

HOA QUESTIONNAIRE & CERTIFICATION – FULL PROJECT REVIEW

Borrower Name: _____ Loan #: _____

Exact Legal Project Name: _____

Street Address & City: _____ County: State: Zip Code: _____

Project / Phase / Unit Information

List information in the grid below for all phases whether they are complete, partially complete or planned/construction not yet begun.

Phase(s) Complete	Phase(s) Planned	Date of Expctd Comp.	Marketing Began (Date)	# Units Complete	# Units Planned	# Units Sold & Closed	# Units Under Contract	# Sales Last 90 Days	Occupancy – Sold & Under Contract				
									# Owner Occupied	# 2 nd Home	# Rental/Investor	Dvlpr Owned	
1													
Totals													

1. Subject property located in legal phase # _____
2. What is the date that the first unit was conveyed to a purchaser? _____
3. Are there any units in the project with less than 400 square feet? Yes No
4. Developer will retain _____ units of total units owned
5. Developer will sell _____ units of total units owned
6. Is the project subject to any additional phasing or annexation? Yes No
 - If yes, number of additional units to be built? _____
7. Are there any REO units in the project? Yes No
 - If yes, how many are vacant? _____
 - If yes, how many are rented? _____
8. Does any one person or entity (other than the builder/developer) own more than one unit? Yes No
 - If yes, list the entity and how many units each entity owns:

Entity	# Units	Percentage

Conversion Projects

1. Is the project a conversion of an existing building? Yes No If yes, year converted: _____
 - Is the project a full gut rehab? Yes No
 - Is project a non-gut rehab? Yes No
2. What was the building's prior use? _____
3. What major components of the project have been replaced? _____
4. Provide a copy of the Engineers Report and evidence that repairs/renovations have been completed if **any** of the following apply.
 - Less than 90% of the units have been sold and conveyed
 - The HOA has not been turned over to the unit owners
 - Project is not complete and is subject to additional phasing or annexation
 - Project conversion completed ≤ 3 years ago

Common Elements, Amenities and Facilities

Recreational Facilities

Legal Phase/Building	Description of Facilities	Percentage Complete	Anticipated Completion Date
Master Association Facilities (if applicable)			

1. Are all common elements, and/or facilities complete? Yes No
 - If no, are all the common elements and/or recreational facilities associated with the subject phase complete? Yes No
2. Are the unit owners the sole owners of and have right to the use of the common elements including all buildings, roads, parking and amenities Yes No
3. Are the amenities/recreational facilities owned by the HOA? Yes No
 - If no, what is the expiration date of the lease? _____ (Provide a copy of the lease.)

HOA Information

1. Has control of the HOA been turned over to the unit purchasers? Yes No
 - Date HOA transferred to unit owners. _____
2. Is the HOA or developer involved in any litigation, arbitration, mediation or other dispute resolution process? Yes No
 - If yes, provide documentation/information regarding litigation from attorney or HOA (in separate attachment)
 - If this is personal injury litigation, will liability insurance cover any potential liability? Yes No

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HOA Information (Continued)

- 3. Is the project professionally managed? [] Yes [] No
Managing Agent: _____ Phone: _____ Contact: _____
Insurance Agent: _____ Phone: _____ Contact: _____
4. What is the name of the management company: _____
5. Can the HOA terminate the contract without a penalty? [] Yes [] No
6. Can the HOA terminate the contract without an advance notice of 90 days or more? [] Yes [] No
7. Is the term of the management contract for one year or more? [] Yes [] No
(If less than one year, provide a copy of the management contract.)
8. Is HOA subject to a Master or Umbrella association? [] Yes [] No
• If yes: Name of Master/Umbrella association: _____

HOA Dues and Other Assessments

- 1. Monthly HOA fee ranges from \$ _____ to \$ _____
2. How many units are over 30 days delinquent in Common Charges/HOA Dues? _____ Dollar amount outstanding? \$ _____
3. If a unit is taken over in foreclosure or deed-in-lieu, is the mortgagee responsible for delinquent HOA dues? [] Yes [] No
• If yes, how many months are they responsible for? _____ 0-6 months or _____ 7+ months
• If yes, is the mortgagee responsible for the costs of collecting any unpaid assessments? [] Yes [] No
4. Are there any pending special assessments? [] Yes [] No
• If yes, what is the dollar amount of special assessment per unit? \$ _____
• If yes, what are the terms and conditions of the special assessment?
Per unit monthly payment, if any \$ _____ Anticipated paid in full date: _____
• What is the reason for the special assessment: _____

Budget and Reserves

- 1. Does the project have a reserve study completed within the most recent five years? [] Yes [] No
(If yes, provide a copy of the reserve study.)
2. Does the HOA have a reserve fund separate from the operating account? [] Yes [] No
• If yes, is it adequate to prevent deferred maintenance**? [] Yes [] No Current amount in fund? \$ _____
• Total reserves budgeted for the year? \$ _____ *Includes amounts for future repair and/or replace of major components
Note: Budget must provide funding of replacement reserves for capital expenditures & deferred maintenance of ≥ 10% of the budget, and insurance deductible amounts
3. The total income amount of the most recent annual budget is: \$ _____
4. The total income received from commercial sources is \$ _____ which is _____ % of the total budget
5. What is the total dollar amount of cash and cash equivalents on hand: \$ _____
6. Are separate bank accounts maintained for the operating/working account and the reserve account, each with appropriate access controls and the bank sends copies of the bank statements directly to the HOA? [] Yes [] No
7. Are two board members required to sign any checks written on the reserve accounts? [] Yes [] No
8. If the project is managed by a management company, does the management company maintain separate records and bank accounts for each HOA that uses its services, and the management company does not have authority to draw checks on or transfer funds from the HOA reserve accounts? [] Yes [] No
9. Is the HOA required to maintain hazard, and if applicable flood insurance? [] Yes [] No
• If yes, does the current budget contain an adequate line item assessment to pay next due premiums? [] Yes [] No

Title/Deed & Legal Documentation Information

- 1. Was the condominium project created and does it exist in full compliance with applicable State law, the requirements of the jurisdiction in which the project is located, and with all other applicable laws and regulations? [] Yes [] No
(If no, provide the condo legal documents)
2. How is title to the units held? _____ Fee Simple or _____ Leasehold
• If leasehold, what is the expiration date of the lease? _____ (Provide a copy of the lease.)
3. Have project legal documents been legally recorded (e.g., Articles of Incorporation, By-laws, Declarations, etc)? [] Yes [] No
4. Do the Homeowner's Association legal documents contain language that protects the first mortgagee rights? [] Yes [] No
5. Do the project legal documents include any restrictions on sale which would limit the free transferability of title? [] Yes [] No
(i.e., age restrictions, first right of refusal, other deed/income restrictions)
• If yes, number of below market rate units (or other restrictions such as low-income or moderate-income purchasers or on the basis of age that affect the resale)? _____ List unit #'s that are subject to resale restrictions (attach separate page if necessary)
6. Do the project legal documents or local zoning limit the amount of time the owner can live in their unit? [] Yes [] No

Insurance

- 1. HOA is named insured on master insurance policy [] Yes [] No
2. Are common elements/limited common elements and individual units insured to 100% replacement cost? [] Yes [] No
3. Coverage: _____ Deductible: \$ _____ or _____ % of the face amount of the policy. Expiration date: _____
4. Are units or common improvements located in a flood zone? [] Yes [] No
• If yes, is flood insurance in force? [] Yes [] No
• Does this cover at least 100% replacement? [] Yes [] No
• Or, is this the coverage maximum available per federal flood program? [] Yes [] No
• Deductible: \$ _____ or _____ % of the face amount of the policy.
5. Is the HOA insured for general liability? [] Yes [] No
• If yes, amount of coverage for bodily injury and property damage per occurrence: \$ _____
6. Does the HOA provide hazard insurance coverage for the interior (walls-in) of the condominium unit? [] Yes [] No
If answer is "No," file must contain a copy of HO-6 policy showing the borrower has obtained coverage in an amount ≥ 20% of the unit's appraised value & the deductible doesn't exceed 5% of the face value of the policy.
7. Minimum number of days required for written notification to be given to HOA or insurance trustee before any substantial changes or cancellation of the project coverage? _____

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Insurance (Continued)

8. Is the HOA insured for Fidelity Bond Yes No If yes, amount: \$_____
- Amount carried by management company: \$_____
 - Are the amounts listed sufficient to cover the maximum amount of funds that will be in the custody of the HOA or Management Company at any time? Yes No
- Note: Coverage must equal at least three months of HOA assessments on all units plus reserves, or meet state law requirements.**
9. Is the condominium HOA self-insured? Yes No
10. Has the HOA banded together with other unaffiliated associations to self-insure all of the general and limited common elements of the various associations? Yes No

Project Eligibility

1. Are the utilities separately metered? Yes No
2. If the project is located in the **state of New York or New Jersey**, are any of the units rent controlled or rent stabilized units?
- If yes, how many units: _____
 - If yes, who is the owner of the rent controlled units: _____
 - If yes, what is the number of rent controlled/rent stabilized units sold in the last 12 months: _____
 - If yes, what is the number of rent controlled/rent stabilized units available for sale: _____
- (Provide a copy of the Offering Plan/Master Deed and all amendments)
3. Is any part of the property used for commercial purposes? Yes No
- If yes, how many commercial units are there? _____ What is the percentage of the total square footage? _____
 - What is commercial space used for? _____
 - Are any of the commercial enterprises owned or managed by the HOA? Yes No
4. Are there any adverse environmental factors affecting the project as a whole or as individual units? Yes No
- If yes, explain _____
5. Does the property operate as a condotel or resort hotel? Yes No
- If yes, number of years in operation: _____
 - Are units rented on a daily basis? Yes No
 - Do project documents allow short-term rentals (less than 30 days)? Yes No
 - If so, are the short-term rentals advertised by the HOA or does the HOA in any way facilitate or participate in the short-term rentals? Yes No
 - If project provides hotel-type services, please check applicable services below:

Restaurant / food service <input type="checkbox"/>	Check-in rental desk <input type="checkbox"/>	Daily maid service <input type="checkbox"/>	Time share <input type="checkbox"/>
Mandatory rental pool <input type="checkbox"/>	Voluntary rental pool <input type="checkbox"/>	Mandatory or voluntary revenue sharing <input type="checkbox"/>	
Full size kitchen applncs. <input type="checkbox"/>	Commercial (boutiques, etc.) <input type="checkbox"/>	Percentage of sq. ftg. _____%	
Other: _____ <input type="checkbox"/>	Other: _____ <input type="checkbox"/>	Other: _____ <input type="checkbox"/>	Other: _____ <input type="checkbox"/>
 - Are hotel like services included in the monthly HOA fee? Yes No
 - Is there evidence that project was marketed as a hotel-type facility? Yes No
6. Is there a hotel at the same address or within the project? Yes No
7. Is the project an assisted living community providing meals or medical care? Yes No
8. Is the project an investment security, common interest apartment, or does the project have any non-incidental business operation owned or operated by the HOA? Yes No
9. Is project a houseboat project? Yes No
10. Is project a manufactured housing project? Yes No
11. Is project a multi-dwelling unit condominium (including lockout units in project) in which ownership of multiple units is evidenced by a single deed or mortgage? Yes No
12. Is year-round occupancy permitted? Yes No

I, the undersigned, certify that to the best of my knowledge and belief the information and statements contained on this form and any attachments are true and correct.

Name

Phone

Position/Title

Date

Reviewer's Signature

Date

Phone

Documentation Requirements

When returning this form to Cornerstone Mortgage, please include the following items.

All Condo Projects

- 1. Copy of Master Insurance Declarations Page, with HOA named as insured, to confirm the following:
 - Hazard insurance to cover 100% of the insurable replacement cost of the improvements
 - Flood insurance, if applicable,
 - Liability insurance providing at least \$1 million of coverage
- 2. Flood Determination Certificate
- 3. Evidence of Fidelity Bond Insurance for projects containing over 20 units, with the HOA named as insured
- 4. Recorded Legal Documents, including Master Association documents, if applicable (e.g., Declaration of Condominium, Articles of Incorporation, By-laws, etc.)
- 5. Waiver of the Right of First Refusal is required, if the lender's/holder's delinquency/foreclosure rights may be impaired
- 6. Leasehold Agreement, if applicable
- 7. Completion Bond, if applicable

Existing Projects*

- 8. Current Operating Budget required (except 2-4 unit projects)

New Projects & Conversions**

- 8. Projected Operating Budget required (except 2-4 unit projects)
- 9. Minutes of the Organizational Meeting
- 10. Environmental Assessment (phase 1 or 2 in new projects & conversions)
- 11. Survey/Plat or drawing of project
- 12. Copy of Builder's Web Site Pages or copy of builder's resume detailing experience, projects completed, etc
- 13. Engineer's Report and evidence of repairs/renovations for conversion projects

In addition, the file must include:

- HO-6 Policy, if "walls-in" coverage is not include HOA's master hazard insurance policy
- Title Commitment
- Appraisal

***Established Project Definition**

A condominium project is considered an **established project** when all of the following criteria are met:

- All units, amenities, and common areas in the project are completed and not subject to any additional phasing or additions; **and**
- At least 90 percent of the total units in the project have been conveyed (sold and closed) to unit purchasers other than the developer; **and**
- The unit owners control the homeowners association.

****New Project & Conversions Definition**

A condominium project is considered a **new project or new conversion** when any of the following criteria are met:

- All units, amenities, and common areas in the project are not fully completed, or are subject to additional phasing or annexation; **or**
- Fewer than 90 percent of the total number of units in the project have been conveyed (sold and closed) to unit purchasers other than the developer; **or**
- The developer has not turned control of the homeowners association over to the unit owners.