

The quick guide to

# FHA approval

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# Basic Requirements

- **Owner Occupancy:** Aim for at least 50% of units to be owner-occupied, or 35% with additional details provided.
- **HOA Dues:** Ensure that no more than 15% of units are 60+ days late on their HOA dues (late fees and legal fees excluded).
- **Insurance:** Must include hazard, liability, fidelity, and flood (if applicable). COI should mention if coverage is at 100%, 125%, or guaranteed replacement cost. The management company should be listed as additionally insured on fidelity.
- **Reserves:** At least 10% of the annual budget should go into reserves for future repairs and needs.
- **Legal Docs:** Legal documents must comply with FHA requirements meaning they must not contain discriminatory language.
- **Single Ownership:** No individual or entity should own more than 10% of the units.
- **Commercial Space:** Commercial space must be less than 35% of the total floor area.
- **Financials:** HUD requires current financials, this year's approved budget, and budget vs. actuals for the last two years.



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# Documents to Collect

## Financials

Current approved Budget, Balance Sheet and YTD Budget vs Actuals Report, plus the last two fiscal years of Year End financials.

## Management Agreement

HUD requires the signed management agreement. It must allow either party to terminate the agreement with no more than 90 days' notice

## Insurance

Adequate insurance is required. HUD prefers to see a COI, they will not review full policies.

## Questionnaire

Your condo specialist will provide you with a questionnaire to complete.

## New Approval?



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We will also need Governing Documents:  
(Articles of Incorporation, Bylaws, CC&R's/Declarations, Amendments and all Maps)