

**Fairway Independent Mortgage Corporation  
Appendix B CERTIFICATION for INDIVIDUAL UNIT FINANCING**

**Project Name:** \_\_\_\_\_

**Project Location:** \_\_\_\_\_

The undersigned hereby certifies that:

1. The Mortgagee has verified that the condominium unit in connection with this loan file has been verified to be in a project that appears on FHA's list of approved condominium projects as of the date that the FHA case number is assigned;
2. To the best of his or her knowledge and belief, the information and statements contained in this application are true and correct;
3. The Mortgagee has no knowledge of circumstances or conditions that might have an adverse effect on the project or cause a mortgage secured by a unit in the project to become delinquent (including but not limited to defects in construction; substantial disputes or dissatisfaction among unit owners about the operation of the project or the owners association; and disputes concerning unit owners, rights privileges, and obligations); and
4. The Mortgagee has reviewed and verified that the investor ownership, percentage of owners in arrears for condominium association fees and owner-occupancy percentage meets FHA requirements.

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**Authorized Mortgage Representative (Print and Sign) and Title** **Date**

**PRE-SALE CERTIFICATION**

The undersigned hereby certifies that in lieu of providing:

1. Copies of sales agreements and evidence that a mortgagee is willing to make the loan;  
or
2. Evidence that units have closed and are occupied;

That the Builder / Developer has attached to the signed and dated certification, a list documenting all units sold, under contract or closed (i.e. an excel spreadsheet). This information will be used to document the required minimum presale requirement of 30 percent.

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**Builder / Developer (Print and Sign) and Title** **Date**

Title 18 U.S.C. 1014, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than \$1,000,000 or imprisoned for not more than 30 years or both. In addition, violation of this or others may result in debarment and civil liability for damages suffered by the Department.

<b>Appendix B- Certification for Individual Unit Financing Form Requirements</b>																						
<b>Mortgagee Representative/ DE Underwriter Signature Requirements</b>	<b>Builder/Developer Pre-Sale Certification Requirements</b>																					
<b>Required for:</b> Project that is currently or was previously approved.	<b>Required for:</b> New or Under construction projects where a pre-sale certification is required																					
<b>Who Signs?</b> DE Underwriter/Mortgagee to bind the company when the loan approval decision is made (i.e., the appraisal has been reviewed, the borrower(s) is approved and the loan is ready to close – if there are any conditions, they are conditions to be satisfied at closing).	<b>Who Signs?</b> The Builder / Developer or their authorized representative must sign / date. (signature stamps or electronic signatures are not permitted). This information will be used to document the required minimum pre-sale requirement																					
<b>Signature Timing Requirements:</b> The executed (signed / dated) certification must have been executed within the 30 days prior to the date of closing, or a new certification must be executed (signed / dated – signature stamps or electronic signatures are not permitted). <b>The required certification cannot be executed (signed / dated) after the loan closed.</b>																						
<b>Certifies that:</b> that he/she has reviewed and verified the investor ownership, percentage of owners in arrears for condominium association fees, and owner-occupancy ratio.	<b>Certifies that:</b> In lieu of providing copies of sales agreements and evidence that a mortgagee is willing to make the loan (loan commitment), or evidence that units have closed and are occupied, the builder / developer has attached to the signed and dated certification, a list documenting all units sold, under contract or closed (i.e. an excel spreadsheet).																					
<p><b>Certification signifies the following has been verified:</b></p> <p><b>Investor Ownership</b> For all existing or non-gut rehabilitation projects, any investor/entity (single or multiple owner entities) may own up to 50 percent of the total units at the time of project approval if at least 50 percent of the total units in the project have been conveyed or are under a bona fide contract for purchase to owner-occupant principal residence purchasers.</p> <p>A unit that is occupied as a principal residence is not considered as an investment property. When calculating the investor owned percentage, do not include this unit in the calculation.</p> <p>Unoccupied and unsold units owned by a builder/developer are not considered as investor owned and subject to the requirements unless the unit is currently rented or has previously been occupied.</p> <p>Eligible non-profit and/or eligible governmental housing programs are subject to the same investor and owner-occupied percentage requirements stated above. An eligible governmental or non-profit program means a program designed to assist</p>	<p>The chart below provides the requirements for pre-sale, owner-occupancy and investor percentages for proposed, under construction (including existing &lt; 12 months old) or gut-rehabilitation conversions.</p> <p>Regardless of the status of transfer of control and/or if there has been a change in ownership/sponsorship, the below requirements are applicable.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #006666; color: white;">Pre-Sale Percentage</th> <th style="background-color: #006666; color: white;">Owner Occupancy Percentage</th> <th style="background-color: #006666; color: white;">Investor Percentage</th> </tr> </thead> <tbody> <tr> <td>30%</td> <td>30%</td> <td>No more than 30%</td> </tr> <tr> <td>30.01 – 35%</td> <td>30.01 – 35%</td> <td>No more than 30%</td> </tr> <tr> <td>35.01 – 40%</td> <td>35.01 – 40%</td> <td>No more than 35%</td> </tr> <tr> <td>40.01 – 45%</td> <td>40.01 – 45%</td> <td>No more than 40%</td> </tr> <tr> <td>45.01 – 50%</td> <td>45.01 – 50%</td> <td>No more than 45%</td> </tr> <tr> <td>50%</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table>	Pre-Sale Percentage	Owner Occupancy Percentage	Investor Percentage	30%	30%	No more than 30%	30.01 – 35%	30.01 – 35%	No more than 30%	35.01 – 40%	35.01 – 40%	No more than 35%	40.01 – 45%	40.01 – 45%	No more than 40%	45.01 – 50%	45.01 – 50%	No more than 45%	50%	50%	50%
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the purchase of low-or-moderate-income housing including rental housing that is operated pursuant to a program established by Federal law, operated by a State or local government, or operated by an \*eligible non-profit organization as defined by the Department's current guidelines. (Refer to [24 CFR 203.41](#) for additional information.)

**Delinquent HOA Dues**

No more than 15 percent of the total units can be in arrears (more than 60 days past due) on their condominium association fee payments (does not include late fees or other administrative expenses). The 15 percent includes all units (occupied, investor, bank owned and vacant). There will be no exception requests granted.

**Owner Occupancy Percentages Existing (project fully completed and over one year old or Non-Gut Rehab conversions):**

- At least 50% of the units of a project must be owner-occupied or sold to owners who intend to occupy the units.
- A 30% owner-occupied minimum may be allowed if the project meets the lower occupancy requirements below

**Proposed, Under Construction (including existing < 12 months old) or Gut Rehab Conversions:**

- FHA will allow a minimum owner-occupancy percentage equal to 30% of the declared units
- Legally phased projects must meet 30% presale and 30% owner-occupancy requirements(see adjacent chart in next column)

The **owner-occupancy** percentage must be documented as follows:

- Copies of sales agreements and evidence (loan commitment) that a mortgagee is willing to make the loan, or
- Evidence that units have closed and are occupied; or
- Information from a developer/builder that lists all of the units already sold, under contract, or closed (e.g. a spreadsheet, chart, or listing used for the company's own tracking purposes) that is accompanied by a signed certification from the developer.

**Note:** A **secondary residence** can only be considered to be "owner-occupied" if it meets all of the requirements of [24 CFR203.18\(f\)\(2\)](#) which states the following:

Secondary residence means a dwelling: (i) Where the mortgagor maintains or will maintain a part-time place of abode and typically spends (or will spend) less than a majority of the calendar year; (ii) which is not a vacation home; and (iii) which the Commissioner has determined to be eligible for insurance in order to avoid undue hardship to the mortgagor. A person may have only one secondary residence at a time.

Additionally, a unit sold to an owner who intends to occupy the unit may only be considered "owner occupied" if it was a valid presale.

**Conditions to Lower Occupancy Percentage for Existing to as low as 35 percent Submission to [Jurisdictional HOC](#) Required for Approval**

Existing projects(> than 12 months old) with an owner occupancy percentage of at least 35 percent and less than 50 percent are eligible for approval under the following circumstances and subject to the following conditions:

- **Applications must be submitted for processing and review under the HUD Review and Approval Process (HRAP) option.**
- Financial documents must provide for funding of replacement reserves for capital expenditures and deferred maintenance in an account representing at least **20** percent of the budget; and
- No more than **10** percent of the total units can be in arrears (more than **60** days past due) on their condominium association fee payments; and
- Three years of acceptable financial documents must be provided.

Refer to Section 2.1.6 of the [Condominium Project Approval and Processing Guide](#)

**The owner-occupancy percentage must be documented as follows:**

- Copies of sales agreements and evidence (loan commitment) that a mortgagee is willing to make the loan, or
- Evidence that units have closed and are occupied; or
- Information from a developer/builder that lists all of the units already sold, under contract, or closed (e.g. a spreadsheet, chart, or listing used for the company's own tracking purposes) that is accompanied by a signed certification from the developer

**For Answers to questions regarding condominium project eligibility and approval requirements refer to the following resources:**

**[Mortgagee Letter 2016-15](#) FHA Condominium Project Approval – Owner Occupancy Requirement**

**[Mortgagee Letter 2011-22](#) and**

**[Condominium Project Approval and Processing Guide](#)**

**[Mortgagee Letter 2012-18](#) Temporary Approval Provisions for FHA Condominium Project Approval Process**

**[Mortgagee Letter 2014-17](#) (Extension of Mortgagee Letter 2012-18)**

**[Mortgagee Letter 2015-27](#) (Extension of Mortgagee Letter 2012-18)**

**[Mortgagee Letter 2016-13](#) (Extension of Mortgagee Letter 2012-18)**

**[FHA Condominium Insurance Page](#)**

**[Navigating the FHA Condominium Project Approval Process](#)**

**[FHA Resource Center FAQ site](#)**