

Condo Facts 101

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- All condominium (Condo) projects have a management company or an HOA company that manages the project. Per Fannie Mae/Freddie Mac/Federal Housing Administration/Veteran Affairs Administration, we are required to obtain this document. These agencies set the rules for all traditional lending.

- In short, when purchasing a condo, no matter how much due diligence is done upfront. It's advised that you ask for more extended due diligence, appraisal contingency, and loan contingency in your offer so we can validate the condo or HOA eligibility first.

- It is possible that when you purchase a condo, it can lose its warrantability, when condos lose their warrantability the values of the community usually drop as the only purchases that can purchase new are cash or hard money loans.

Common Reasons For Denial

- ☐ More Renters Vs. Primary Occupying Borrowers.
- ☐ Large Rental Companies Own More than 10% Share of Units
- ☐ Litigation
- ☐ Construction Defects
- ☐ Not Enough Reserves
- ☐ Budget or Current Profit and Loss Statement is in poor shape.
- ☐ There is 73 other reasons that can result in denial.

Fees Non-Refundable Once Paid

- × Condo Questionnaire Fee - \$250-\$400 (10 Day Turn Time)
- × Condo Questionnaire Rush Fee - \$150-\$300 (5 Day Turn Time)
- × Home Inspection Fee - \$200-\$400
- × Appraisal Fee - \$475-\$550
- × Total of \$950 - \$1750

In summary, the goal is not steering you away from a condominium as a property purchase. We do condo loans all day long, this is meant to inform you that we may have to try a condo or two before we get an eligible unit.