

EquityIQ Single Unit Condo Approval Process

Updated: February 17, 2020

Overview

EquityIQ will now include single unit warrantable condos as an accepted property type. We are working with FHA Pros to complete the necessary review of the condo and project to make sure it meets the requirements. For a complete list of requirements please review the EquityIQ underwriting guidelines.

Step 1: Determine the Potential

When working with a borrower living in a condo, determine the potential of the condo being approved:

- Research HUD website (link on Liberty's Portal) to see if project is FHA-approved. If approval is active and current, stop. Do not submit.
- If previously submitted, make sure it does not say withdrawn or rejected. If it does, stop, do not submit.
- Does the condo/borrower meet other EquityIQ requirements:
 1. EquityIQ approved state
 2. Minimum value of \$250k
 3. All borrowers minimum credit score of 640
 4. No resale restrictions (i.e. minimum age requirements to buy condo)

Below are some suggested questions for your borrower to help avoid submitting a request that cannot be certified:

1. Has the project been around for at least a year
2. Is it 100% complete (no more building)
3. Are there at least 5 units

Submitting Your Inquiry

When you are ready to submit your request to FHA Pros:

- Click on the following link: <https://fhaproslc.net/equity-iq/>
- Fill out the information requested on the page – this includes an HOA/management name, phone and email
- Submit your request to begin the review process
- The initial fee is \$199

If the HOA charges for documentation or uses a service, such as HomeWise, those fees will be charged to your credit card as well (HomeWise typical fee is \$250)

Condo Review

FHA Pros will reach out to the HOA Board contact you provide to determine if the project meets the requirements to be warranted. Below is a partial list of requirements the condo/project must meet. Please review the EquityIQ underwriting guidelines for complete list:

- Owner occupancy greater than 50%
- Commercial space not to exceed 35% of total floor area
- No single owner (including builder) can own more than 10% of the units
- Unit owners control the condo association
- No more than 15% of the units in arrears for HOA dues

*You may want to review some of these requirements with the borrower and/or the HOA Board in advance of submitting your request through FHA Pros to reduce the chance of paying for a review on a condo that will not be approved.

Required Documents

FHA Pros will require the following documentation from the HOA Board in order to approve the condo as warrantable:

- Recorded Covenants, Conditions and Restrictions (CC&R's)
- Master Deed
- Articles of Incorporation
- Plat Map
- Site Plans
- HOA Master Hazard and Flood Policy
- Liability coverage of at least \$1 Million for each occurrence
- Fidelity insurance coverage (for project of more than 20 units)
- Current, approved budget by the board
- Income and expense statement for previous year's end results
- Year to date income and expense statement dated within 90 days if prior year to date actuals are more than 90 days and a current balance sheet dated within 90 days prior to the date of submission
- EquityIQ Condo certificate from FHA Pros

Warrantable/Non-Warrantable

When you initially submit your request through FHA Pros they will run a database search. If that condo has been denied in the past you will receive a response right away telling you that the complex did not pass a previous attempt. You will not be told why, but you **WILL NOT** be charged. If you would like for FHA Pros to perform a new search, they will do so for the \$199 (plus ancillary) fee.

Warrantable

If FHA Pros determines that the condo is warrantable they will provide you with a certificate. Once you have the certificate, please include it as part of your submission packet when your other documents are ready.

Non-Warrantable

If FHA Pros determines that the condo is not warrantable they will provide a list of areas where to condo/project did not meet the requirements. No certificate will be issued and the EquityIQ loan will not be an option for this borrower.

If the items that caused the condo to not meet the requirements can be rectified, you can work with the borrower/HOA Board to get the issues fixed. Once fixed you can resubmit a request to review (the \$199 fee will be charged again).