

**CPM HOA WARRANTY / REVIEW
DU ONLY**

Borrower Name: _____ / LN# _____

Project Name: _____

ELIGIBILITY REQUIREMENTS

- DU Approval with CPM Review on findings
(IF OO =< 80% or 2nd HM =<75% REFER TO LIMITED REVIEW CHECKLIST)

IN-ELIGIBLE FOR CPM

Florida property? See page 3 requirement(s)
Co Ops
Condotels
Manufactured Home
Leaseholds

REQUIRED DOCUMENTS:

- Appraisal
 - Prelim
 - Full HOA Cert
 - Budget
 - Master Insurance Dec Page
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OFF APPRAISAL LOOK FOR

(appraiser must reference contact and ph# for below information received)

- Attached Project (see below for detached condos)
 - 90% sold and closed
 - Cannot be converted in last 3 yrs
 - Project must be 100% complete
 - One entity cannot own more than 10%
 - Cannot have greater than 25% commercial space
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OFF PRELIM LOOK FOR

- Must be Fee Simple (not leasehold or co-op)
 - Cannot have any Private Transfer Fee Covenants/ Recordings
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HOA OR MANAGEMENT COMPANY MUST ANSWER

- Cannot be subject to additional Phases or Annexation
 - Cannot have rental desk, onsite registration or short term rentals
 - No current / pending Litigation
 - HOA must be turned over to Unit Owners
 - Occupancy must be over 51% owner occupied (If subject is 2nd home or NOO)
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BUDGET

- Current year Approved and Adopted budget
- Verify 10% of assessments are allocated to the reserves.
- Verify there is no NON-Incidental Income.
- Mandatory club dues are not acceptable

INSURANCE REQUIREMENTS

NOTES:

- CIBA / CCAI & WELLS FARGO insurance policies are NOT eligible (they are pooled policies)
- *If more than 1 project is insured. They must document that the others insured are under the same master association or share the use of common facilities. If not, it is considered unaffiliated and not eligible under the "pooled Ins" guidelines.*

Liability Coverage Required (all states except CA):

- \$1,000,000 Coverage minimum per any single occurrence (Not required on detached site condos)

****CA Liability Requirements**

- \$2,000,000 Coverage minimum per any single occurrence (California-projects with 100 or fewer units)
- \$3,000,000 Coverage minimum per any single occurrence (California-projects with greater than 100 units) (Additional liability coverage may be in the form of an "umbrella" or "additional liability")

Hazard Coverage Required:

- 100% of the insurable value and include Replacement Cost Endorsement
- Deductible may not exceed 5% of the face amount (Except 2-4 Unit projects)

Fidelity Bond Insurance

- 20+ units: Current Budget is required to verify reserves are covered under the fidelity. (This will not be required if the project has less than 20 units & less than \$5,000 in current revenue. 3 months x the number units x HOA fee)
- Fidelity Insurance/ Crime Coverage must be equal to or greater than the current reserves **OR** an amount equal to 3 months x the number units x HOA fee, if financial controls are in place Separate accounts for reserves and 2 signers must be verified by HOA. (THIS IS AN EXCEPTION TO ALLOW REDUCED FIDELITY/CRIME INSURANCE COVERAGE)

Fidelity Coverage \$ _____ / 3 months x the number units x HOA fee \$ _____

- If HOA has a management company. Document that fidelity bond covers them as well

Insurance Endorsements Required:

- MUST BE ABLE TO REVIEW THE **EQUIPMENT BREAKDOWN ENDORSEMENT** Not required if Unit Owner is responsible for service/maintenance on HVAC unit
- MUST BE ABLE TO REVIEW THE **BUILDING ORDINANCE OR LAW ENDORSEMENT** (DEMOLITION AND REMOVAL OF DAMAGED PROPERTY)
- MUST BE ABLE TO REVIEW: **MORTGAGE HOLDER (not the insured) MUST RECEIVE A 10 DAY CANCELLATION NOTICE** (Only Required if the project carries Walls In/H06 coverage for borrower)
- MUST BE ABLE TO REVIEW THE **SEPARATION OF INSURED/ SEVERALITY** LANGUAGE FOUND IN THE MASTER LIABILITY INS POLICY (INSURER WILL RESPOND TO INDIVIDUAL CLAIMS, NOT 'ALL INSURED')
- '**Guaranteed Replacement**' / '**Extended Replacement**' or '**Replacement Cost**' endorsement is required
- **CO-INSURANCE?** Insurance agent must document **100% Insurable Replacement Cost** is not eligible. The Insurance policy must have an **AGREED AMOUNT ENDORSEMENT** (waiving co insurance)
- **WINDSTORM/HAIL COVERAGE** (only required if policy reads that it is 'except')

_____ / _____ / _____
Mgmt approval / signed print name date

****** (liability ins/ coverage: per state law: 1365.9. This law protects individual owners in a Condo Association or HOA where the owners have some interest as tenants-in-common in common area. If certain levels of insurance are carried, it prevents the individual owners from being sued individually for accidents that happen in the common area. The minimum amount of coverage required for this protection is \$2,000,000 if 100 or fewer separate interests units and, \$3,000,000 if more than 100 separate interests. Condo Associations should have this level of protection)

Florida — Project Review LTV Requirements for Attached Projects (New, Newly Converted, and Established)

Florida — Established Condo Projects				
	PERS Approved	Lender Full Review	CPM Expedited Review	Limited Review
Principal Residence	95%		75%	
Second Home	90%		70%	
Investor	85%		Not Eligible	
Florida — New and Newly Converted Condo Projects				
	PERS	Lender Full Review	CPM Expedited Review	Limited Review
Principal Residence	95%	Not Eligible		
Second Home	90%			
Investor	85%			