

**CONVENTIONAL CONDOMINIUM/PUD INFORMATION LETTER**

Project Name \_\_\_\_\_ Loan # \_\_\_\_\_  
Address, City, State \_\_\_\_\_  
Borrower \_\_\_\_\_  
Condo Association \_\_\_\_\_ Phase \_\_\_\_\_  
Condo Association EIN number \_\_\_\_\_

We have received an application for a mortgage on a unit in the project identified above. In order to approve this mortgage application, we require the following information.

Please complete this letter by answering the questions in the spaced provided. Any officer of the Owner's Association, the Managing Agent (if there is one) or the Attorney for the association may respond. This letter must be completed in full and signed by one of the above mentioned individuals in order for the project to be considered for approval. Please note that the borrower's loan application cannot be approved or close until you have completed and returned this letter.

- (1) Type of Project: \_\_\_\_\_ Condominium  
\_\_\_\_\_ PUD: A) Attached Buildings  
B) Detached Buildings  
C) Combination attached and detached

Is project a conversion? YES \_\_\_\_\_ NO \_\_\_\_\_

Date Project Converted \_\_\_\_\_

- (2) What is the date when the Owners' Association took control from the developer or sponsor?

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Month Day Year

- (3) Is all construction at the project complete? (This includes the building(s) and all amenities such as pools, tennis courts, walkways, parking and clubhouse, etc.).

YES \_\_\_\_\_ NO \_\_\_\_\_

If "NO" briefly describe what has to be completed on an attached sheet.

- (4) Do the project's recorded legal documents allow the project to be expanded by additional phases or units not yet constructed?

YES \_\_\_\_\_ NO \_\_\_\_\_

If yes, have legal amendments been filed and recorded to the Master Deed?

YES \_\_\_\_\_ NO \_\_\_\_\_

Please attach evidence of recorded amendments and Master Deed.

- (5) How many units does the project include? \_\_\_\_\_  
How many units are sold and closed? \_\_\_\_\_  
How many units are sold but not closed? \_\_\_\_\_

(6) How many units within the project are occupied as:  
Owner Occupied \_\_\_\_\_  
Second Home \_\_\_\_\_  
Investment or Rental \_\_\_\_\_

(7) Does the association/project allow daily or weekly rentals?  
Daily YES \_\_\_\_\_ NO \_\_\_\_\_  
Weekly YES \_\_\_\_\_ NO \_\_\_\_\_

(8) Is there any commercial usage?  
YES \_\_\_\_\_ NO \_\_\_\_\_

If yes, please describe type of usage and total square footage used as commercial space.

(9) Are all units owned fee simple?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(10) Are there any special assessments now planned or have there been any in the past year?  
YES \_\_\_\_\_ NO \_\_\_\_\_

If "YES", state the nature of the assessment on an attached sheet, what it was for, the total amount of the assessment, the per unit charge and the time period over which it is to be collected.

(11) Is there any litigation pending in the association?  
YES \_\_\_\_\_ NO \_\_\_\_\_

If litigation is pending, please describe in detail, current status of suit and dollar amount involved in dispute.

(12) Is there more than one association for the project (such as what is called a master or umbrella association)?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(13) Is there a separate and distinct working account and reserve account set up in the name of the Owners' Association for Association funds?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(14) Does the Homeowners Association receive copies of monthly bank statements?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(15) How many signatures are required for the Owners' Association to release funds from Association bank accounts serviced by a Management Company? \_\_\_\_\_

Do officers of the HOA have sign-off privileges on any HOA accounts?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(16) Does the Management Company maintain separate records and bank accounts for this HOA which it services?  
YES \_\_\_\_\_ NO \_\_\_\_\_

(17) Does the Management Company have the authority to draw checks or transfer funds from the Owners' Association reserve account?

YES \_\_\_\_\_ NO \_\_\_\_\_

(18) Does the management Company receive and disburse all funds for the Condominium Homeowners Association?

YES \_\_\_\_\_ NO \_\_\_\_\_

(19) Please indicate the dollar amount of the unit assessment. \$ \_\_\_\_\_

Is unit assessment paid  
Monthly \_\_\_\_\_  
Quarterly \_\_\_\_\_  
Semi-annually \_\_\_\_\_  
Yearly \_\_\_\_\_

What is the balance in the HOA's reserve account YTD: \_\_\_\_\_

(20) How many unit owners are **60 days** or more delinquent in the payment of their Owners' Association dues: \_\_\_\_\_

(21) Does the Homeowners' Association own lien and debt free all amenities and recreational facilities?

YES \_\_\_\_\_ NO \_\_\_\_\_

(22) How many unit owners' own more than one unit and what is the number of units owned by each individual?

# of Individuals who own more than on unit \_\_\_\_\_  
# of units Each \_\_\_\_\_

(23) Are there any multi-unit dwellings under a single deed?

YES \_\_\_\_\_ NO \_\_\_\_\_

(24) Do the condominium legal documents contain language stating that no more than six months of regular common expense assessments will have priority over the lender's first mortgage lien

YES \_\_\_\_\_ NO \_\_\_\_\_

(25) **Please submit copies of the following insurance policies for the project (Policies must be in the name of the Condominium/PUD project):**

HAZARD:

The hazard insurance policy should cover 100% of the current replacement cost of the project facilities, including individual units in a condominium project.

PUD common areas: The owners' association must maintain a policy of property insurance which covers all of the common areas and should cover 100% of the current replacement cost of the common areas. Fixtures and building service equipment that are considered part of the common areas, as well as common personal property and supplies, should also be covered.

COMPREHENSIVE GENERAL LIABILITY:

The liability policy must be equal to One Million Dollars (\$1,000,000) per single occurrence, for bodily injury and property damage. This policy must be a Comprehensive General Liability Insurance Policy.

NOTE: Blanket or umbrella policies are not acceptable.

**FLOOD:**

If any part of the project's improvements are in a special flood hazard area, designated as A, AE, AH, AO, A1-30, A-99, V, VE or V1-30, the owners' association must maintain a master or blanket policy of flood insurance.

**PUD PROJECT:** The flood policy should cover any common area buildings and any other common property.

**CONDOMINIUM PROJECTS:** The flood policy should cover common area buildings and any other common property. When the project consists of high-rise or other vertical buildings, the owners' association must have a separate flood insurance policy for each building that houses dwelling units.

The amount of flood insurance should be at least equal to the lesser of 100% of insurable value of facilities or the maximum coverage available under the appropriate NATIONAL FLOOD INSURANCE ADMINISTRATION PROGRAM.

For high-rise condominium projects or other vertical buildings, the coverage should equal 100% of insurable value of building, including machinery and equipment that are part of the building. Contents coverage must include 100% of insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned in common by association members.

**BOILER:**

If project has central heating or cooling, coverage should provide for insurer's minimum liability per accident to at least equal the lesser of \$2 million or the insurable value of the building(s) housing the boiler or machinery.

**FIDELITY BOND/EMPLOYEE DISHONESTY:**

Evidence of fidelity bond coverage must be submitted for Type A investor/second home condominium projects, Type B & C condominium projects, Type E & F PUD projects and also FHLMC Class I, II and III condominium/PUD projects.

Fidelity bond should cover the maximum funds in custody of the owner's association or management agent at any time while the bond is in force. Generally, the Fidelity coverage must at least equal the sum of three months of assessments on all units in the project plus whatever funds are held in the reserve account.

A management agent that handles funds for the owners' association should be covered by it's own fidelity bond which must provide the same coverage as required of the owners' association.

Evidence of the Management Co.'s fidelity bond, as well as HOA's fidelity bond must be supplied.

**CERTIFICATION**

The information provided is accurate to the best of my knowledge as of \_\_\_\_\_ (date). It is presented on behalf of the Owners' Association as noted below.

\_\_\_\_\_  
Insurance Company

\_\_\_\_\_  
Signature of President, Attorney or  
Managing Agent

\_\_\_\_\_  
Agent Name

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Agent Area Code and Telephone Number

\_\_\_\_\_  
Area Code and Telephone Number