



Non-Warrantable Condos Basics

- Commercial Space
 - o Must be < 50% - determined by the appraiser
 - o Typical to the marketplace – no negative impact on marketability
 - o Commercial entity cannot control the HOA
- Completion Status
 - o The project or legal phase must be 100% complete
 - o At least 50% must be sold or under a bona-fide contract
- Condotels are not allowed
 - o Onsite reservation desks prohibited
- Delinquent HOA Dues
 - o No more than 20% of the total units in the project may be 60 days or more past due
- Investor Concentration
 - o Up to 100%
- HOA Control
 - o The developer may be in control provided the Master Agreement provides the homeowners to take control upon:
 - A predetermined % of unit sales
 - A defined period of time
- Litigation
 - o Acceptable but cannot be structural in nature
 - o Does not affect the marketability of the units
 - o Potential damages cannot exceed 25% of the HOA reserves
 - o Documentation must be provided by the insurance company and/or attorney representing them that the insurance carrier will provide the defense and their policy is sufficient to cover the litigation
- Single Entity Ownership
 - o Up to 30%
- HOA Budget / Reserves
 - o Budget must include a dedicated line-item allocation to replacement reserves of at least 8% of the budget
 - o If a budget cannot be provided we will consider under certain parameters