

## BUSINESS LENDING FHA CONDOMINIUM PROJECT MATRIX FOR NON-DELEGATED CLIENTS

UNAPPROVED CONDOMINIUM PROJECT DITECH DELRAP																												
APPROVAL METHOD OPTIONS	PROJECT ELIGIBILITY	PRESALE	INSURANCE	DOCUMENTATION REQUIREMENTS																								
<b>SITE/DETACHED CONDO</b>	No review required if: <ul style="list-style-type: none"> <li>Single-family detached dwellings in a project consisting solely of detached single family dwellings</li> <li>No shared garages or shared buildings</li> </ul>	<ul style="list-style-type: none"> <li>No review required</li> </ul>	<ul style="list-style-type: none"> <li>Hazard coverage for a single family detached dwelling paid by the borrower</li> </ul>	<ul style="list-style-type: none"> <li>Appraisal Report (Fannie Mae Form 1073)</li> <li>FHA Case Number Assignment to contain site condo indicator and 731 or 734 ADP suffix</li> </ul>																								
<b>PROPOSED, UNDER CONSTRUCTION OR EXISING &lt; 12 MONTHS</b>	<ul style="list-style-type: none"> <li>Project consists of at least 2 units</li> <li>Conversions must be at least 2 years old</li> <li>All units and common elements in subject legal phase + any prior completed legal phases are complete and no additional phasing</li> <li>No single entity (same individual, investor group, partnership or corporation) may own &gt;50% of total units in project</li> <li>15% or less of total units are delinquent more than 60 days in their monthly assessments</li> <li>&lt;=25% of the total space may be used for non-residential purposes</li> <li>FHA Concentration                             <ul style="list-style-type: none"> <li>Project &gt;3 units: Up to 50% of the total project may have FHA financing</li> <li>Project &lt;=3 units: One unit may have FHA financing</li> </ul> </li> <li>Legal phasing                             <ul style="list-style-type: none"> <li>Vertical buildings, legal phasing is acceptable if:                                     <ul style="list-style-type: none"> <li>The floors are legally phased in groups of no less than five floors</li> <li>At least a temporary certificate of occupancy is obtained</li> <li>All common areas and amenities have been completed</li> <li>A third party completion has been obtained</li> </ul> </li> </ul> </li> <li>Right of First Refusal language or covenants in the condominium legal documents are NOT permitted unless the first mortgagees or its assignees rights will not be adversely impacted to:</li> </ul>	<ul style="list-style-type: none"> <li>30% of units are occupied as primary residence. Legally phased projects must meet 30% presale and 30% owner occupancy requirements (see Pre-Sale Requirements chart below)</li> </ul> <table border="1" style="margin-left: 20px; border-collapse: collapse; width: 100%;"> <thead> <tr> <th colspan="3" style="text-align: center; background-color: #d3d3d3;">Proposed, Under Construction or Existing &lt; 12 months old</th> </tr> <tr> <th style="width: 33%;">Pre-Sale Percentage</th> <th style="width: 33%;">Owner Occupancy Percentage</th> <th style="width: 33%;">Investor Percentage</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30%</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">No more than 30%</td> </tr> <tr> <td style="text-align: center;">&gt;30 – 35%</td> <td style="text-align: center;">&gt;30 – 35%</td> <td style="text-align: center;">No more than 30%</td> </tr> <tr> <td style="text-align: center;">&gt;35 – 40%</td> <td style="text-align: center;">&gt;35 – 40%</td> <td style="text-align: center;">No more than 35%</td> </tr> <tr> <td style="text-align: center;">&gt;40 – 45%</td> <td style="text-align: center;">&gt;40 – 45%</td> <td style="text-align: center;">No more than 40%</td> </tr> <tr> <td style="text-align: center;">&gt;45 – 50%</td> <td style="text-align: center;">&gt;45 – 50%</td> <td style="text-align: center;">No more than 45%</td> </tr> <tr> <td style="text-align: center;">50%</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">50%</td> </tr> </tbody> </table>	Proposed, Under Construction or Existing < 12 months old			Pre-Sale Percentage	Owner Occupancy Percentage	Investor Percentage	30%	30%	No more than 30%	>30 – 35%	>30 – 35%	No more than 30%	>35 – 40%	>35 – 40%	No more than 35%	>40 – 45%	>40 – 45%	No more than 40%	>45 – 50%	>45 – 50%	No more than 45%	50%	50%	50%	<ul style="list-style-type: none"> <li>\$1,000,000 liability coverage minimum per occurrence</li> <li>Insure on 100% of its replacement cost</li> <li>Fidelity insurance is required for the HOA and Management Company, if applicable, for all projects over 20 units.</li> <li>Walls-in (HO-6) coverage, if required</li> <li>Flood Insurance, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>ditech Registration/Loan Number</li> <li>FHA Condominium Project Submission Checklist</li> <li>FHA HOA Questionnaire (TIN # required)</li> <li>Master insurance policy dec page</li> <li>Fidelity insurance, if applicable</li> <li>Recorded Legal Documents                             <ul style="list-style-type: none"> <li>Master Deed</li> <li>Declarations</li> <li>CC&amp;Rs</li> <li>Articles of Incorporation</li> <li>By-Laws</li> <li>all addendums</li> </ul> </li> <li>Budget/Financial Documents                             <ul style="list-style-type: none"> <li>Current year budget for declared phases</li> <li>Current balance sheet less than 90 days old at the time of submission for project approval</li> <li>Actual income and expense statement for project</li> <li>Bank statement may be requested</li> </ul> </li> <li>Management Contract</li> <li>Pending Special Assessment Analysis, if applicable</li> <li>FEMA Flood Map</li> <li>Evidence of transfer of HOA control, if applicable</li> <li>Recorded Plat Map indicating legal description</li> <li>Recorded Site Plans</li> </ul>
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UNAPPROVED CONDOMINIUM PROJECT DITECH DELRAP				
APPROVAL METHOD OPTIONS	PROJECT ELIGIBILITY	PRESALE	INSURANCE	DOCUMENTATION REQUIREMENTS
	<ul style="list-style-type: none"> <li>• Foreclose or take title to a condominium unit pursuant to the remedies in the mortgage</li> <li>• Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor</li> <li>• Sell or lease a unit acquired by the mortgagee or its assignee</li> <li>• Project does not consist of any manufactured homes</li> <li>• See Client Guide Chapter 7 Section D710 for                             <ul style="list-style-type: none"> <li>• Affordable Housing</li> <li>• Recreational Leases</li> <li>• Restrictions for Leasing</li> <li>• Special Assessments</li> </ul> </li> <li>• Verify is an eligible project; See Chapter 7 Section D707 Ineligible Condominium Projects</li> <li>• See HRAP for projects that must be reviewed and approved by FHA and are ineligible for ditech DELRAP review.</li> </ul>			<ul style="list-style-type: none"> <li>• Explanation letter for any litigation or mitigation/arbitration (against Association, its officers or directors) that are pending or current or was settled within 12 months of submission date</li> <li>• Builder's Certification of Plans, Specifications and Site (HUD-92541)</li> <li>• Warranty of Completion of Construction (HUD-92544)</li> <li>• Building Permit</li> <li>• Final Certificate of Occupancy</li> <li>• Subterranean Terminate Protection Builder's Guarantee (NPCA-99-a)</li> <li>• Subterranean Termite Soil Treatment Builders Guarantee (NPCA-99-b)</li> <li>• HUD approved 10 year warranty, if required</li> </ul>
<b>EXISTING PROJECT</b>	<ul style="list-style-type: none"> <li>• Project consists of at least 2 units</li> <li>• Conversions must be at least 2 years old</li> <li>• All units and common elements in subject legal phase + any prior completed legal phases are complete and no additional phasing</li> <li>• No single entity (same individual, investor group, partnership or corporation) may own &gt;50% of total units in project</li> <li>• 15% or less of total units are delinquent more than 60 days in their monthly assessments</li> <li>• &lt;=25% of the total space may be used for non-residential purposes</li> <li>• FHA Concentration                             <ul style="list-style-type: none"> <li>• Project &gt;3 units: Up to 50% of the total project may have FHA financing</li> <li>• Project &lt;=3 units: One unit may have FHA financing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• 50% of units are occupied as primary residence                             <ul style="list-style-type: none"> <li>• Owner occupancy &gt;= 35% &lt; 50% requires HRAP review – refer to HRAP Section below for requirements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000,000 liability coverage minimum per occurrence</li> <li>• Insure on 100% of its replacement cost</li> <li>• Fidelity insurance is required for the HOA and Management Company, if applicable, for all projects over 20 units.</li> <li>• Walls-in (HO-6) coverage, if required</li> <li>• Flood Insurance, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>• ditech Registration/Loan Number</li> <li>• FHA Condominium Project Submission Checklist</li> <li>• FHA HOA Questionnaire (TIN # required)</li> <li>• Master insurance policy dec page</li> <li>• Fidelity insurance, if applicable</li> <li>• Recorded Legal Documents                             <ul style="list-style-type: none"> <li>• Master Deed</li> <li>• Declarations</li> <li>• CC&amp;Rs</li> <li>• Articles of Incorporation</li> <li>• By-Laws</li> <li>• all addendums</li> </ul> </li> <li>• Budget/Financial Documents                             <ul style="list-style-type: none"> <li>• Current year budget for declared phases</li> <li>• Current balance sheet less</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• Legal phasing                             <ul style="list-style-type: none"> <li>• Temporary CO is required and all common areas and amenities are complete</li> <li>• Vertical buildings, legal phasing is acceptable if:                                     <ul style="list-style-type: none"> <li>• The floors are legally phased in groups of no less than five floors</li> <li>• At least a temporary certificate of occupancy is obtained</li> <li>• All common areas and amenities have been completed</li> <li>• A third party completion has been obtained</li> </ul> </li> </ul> </li> <li>• Right of First Refusal language or covenants in the condominium legal documents are NOT permitted unless the first mortgagees or its assignees rights will not be adversely impacted to:                             <ul style="list-style-type: none"> <li>• Foreclose or take title to a condominium unit pursuant to the remedies in the mortgage</li> <li>• Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor</li> <li>• Sell or lease a unit acquired by the mortgagee or its assignee</li> </ul> </li> <li>• Project does not consist of any manufactured homes</li> <li>• See Client Guide Chapter 7 Section D710 for                             <ul style="list-style-type: none"> <li>• Affordable Housing</li> <li>• Recreational Leases</li> <li>• Restrictions for Leasing</li> <li>• Special Assessments</li> </ul> </li> <li>• Verify is an eligible project; See Chapter 7 Section D707 Ineligible Condominium Projects</li> <li>• See HRAP for projects that must be reviewed and approved by FHA and are ineligible for ditech DELRAP review.</li> </ul>			<p>than 90 days old at the time of submission for project approval</p> <ul style="list-style-type: none"> <li>• Actual income and expense statement for project</li> <li>• Bank statement may be requested</li> <li>• Management Contract</li> <li>• Pending Special Assessment Analysis, if applicable</li> <li>• FEMA Flood Map</li> <li>• Evidence of transfer of HOA control</li> <li>• Recorded Plat Map indicating legal description</li> <li>• Recorded Site Plans</li> <li>• Explanation letter for any litigation or mitigation/arbitration (against Association, its officers or directors) that are pending or current or was settled within 12 months of submission date</li> </ul>

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<p><b>2 – 4 UNITS</b></p>	<ul style="list-style-type: none"> <li>• Existing projects</li> <li>• Refer to Existing Project Eligibility requirements above</li> <li>• Verify an eligible project; See Chapter 7 Section D707 Ineligible Condominium Projects</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of units are occupied as primary residence or sold and conveyed to owners who will occupy as their primary residence</li> </ul>	<ul style="list-style-type: none"> <li>• \$1,000,000 liability coverage minimum per occurrence</li> <li>• Insure on 100% of its replacement cost</li> <li>• Walls-in (HO-6) coverage, if required</li> <li>• Policy must be in homeowner's name or in the name of the HOA</li> <li>• Flood Insurance, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>• FHA HOA Questionnaire</li> <li>• Master insurance policy dec page</li> <li>• Recorded Legal Documents (Master Deed/Declarations/CC&amp;Rs/all addendums, Articles of Incorporation, By-Laws) (Evidence of a Homeowner's Agreement must be contained within the legal documents OR a recorded Memorandum of Understanding must be provided)</li> <li>• Management Contract, if applicable</li> <li>• Pending Special Assessment Analysis, if applicable</li> <li>• FEMA Flood Map</li> <li>• Evidence of transfer of HOA control</li> <li>• Recorded Plat Map indicating legal description</li> <li>• Recorded Site Plans</li> <li>• Budget/Financial Documents</li> <li>• Current year budget for declared phases</li> <li>• Current balance sheet less than 90 days old at the time of submission for project approval</li> <li>• Actual income and expense statement for project</li> <li>• Bank statement may be requested</li> <li>• Explanation letter for any litigation or mitigation/arbitration (against Association, its officers or directors) that are pending or current or was settled within 12 months of submission date</li> </ul>

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HRAP	<ul style="list-style-type: none"> <li>Project approval documentation for projects not approved by FHA to be submitted by ditech to the jurisdictional <a href="#">HOC</a> for review</li> <li>Documentation requirements for HRAP submissions mirror DELRAP requirements described above. Reference FHA Mortgagee Letter <a href="#">2011-22</a> for more information.</li> <li>The following project types must be submitted for HRAP approval:                             <ul style="list-style-type: none"> <li>Any project that has been rejected or withdrawn by FHA within the previous 12 months</li> <li>Conversions less than two years old</li> <li>Existing projects with an owner occupancy percentage <math>\geq 35\%</math> and <math>&lt; 50\%</math></li> <li>Projects located in Florida</li> <li>Projects located on leased land</li> <li>Projects requiring special considerations (e.g., builder bankruptcy, change of sponsor ownership interest, or receivership)</li> <li>Projects with <math>&gt;50\%</math> FHA concentration</li> <li>Projects with delinquency <math>&gt;15\%</math></li> <li>Projects with nonresidential space <math>&gt;25\%</math></li> <li>Projects with recreational leases</li> <li>Projects that consist of manufactured homes</li> </ul> </li> </ul> <p><b>Owner Occupancy Percentage (FHA Mortgagee Letter 2016-15)</b> Existing projects (greater than 12 months old) with an owner occupancy percentage <math>\geq 35\%</math> <math>&lt; 50\%</math> are eligible for approval subject to the following:</p> <ul style="list-style-type: none"> <li>Financial documents must provide for funding of replacement reserves for capital expenditures and deferred maintenance in an account representing at least <b>20%</b> of the budget; and</li> <li>No more than <b>10%</b> of the total units can be in arrears (more than <b>60</b> days past due) on their condominium association fee payments; and</li> <li>Three years of acceptable financial documents must be provided.</li> <li>Owner occupancy percentage must be documented as follows:                             <ul style="list-style-type: none"> <li>Copies of sales agreements and evidence (loan commitment) that a mortgagee is willing to make the loan; or</li> <li>Evidence that units have closed and are occupied by the owner; or</li> <li>Information from a developer/builder that lists all of the units already sold, under contract, or closed that are or will be occupied by the owner (e.g. a spreadsheet, chart, or listing used for the company's own tracking purposes) that is accompanied by a signed certification from the developer.</li> </ul> </li> </ul>			

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<b>LENDER CERTIFICATION FOR INDIVIDUAL UNIT FINANCING</b>	<ul style="list-style-type: none"> <li>Project must have ditech DELRAP approval, DELRAP approval by another lender or HRAP approval</li> <li>Comply with conditions in Remarks section of FHA Connection Approval printout</li> <li>15% or less of total units are delinquent more than 60 days in their monthly assessments</li> <li>No single entity (the same individual, investor group, partnership, or corporation), other than the developer during the initial sales period, owns more than 50% of the total units in the project</li> <li>See Client Guide Chapter 7 Section D710 for:                             <ul style="list-style-type: none"> <li>Affordable Housing</li> <li>Restrictions for Leasing</li> <li>Special Assessments</li> </ul> </li> <li>Project does not consist of any manufactured homes (unless HRAP approved)</li> <li>Verify is an eligible project; See Chapter 7 Section D707 Ineligible Condominium Projects</li> </ul>	<ul style="list-style-type: none"> <li>50% of units are occupied as primary residence (existing construction)</li> <li>30% of units are occupied as primary residence (proposed, under construction or existing &lt; 12 months old). Legally phased projects must meet 30% presale and 30% owner occupancy requirements (see Pre-Sale Requirements chart below)</li> </ul> <table border="1" style="margin: 10px auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="3" style="background-color: #e0e0e0;">Proposed, Under Construction or Existing &lt; 12 months old</th> </tr> <tr> <th style="width: 33%;">Pre-Sale Percentage</th> <th style="width: 33%;">Owner Occupancy Percentage</th> <th style="width: 33%;">Investor Percentage</th> </tr> </thead> <tbody> <tr> <td>30%</td> <td>30%</td> <td>No more than 30%</td> </tr> <tr> <td>&gt;30 – 35%</td> <td>&gt;30 – 35%</td> <td>No more than 30%</td> </tr> <tr> <td>&gt;35 – 40%</td> <td>&gt;35 – 40%</td> <td>No more than 35%</td> </tr> <tr> <td>&gt;40 – 45%</td> <td>&gt;40 – 45%</td> <td>No more than 40%</td> </tr> <tr> <td>&gt;45 – 50%</td> <td>&gt;45 – 50%</td> <td>No more than 45%</td> </tr> <tr> <td>50%</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table>	Proposed, Under Construction or Existing < 12 months old			Pre-Sale Percentage	Owner Occupancy Percentage	Investor Percentage	30%	30%	No more than 30%	>30 – 35%	>30 – 35%	No more than 30%	>35 – 40%	>35 – 40%	No more than 35%	>40 – 45%	>40 – 45%	No more than 40%	>45 – 50%	>45 – 50%	No more than 45%	50%	50%	50%	<ul style="list-style-type: none"> <li>\$1,000,000 liability coverage minimum per occurrence</li> <li>Insure on 100% of its replacement cost</li> <li>Walls-in (HO-6) coverage, if required</li> <li>Flood Insurance, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>Loan Level <b>Certification for Individual Unit Financing signed by DE Underwriter. Certification must be completed and dated within 30 days of closing. For Proposed, Under Construction or Existing &lt;12 months old (subject property), if the appraisal does not validate pre-sale data the Builder needs to execute the bottom of the loan level certification for Individual Unit Financing with supporting documentation.</b></li> <li>FHA Loan Level HOA Questionnaire <b>completed by HOA, Developer or Management Company or other documentation that provides the information necessary to make the Certification</b></li> <li>Appraisal Report</li> <li>FHA Connection Condominium Project approval printout <b>including any conditions of the approval.</b></li> <li>Master insurance <b>declaration page for project (hazard, liability and, if applicable, flood)</b></li> <li>HO-6 for wall-in coverage, if applicable</li> <li>Leasehold, if applicable, validated by title/appraial</li> </ul> <p>For proposed, under construction or existing &lt; 12 months old the following additional forms are required:</p> <ul style="list-style-type: none"> <li>Builder's Certification of Plans, Specifications and Site (HUD-92541)</li> <li>Warranty of Completion of Construction (HUD-92544)</li> <li>Building Permit</li> <li>Final Certificate of Occupancy</li> <li>Subterranean Termite Protection Builder's Guarantee (NPCA-99-a)</li> </ul>
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				<ul style="list-style-type: none"><li>• Subterranean Termite Soil Treatment Builders Guarantee (NPCA-99-b)</li><li>• HUD approved 10 year warranty, if required</li></ul>
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### INELIGIBLE PROJECTS

- Any project or building that is owned by several owners as tenants-in-common, or by a Homeowners' Association in which individuals have an undivided interest in a residential apartment building and land, and have the right of exclusive occupancy of a specific apartment in the building
- Assisted Living
- Common Interest Apartment AKA community apartment project or own your own. A project in which individuals have an undivided interest in a residential apartment building and land, and have the right of exclusive occupancy of a specific unit in the building. The project or building is often owned by several owners as tenants in common or by a Homeowners' Association
- Condominium Hotel projects are managed and operated as a hotel or motel, even though the units are owned individually. FHA considers projects with any of the following characteristics to be non-residential hotel-type projects and "second home" residential projects in resort locations and therefore, ineligible.
- Condominium projects that represent a legal, but non conforming use of the land; if zoning regulations prohibit rebuilding the improvements to current density in the event of their full or partial destruction
- Houseboat projects
- Investment securities that have documents on file with the Securities and Exchange Commission or projects where unit ownership is characterized or promoted as an investment opportunity
- Mandatory Rental Pools
- Manufactured Housing projects
- Multi-family projects that permit an owner to hold title to more than one unit, with ownership of all his or her units evidenced by a single-deed and mortgage. Projects that allow lockout units are considered multi-family
- New projects where the seller is offering sale/financing contributions / concessions in excess of established limitations for individual loans
- Projects located in Coastal Barriers as defined by the Coastal Barriers Act
- Projects not deemed to be primarily residential
- Projects that restrict the unit owner's ability to occupy the unit
- Projects with non-incidental business operations owned or operated by the Homeowners' Association such as, but not limited to, a restaurant, spa, health club, etc.
- Projects where the developer has retained ownership of the common areas or amenities after transfer of control has been turned over to the HOA
- Time share or segmented ownership projects
- Projects where more than 15% of the total units within the project are more than 60 days delinquent on HOA fees, dues or assessment payments
- Projects where a single entity owns more than 50% of the total units in the project (existing project)
- Projects where a single entity owns more than 30% of the total units in the project (proposed, new and existing < 12 months)
- Project where nonresidential space is greater than 25%
- Projects with any litigation or mitigation/arbitration (against Association, its officers or directors) that are pending or current or was settled within 12 months of submission date