



Conventional Condo/Co-op Red Flag Check

Project Name:	
Project Location:	



If you answer NO to any of these questions, the Project MAY NOT be eligible for financing

Characteristics	Select One		Applicable Reviews:		
			Limited/ Streamline	CPM	Co-op
PROJECT IS ESTABLISHED <ul style="list-style-type: none"> 90% of the Units are conveyed to the Unit Purchasers Project is 100% complete and NOT subject to further expansion Control of the HOA has been turned over to the Unit Owners 	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
LITIGATION – The project is NOT subject to any current litigation in which the HOA or Developer is named as a party	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
SINGLE ENTITY – No Single Entity owns more than 20% of the Units in the Project (2 units for projects with 5-20 units)? NOTE: For co-ops, sponsors who own rent-controlled shares may exceed 20%, see “Sponsor Held Units/Shares” red flag below	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
COMMERCIAL SPACE – Total Non-Residential or Commercial Space does NOT exceed 35%	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
LEASEHOLD/GROUND LEASE – Project is in fee and not subject to a leasehold	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
MANDATORY MEMBERSHIP – Project is not subject to a Mandatory Membership such as a Clubhouse, Golf Club Fee, 3 rd Party Amenities, etc.	<input type="checkbox"/> YES	<input type="checkbox"/> NO	X	X	X
RESERVES – Budget has a line item allocating a minimum of 10% to replacement reserves	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	X	X
DELINQUENCIES – No more than 15% of the Unit Owners are 60 or more days delinquent on their HOA dues	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	X	X
INVESTOR CONCENTRATION – At least 50% of the Total Units in the Project are conveyed to Principal Residences or 2 nd Homes NOTE: Only required for investment transactions on all Freddie products and Fannie CPM/full reviews	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	X	X



SUBLETTING - Subletting is not prohibited	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	N/A	X
FLIP TAX OR TRANSFER FEE - Flip Tax or Transfer Fee is not greater than 5%	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	N/A	X
BLANKET MORTGAGE TERM - Underlying mortgage does not mature within 6 months of project approval	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	N/A	X
SPONSOR HELD UNITS/SHARES - Sponsor has provided evidence of positive cash flow on unsold shares/units, if applicable	<input type="checkbox"/> YES	<input type="checkbox"/> NO	N/A	N/A	X



Any "NO" answer is a **RED Flag**. A **RED Flag** does not necessarily mean that a project is ineligible. Please submit the scenario along with any supporting documentation to the PRD mailbox at ProjectReview@NewRez.com