interior Decorating or Furnishing Restrictions Occupancy limits or blackout dates.
2. Are there short-term rentals? _____ Yes _____ No If yes, what is the minimum rental period? _____ days
3. Does the project offer Hotel Services? _____ Yes _____ No
4. Does the project have hotel or resort ratings through hotel booking websites or travel agencies? _____ Yes _____ No
5. Is the HOA a licensed Hotel, Motel, Resort or Hospitality Entity? _____ Yes _____ No
6. Is the project managed by a Hotel/Resort Management Company? _____ Yes _____ No
7. Does the project have separate Rental and/or Management Entities? _____ Yes _____ No
8. Does the HOA or legal documents require owners to make units available for rental pooling? _____ Yes _____ No
9. Does the HOA or legal documents require owners to share profits from rental or units with the HOA, Management Company or resort/hotel rental company? _____ Yes _____ No
10. Largest number of units owned by a single person/entity. (The lowest number would be at least 1.) _____
11. No. of units over 60 days delinquent and dollar amount of delinquency _____ / \$ _____
12. Is there any additional phasing or annexation? _____ Yes _____ No
13. Are units owned fee simple (FS) or leasehold (LH)? _____ FS _____ LH
14. Are all units, common areas, and amenities completed? _____ Yes _____ No
15. Date Association turned over to unit owner control (Month/Year). _____ / _____
16. Is the project a conversion? _____ Yes _____ No
 - If yes, is project a Gut rehab with renovation of property down to the shell replacement of all HVAC & electrical components? _____ Year converted _____ Yes _____ No
17. Does the project contain any governmentally regulated low- or moderate-income Housing Units (also known as inclusionary Zoning)? _____ Yes _____ No
 - If yes, is the subject designated as a low-to-moderate income unit? _____ Yes _____ No
18. Is the project subject to a recreation/land lease? _____ Yes _____ No
19. Are the units subject to a recurring transfer fee paid to the developer upon the sale of a unit? _____ Yes _____ No
20. Does the project have mandatory club membership? _____ Yes _____ No
 - If yes, who owns the club? _____
21. Is the association subject to any lawsuits or pre-litigation activity? _____ Yes _____ No
 - (mediation, arbitration, etc.)
 - If yes, provide the complaint(s) for the lawsuit(s) and/or details of the pre-litigation activity on a separate sheet.
22. Does the project contain commercial space? _____
 - If yes, what percentage of the project is commercial? _____ % _____ Yes _____ No
23. Has the Homeowners' Association or Developer retained any right of first refusal? _____ Yes _____ No
 - If yes, are the mortgagees excluded for this right of first refusal? _____ Yes _____ No
24. If a unit is foreclosed or taken back by deed in lieu of foreclosure, is the mortgagee (lender) responsible for HOA dues? _____ Yes _____ No
 - If yes, for how long? _____ 0-6 months _____ 7-12 months _____ more than one year
25. Is the project located in a Master Association? _____ Yes _____ No
26. Does the HOA or Management Co. maintain separate accounts for operating & reserve funds? _____ Yes _____ No
27. Are the monthly account statements being sent directly to the HOA? _____ Yes _____ No
28. Does the management company have the authority to draw checks against or transfer from the reserve account? _____ Yes _____ No
29. Are 2 or more members of Board of Directors required to sign checks from the reserve account? _____ Yes _____ No
30. What is the balance in the segregated reserve account? \$ _____

Special Assessments

31. Are there any special assessments ongoing or planned? _____ Yes _____ No
 - If yes, what is the purpose for the special assessment? _____
 - What is the total amount of each special assessment? _____
 - When does the special assessment begin and end? _____
 - If the special assessments are related to critical repairs within the project, have those repairs been completed? _____ Yes _____ No
 - How many unit owners are more than 60 days delinquent in their special assessment? _____

Deferred Maintenance

- 32. Does the association have any reports regarding deferred maintenance?
If yes, please provide a copy of the report. ___ Yes ___ No

- 33. Have there been any inspections done within the past three (3) years?
If yes, please provide a copy of the inspection report. ___ Yes ___ No

- 34. Has the project failed to pass state or other jurisdictional inspections or certifications related to structural soundness, safety, or habitability? ___ Yes ___ No

- 35. Is the project subject to evacuation orders ___ Yes ___ No

- 36. Does the project have material deficiencies that would result in critical elements or system failures within one (1) year?
If yes, what elements are impacted? _____ ___ Yes ___ No

- 37. Is there mold, water intrusion, or damaging leaks that have not been repaired?
If yes, please explain _____ ___ Yes ___ No

- 38. Is there any advanced physical deterioration?
If yes, what elements are impacted? _____ ___ Yes ___ No

- 39. Are there any unfunded repairs costing more than \$10,000 per unit that should be repaired within the next twelve (12) months?
If yes, please explain _____ ___ Yes ___ No

SOURCE OF INFORMATION: Acceptable sources include an officer of the condominium association or a qualified employee of the association’s management company.

Source of Information

Title

Phone Number

Website address of Association

Signature

Date

email address