

CONDO CHEAT SHEET

by TAG LENDING GROUP



FLORIDA

Primary home

- Full Review (less than 25% down)
- Limited Review (25% down or more)

Second Home/Investment

- Full Review (less than 30% down)
- Limited Review (30% down or more)

OUTSIDE THE FL

Primary home

- Full Review (less than 10% down)
- Limited Review (10% down or more)

Second Home/Investment

- Full Review (less than 25% down)
- Limited Review (25% down or more)

LIMITED REVIEW

Needed from HOA/property manager from the condo project

- Limited Condo Questionnaire - if any issue arises from this document's completion the Full Condo Review will be required.
- Master Insurance Certificate for property, liability and fidelity bond insurance + Flood insurance (if applicable)

FULL REVIEW

Needed from HOA/property manager from the condo project

- Current year working budget approved by HOA board/unit owners and distributed to all unit owners.
- Full Condo Questionnaire
- Master Insurance Certificate for property, liability and fidelity bond insurance + Flood insurance (if applicable)

**CALL TODAY
FOR DETAILS!**

Anthony Angelillo
NMLS No. 333323
CEO of the TAG Lending Group

Office 305-503-8655
Aangelillo@taglendinggroup.com
<http://www.taglendinggroup.com>

9190 Biscayne Blvd. | Suite 200
Miami Shores, FL 33138



NEEDED FROM LENDER

- DU/LP automated underwriter approval (lender will provide)
- Appraisal (lender will provide)
- Flood Certificate (lender will provide)

NEW CONSTRUCTION OR FHA SUA

(spot approval; see more on page 3) - Additional documentation needed

Needed from HOA/property manager from the condo project

- In lieu of the Full Condo Questionnaire the HUD-9991 FHA condo questionnaire is required
- Recorded Declaration of Condominium
- Recorded Articles of Incorporation
- Recorded By-Laws
- Balance Sheet completed w/n the prior 90 days



IN ADDITION TO THE ABOVE THE BELOW IS REQUIRED REGARDING THE FULL CONDO PROJECT APPROVAL:

#1

All new construction and new conversion projects located in Florida must be submitted to Fannie Mae for Condominium approval known as PERS.

In addition, all new conversion projects that are non gut rehabs also require PERS approval.

#2

In order to be considered an Established project (ENMA Type S/EHLMC EST), 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. All other projects would be classified as ENMA Type R/FHLMC New.

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IN ADDITION TO THE ABOVE THE BELOW IS REQUIRED REGARDING THE FULL CONDO PROJECT APPROVAL:

#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 to 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 10% of the units for Freddie loans or 20% of the units for Fannie Loans.

If a project consists of 2-4 units, no one can own more than 1 unit, 5-20-unit projects no more than 2 units.

Units that are controlled or owned by a nonprofit entity for the purpose of affordable housing held by higher education institution for workforce housing programs are also excluded for single entity.

#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).

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IN ADDITION TO THE ABOVE THE BELOW IS REQUIRED REGARDING THE FULL CONDO PROJECT APPROVAL:

#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 35% of the total square footage of the project can be used for nonresidential purposes.

#12

The units in the project must be owned fee simple or if in a leasehold, the lease and any amendments to the lease must be provided.

#13

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 lease. No mandatory club membership fees allowed unless amenities are owned exclusively by the HOA or Master Association.

#14

Budget - Reserves: Provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is at least 10% of the budget (divide the annual budgeted replacement reserve allocation by the association's annual budgeted assessment income.

Please note, if the budget does not meet these requirements, a reserve study can be provided in lieu of calculating the replacement reserve of 10% provided the following conditions are met.

FHA SUA (SINGLE UNIT APPROVAL)

An appraisal cannot be ordered until the HUD-9991 form is completed by the HOA or property management company and sent into HUD for review/approval (turn time for the review is 3-5 business days per FHA HUD).

This is done after the FHA case (w/o case number called a holds tracking case) is setup in FHA Connection for FHA HUD to look up when they review the HUD-9991 form...

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FHA SUA (SINGLE UNIT APPROVAL)

... And if they approve they will assign a FHA case number to the holds tracking case. This case number is what allows us to order the appraisal.

If FHA HUD denies the case number issuance based on the HUD-9991 form the loan cannot proceed.

**This info needs to be taken into consideration for any appraisal contingency timeline. Additionally, if the full condo review is unsuccessful, as FHA SUA's need to meet all requirements of the full condo review above, in addition to the FHA HUD approval listed here, then the loan cannot proceed.*

PLAN OF ACTION ON CONDOS TO HELP MOVE THINGS ALONG UP FRONT

CONDOS ONLY

OPTION 1: WE WILL PROVIDE A CONDITIONAL APPROVAL ON THE CONDO PROJECT ALONG WITH LOAN COMMITMENT BY FINANCING CONTINGENCY DATE ON THE CONTRACT

Agent to provide the following along w/ signed contract

Conventional loan:

- Completed Full/Limited condo questionnaire (limited vs full review =limited 25% down or more ; full less than 25% down)
- Current year budget
- Master Insurance contact info for which the HOA has the condo project covered for liability, property and flood (if applicable) commercial insurance.

FHA (adds to above 3 bullets)

- Swap the full condo questionnaire out above and get the HUD-9991 condo questionnaire completed instead
- Recorded declaration of condominium all documents and addendums
- Recorded Articles of Incorporation
- Recorded by-Laws
- Balance sheet for current year and no more then 3 months old (90 days)

OPTION 2: WE WILL REQUEST ALL OF THE ATTACHED (BORROWER STILL MUST PAY ANY FEES ASSOCIATED)

Agent to get financing contingency date to align with closing date and we run the risk of denial by condo review PRMG and/or FHA HUD for the full or limited condo project approval all the up until closing date. This way EMD is protected through the closing date from day 1.

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