

CONDO FAQ CHEAT SHEET

When can I use a limited Condo Questionnaire?

LIMITED REVIEW ELIGIBILITY

Attached Units in Established Projects

OCCUPANCY TYPE	MAXIMUM LTV / CLTV / HCLTV
PRINCIPAL RESIDENCE	≤ 90%
SECOND HOME	≤ 75%
INVESTMENT PROPERTY	≤ 75%

FLORIDA

Attached Units in Established Projects

OCCUPANCY TYPE	MAXIMUM LTV / CLTV / HCLTV
PRINCIPAL RESIDENCE	≤ 75%/90/90%
SECOND HOME	≤ 70%/75/75%
INVESTMENT PROPERTY	≤ 70%/75/75%

*Attached Units in **NEW** and **NEWLY CONVERTED** Projects in Florida MUST be reviewed and approved by FNMA via PERS, regardless of occupancy type.

When is insurance (HO6) needed?

If a condo master insurance policy includes walls in coverage plus betterments & improvements then no HO6 is needed.

If a condo master insurance policy includes walls in up to original builder specifications and there have been no improvements made to the property as verified by the appraiser then no HO6 is needed.

If a condo master insurance policy includes walls in coverage but no betterments & improvements are included OR the condo master insurance policy includes walls in up to original builder specifications and the unit has had improvements/upgrades since it was built then we need replacement cost coverage that is sufficient to repair the condo unit to its condition prior to a loss claim event.

We can ask the insurance agent for their method of determining the replacement cost coverage: We can ask for a copy of their insurance appraisal, cost estimator or the system/method that the agent themselves used to determine the appropriate amount of coverage.

What is meant by the term “betterments and improvements?” Permanent changes, alterations, or upgrades made to an individual unit. Further details and guidance should be available from the insurance agent to confirm that the HOA’s master policy, combined with the unit owner’s HO-6 policy, provides sufficient coverage to restore an individual unit to its condition prior to a loss claim event.

What’s the difference between an HO6 and HO3 Insurance Policy?

The largest difference between the two types of policies is that the HO6 policy is used exclusively for condominium projects while the HO3 policy is used for all other property types.

Ordering a Condo Questionnaire