

CATEGORY	SUA	DELRAP/HRAP
Minimum Units in Project	5 (less than 5 units must go DELRAP/HRAP or Recertification)	2
FHA Concentration Maximum		
<ul style="list-style-type: none"> 5-9 Total Units 	2-unit maximum	50%
<ul style="list-style-type: none"> 10 or more Units 	FHA may suspend case # assignments when FHA concentration exceeds 10% of the total units.	FHA may suspend case # assignments when FHA concentration is over 50%
Maximum LTV	97.75% w/TOTAL Mortgage Scorecard ACCEPT; otherwise 90% MAX LTV, including downgrade to Manual Review.	97.75%
Minimum Owner-Occupancy %		
<ul style="list-style-type: none"> Existing Project 	50%; no exceptions	50%. Exception to 35% <i>may be</i> submitted HRAP only (additional conditions apply (e.g., max of 10% of the units may be 60 days delinquent; Reserve contribution minimum is 20% of annual HOA Dues.)
<ul style="list-style-type: none"> New Projects (including Gut Rehab Conversions) 	Not Permitted – project must be Existing (meaning at least 2 years past the recording of condo legal docs)	30% for the first 12 months after Building Permit issued; after which it is 50% per legal phase/project.
Ineligible Project Types	Not Permitted- no exceptions	Most not permitted; but check with Project Review Dept. for some exceptions (commercial space)
<ul style="list-style-type: none"> Ineligible Project Types List 	<ul style="list-style-type: none"> Cooperative ownership. Condominium hotel or condotel. Mandatory rental pooling agreements that require Unit owners to either rent their Units or give a management firm control over the occupancy of the Units. Timeshare or segmented ownership projects. Multi-dwelling condominiums (more than one dwelling per Condominium Unit under one deed). Leasing or conveyance restrictions that do not meet the requirements of 24 CFR 203.41. Continuing care facility, Houseboat project. Coastal Barrier Resources System location; or Subject to adverse determination for significant issues as identified by FHA. 	
Projects Listed on FHA Connection with Rejected or Withdrawn Status	<ul style="list-style-type: none"> Not permitted to go SUA. 	<ul style="list-style-type: none"> If HRAP Withdrawn or Rejected in the last 21 months, documentation may be submitted to HUD to clear the status. If over 12 months from Withdrawal or Rejected date, a new HRAP must be submitted
Individual Owner Concentration/Single Entity Max (includes related parties)	Related Party includes any individual or Entity related to the Unit owner, including but not limited to: <ul style="list-style-type: none"> An individual related to the unit owner by blood, marriage, or operation of law. An individual serving as the unit owner's officer, director, or employee; or Unit owner direct parent, subsidiary, or any related Entity with which the unit owner shares a common officer or director 	
<ul style="list-style-type: none"> 20 or more units 	10% or less	
<ul style="list-style-type: none"> Less than 20 units 	1 unit	

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Budget & Delinquency Review		
<ul style="list-style-type: none"> ○ Minimum Reserves 	<ul style="list-style-type: none"> • No Budget Review. FHA Questionnaire requires HOA/Mgmt company to confirm and input the annual assessment, special assessment, and current reserve balance. FHA requires a minimum of 10%. 	<ul style="list-style-type: none"> • 10% plus insurance deductible unless a lessor amount is supported by a current Reserve Study including a site visit) completed in the last 36 mos. (HRAP review is required when Reserves are less than 10% of Annual HOA Dues.)
<ul style="list-style-type: none"> ○ Maximum Delinquency 	<ul style="list-style-type: none"> • No more than 15% of the units may be more than 60 days delinquent. 	
<ul style="list-style-type: none"> ○ Operating & Reserve Accounts 	<ul style="list-style-type: none"> • Must have separate bank accounts for Operating & Reserves. 	
<ul style="list-style-type: none"> ○ Financial Distress Event 	<p>HOA may not have had any of the following occur within last 3 years.</p> <ul style="list-style-type: none"> • Sought protection under bankruptcy laws. • Been placed into receivership (mandated or voluntary). • Been subject to foreclosure or any seizure of assets by creditors; or ○ Offered a Deed-in-Lieu (DIL) of Foreclosure. 	<p>An HOA or builder/developer that completed a Resolution of Financial Distress Event w/in 12 months prior to the application date is not eligible for initial approval or recertification.</p> <ul style="list-style-type: none"> • If the Resolution of Financial Distress Event was completed OVER 12 months but less than 36 months, the application package must be submitted through HRAP for evaluation.
<ul style="list-style-type: none"> ○ Required Docs 	<p>HUD-9991 (completed with required financial information)</p>	<ul style="list-style-type: none"> • <u>Current year's annual budget</u> approved by the HOA Board evidencing a minimum of 10% of the HOA dues dedicated as a Line Item for Reserve Contribution. <ul style="list-style-type: none"> ○ If Reserve Contribution is less than 10%, a Reserve Study (which includes a site visit) completed in the last 36 months supporting the lower percentage of Reserve Contribution is required. ○ If any financial distress events occurred in last 3 yrs., a dated legal document evidencing Resolution of Financial Distress Event and a signed and dated explanation are required. • <u>Income & Expense Stmt. for the last 2 years</u> prior year end results. • <u>YTD Income & Expense Stmt. dated w/in 90 days</u>, if the prior YTD actuals are more than 90 days old: and • <u>Current Balance Sheet dated w/in 90 days</u> prior to the date of submission. • If applicable, documentation supporting any loans or special assessments, including information regarding the purpose, term, payment status, total amount of the assessment, amount of the assessment per Unit and overall impact on marketability and value of the Property

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<ul style="list-style-type: none"> ○ If HOA has a Mgmt Co 	<ul style="list-style-type: none"> • They maintain separate records & bank accounts for the HOA. 	<ul style="list-style-type: none"> • They maintain separate records & bank accounts for the HOA; and the HOA restricts the Mgmt Co. from drawing checks on or Transferring funds from the HOA's Reserve Account w/o HOA Approval.
<ul style="list-style-type: none"> ○ Required Docs 	None	Copy of the current management agreement fully executed.
<ul style="list-style-type: none"> ○ Operating Income 	HUD9991 – Operating income demonstrating a stable income stream.	Operating income demonstrating a stable income stream
<ul style="list-style-type: none"> ○ Insurance Coverage 	HUD9991 – confirmation	Ability to cover the insurance coverage and deductible
<ul style="list-style-type: none"> ○ Financial Records 	HUE9991 – confirmation	Must be consistent w/the submission package, including proper accounting for special assessments, loans, or other financial variations.
<p>Legal Restrictions on Conveyance (Free Assumability), aka "Leasing Restrictions" For more information on this section of the guidelines please refer to 24 CFR 203.41 found at: http://www.ecfr.gov/</p>	<p>The Projects' legal docs may contain 1 or more of the following provisions</p> <ul style="list-style-type: none"> ○ All leases must be in writing & subject to the declarations & by laws of the condo project ○ The HOA may request & receive a copy of the sublease or rental agreement ○ The HOA may request the name(s) of all tenants, including family members occupying the units. ○ Unit owners are prohibited from leasing their units for an initial term of less than 30 days. ○ The HOA may establish a maximum allowable lease term. ○ The HOA may establish a maximum number of rental units w/in the project; however, the rental unit percentage may not exceed the current FHA condo project OO requirement. ○ The HOA may not require a prospective tenant be approved by the HOA and/or its agent(s), including but not limited to meeting creditworthiness standards. This includes requiring unit owner to provide the tenants; credit report, background check, income &/or job information, in-person, or remote tenant interview by the HOA. ○ The HOA may have the right of first refusal to purchase or lease any unit only if it does not violate discriminatory conduct prohibitions under the Fair Housing Act regulations at 24 CFR part 100 located at https://gov.ecfr.io/cgi-bin/ECFR. 	
<p>Litigation</p>	<ul style="list-style-type: none"> • The HOA cannot be subject to Litigation relating to the safety, structural soundness, habitability, or functional use of the Project. <ul style="list-style-type: none"> ○ The HOA or project is not subject to any other Litigation risk: ○ Not covered by insurance OR ○ That exceeds the insurance coverage amount relating to the potential losses of that matter. 	<ul style="list-style-type: none"> • Same requirements as SUA; however, if litigation relates to the safety, structural soundness, habitability, or functional use of the project, the following requirement apply: <ul style="list-style-type: none"> ○ All engineering or expert reports commissioned by the HOA or their attorneys, which must include evidence of the safety, structural soundness, habitability, or functional use of the project and evidence of the repair costs of any construction defect and status of the repairs.

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<ul style="list-style-type: none"> Required Docs 	Signed and dated explanation from the HOA Mgmt. Co., or an attorney representing the HOA that includes at least the following: <ul style="list-style-type: none"> - Reason(s) for the Litigation. - Risk of the Litigation - Anticipated settlement/judgement date - Sufficiency of insurance coverage to pay out a Judgement, if applicable - Litigation's impact on the future solvency of the HOA. - Copy of Complaint filed with the court, arbitrator, or mediator. 	<ul style="list-style-type: none"> Same as SUA Requirements; plus, for construction defect litigation, engineering documentation cited above if litigation relates to the safety, structural soundness, habitability, or functional use of the project
Insurance Requirements		
<ul style="list-style-type: none"> Hazard/Property 	Same as Agency requirements except for coinsurance. With coinsurance, require current Replacement Cost Estimate confirming sufficient coverage or the Policy must include an agreed amount endorsement or selection of the agreed value option.	
<ul style="list-style-type: none"> Liability 	Coverage equal to at least \$1m per occurrence	
<ul style="list-style-type: none"> Fidelity (20+ units) 	3 months of HOA Dues on all units PLUS all current Reserve Account funds; or the minimum amount required by state law (whichever is HIGHER). If HOA has a management co., the Fidelity Ins. Requirement include the management co.	
<ul style="list-style-type: none"> Flood Insurance (NOTE: if any part of the project is located w/in the Coastal Barrier Resources System (CBRS), the project is not eligible for FHA approval) 	<ul style="list-style-type: none"> ALL building w/in Special Flood Hazard Area (SFHA) including "A: or "V" Zones, determined by FEMA. <ul style="list-style-type: none"> o HOA must have insurance under the National Flood Insurance Program (NFIP) for all buildings in an SFHA. o Coverage amount must be equal to the lesser of the covered improvement's replacement cost or the NFIP max/unit (currently \$250k) multiplied by the total units. 	
Mixed-Use (Commercial/Non-Residential Space Limit)	<ul style="list-style-type: none"> 35% - no exceptions Ural The commercial/non-residential space must be financially independent from the subject HOA 	Same requirements as SUA; however, exceptions to 49% may be considered; additional conditions apply. See required docs below
<ul style="list-style-type: none"> Required Docs 	Documentation verifying Commercial/Non-Residential Space's financial Independence: <ul style="list-style-type: none"> • Current balance sheet dated w/in 90 days • Current year's budget approved by the board • YTD Income and Expense statement (w/in 90 days) if the prior YTD actuals are more than 90 days old. • Income & Expense Stmt. For the prior year's actual YE results. 	Same as SUA plus: <ul style="list-style-type: none"> - Documentation verifying Commercial/Non-Residential Space Financial independence. • Evidence of financial arrangements that guarantee the future completion of all facilities and common elements as applicable.

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Leasehold Interest	Permitted if lease meets FHA Leasehold Guidelines.	
<ul style="list-style-type: none"> <li data-bbox="115 186 337 216">• Required Docs 	Copy of leasehold & sub lease agreement; and any applicable docs, e.g., Memo of Lease, Rider, Amendments, etc.	
Recreational Leases/Easements	Not Permitted	<ul style="list-style-type: none"> <li data-bbox="992 260 1468 359">• Permitted if the Recreational Lease or Easement holder is a nonprofit Entity under the Control of the HOA; or <li data-bbox="992 365 1438 499">• If each Unit owner has the right to cancel the membership with no more than 90 Days' notice and without penalty.
<ul style="list-style-type: none"> <li data-bbox="115 512 337 541">• Required Docs 		Leases, easements, or contracts must be submitted to verify they meet the requirements cited above.

