



Conventional Condo/Co-op Red Flag Check

Project Name:	
Project Location:	



If you answer NO to any of these questions, the Project MAY NOT be eligible for financing

Characteristics	Select One		Applicable Reviews:	
			Condo	Co-op
PROJECT IS ESTABLISHED 90% of the Units are conveyed to the Unit Purchasers - Project is 100% complete and NOT subject to further expansion - Control of the HOA has been turned over to the Unit Owners	☐ YES	☐ NO	X	X
DEFERRED MAINTENANCE – Ineligible until required repairs are made and documented	☐ YES	☐ NO	X	X
SINGLE ENTITY – No Single Entity owns more than 20% of the Units in the Project (2 units for projects with 5-20 units)? NOTE: For co-ops, sponsors who own rent-controlled shares may exceed 20%, see “Sponsor Held Units/Shares” red flag below	☐ YES	☐ NO	X	X
COMMERCIAL SPACE – Total Non-Residential or Commercial Space does NOT exceed 35%	☐ YES	☐ NO	X	X
LEASEHOLD/GROUND LEASE – Project is in fee and not subject to a leasehold	☐ YES	☐ NO	X	X
MANDATORY MEMBERSHIP – Project is not subject to a Mandatory Membership such as a Clubhouse, Golf Club Fee, 3 rd Party Amenities, etc.	☐ YES	☐ NO	X	X
SPECIAL ASSESSMENTS – Must be reviewed to determine acceptability	☐ YES	☐ NO	X	X
LITIGATION – The project is NOT subject to any current litigation in which the HOA or Developer is named as a party	☐ YES	☐ NO	X	X
RESERVES – Budget has a line item allocating a minimum of 10% to replacement reserves	☐ YES	☐ NO	X	X
DELINQUENCIES – No more than 15% of the Unit Owners are 60 or more days delinquent on their HOA dues	☐ YES	☐ NO	X	X

MASTER INSURANCE • Sublimit – Master insurance policies with a sublimit on required perils are ineligible. • Coinsurance – An insurance appraisal is required to determine acceptability if policy does not have an Agreed Value/Agreed Amount endorsement. • Deductible > 5% per occurrence – Deductibles greater than 5% on any peril is ineligible. • Per unit deductibles > \$50,000 – Per unit deductibles greater than \$50,000 are ineligible.	☐ YES	☐ NO	X	X
SUBLETTING – Subletting is not prohibited	☐ YES	☐ NO	N/A	X
FLIP TAX OR TRANSFER FEE – Flip Tax or Transfer Fee is not greater than 5%	☐ YES	☐ NO	N/A	X
BLANKET MORTGAGE TERM – Underlying mortgage does not mature within 6 months of project approval	☐ YES	☐ NO	N/A	X
SPONSOR HELD UNITS/SHARES – Sponsor has provided evidence of positive cash flow on unsold shares/units, if applicable	☐ YES	☐ NO	N/A	X



Any “NO” answer is a **RED Flag**. A **RED Flag** does not necessarily mean that a project is ineligible. Please submit the scenario along with any supporting documentation to the PRD mailbox at

ProjectReview@Newrez.com