Condominium Questionnaire:
beneficial but why does it cost $100-300?
(Commentary by the Colorado HOA Forum

The Condominium Questionnaire is required to obtain a Federal/FHA loan for most condominium homeowner loans. It is completed by the HOA through the property management company. Below is the information normally required to be submitted via the Questionnaire. A full discussion on this process.

Our questions: 1) who receives the payment for the Questionnaire and is it a reasonable fee or inflated and a form of income enhancement? 2) is this similar to the HOA Home Sale Transfer Fee imposed and retained by an HOA's property management company that is excessive in cost for the services provided (especially when such services have mostly been already paid for with homeowner dues)? In brief, the information below may seem comprehensive and time consuming to provide but almost all HOA property management companies (PMC) can produce such information in a matter of minutes with a computer-based application. The PMC, not the HOA, generally sets the fee amount and retains the income. An administrative fee of $25-50 seems very reasonable to cover labor, materials and profit for this service. Note, the cost to maintain the below/requested information is already paid for with homeowner dues! The cost to email, fax or copy such information to a lender should be recovered but does this really require the PMC to charge $100-300 for a service involving the release of information and completing a form or two? The PMC has been designated by the HOA to be the custodian of HOA official documentation with the use of such information to meet the needs of the community but most certainly was never intended for a money making proposition for the PMC.

What is in the condo questionnaire?

Limited review questionnaires are quicker for a condo rep to fill out, and much more likely to be approved. The key requirements are:

- **Units and common areas are complete**

- No "single investor concentration;" i.e., when one person or business owns more than 10% of units
- A certain percentage of units must be owner-occupied (this percentage varies according to state and buyer's intended usage)
- A "master property insurance" policy
- If the unit is in a flood zone, the complex must have adequate flood insurance
- The development can't operate like a condominium hotel or timeshare
- Control of the HOA must be with the homeowners, not the developer
- An upper threshold of 25% to 35% of the overall square footage zoned for commercial
- The HOA is not part of any ongoing litigation related to safety, habitability, or structural integrity

Full review is typically required for attached units in new construction projects or new conversions where the developer still controls the HOA. The full form is five pages of questions pertaining to:

- Project completion information
- Engineering reports
- Allocation of reserves
- How many units are more than 60 days in arrears on common expense assessments (The upper limit is 15%)
- Ownership of units, and owner/investor activity: Does the development allow short-term rentals?

Additionally, full review requires the association or developer to provide a substantial amount of documentation to review. This may include:

- HOA budget review
- Project construction plans review

- **A minimum $1 million policy for Commercial General Liability insurance**
- **Review of common facilities and common areas**
- **Review of common expense special assessments**
- **At least 10% of revenues are set aside for condo reserves**
- **Review of community covenants and bylaws to ensure Fair Housing Act compliance.**