



DALLY COURT • PERTH AMBOY • NJ 08861

The Condominiums managed by the Harbortown Crossing Condominium Homeowner's Association have lost their Federal Housing Authority (FHA) certification and, since 2012, are non-warrantable Condos. This means they do not meet FHA or VA guidelines for mortgage loans needed to purchase condominiums in our community and cannot be backed by government entities like Sallie Mae and Freddie Mac. These agencies ensure these loans to the banks that provide the funds. Without these guarantees, many lenders consider financing a mortgage for this type of property too risky, making it harder to finance without substantial cash down payments. *For example, closing costs on a non-warrantable condominium with a purchase price of \$300,000 - \$400,000 can be from 5% - 10% of the purchase price (closing costs can range from \$12,000 - \$20,000).* This results in a negative impact on our property values.

According to the Certificate of Incorporation, the Harbortown Crossing Condominium Association had FHA certification at its inception. See table of contents for the Bylaws of Harbortown Crossing Condominium Association, Inc., Article X., of the Certificate of Incorporation. Amendments related to this Article require the assent of 75% of members of the Association. As indicated above, Middlesex County public records for non-warranted condominiums in New Jersey show Harbortown Crossing as non-Warranted since 2012.

A condominium is deemed warrantable if:

- There are no lawsuits targeting the homeowner's association (HOA).
- Less than 15% of the other occupants are in debt with their association dues.
- Commercial space accounts for no more than 25% of the building's square footage.
- An owner occupies the majority of units.
- FHA will require a percentage of the (HOA) fees placed in reserve accounts each month.

FHA and VA loans offer:

- Low down payments of 0-3.5%.
- Flexible credit review.
- Lower closing costs: seller can help pay closing costs.

My request was not just to have the executive board vote on this but also to have the owners vote. This should have been done before any actions resulting in our FHA certification's loss. After this, the board will decide on how we will reinstitution the FHA Certification and by whom.

Also, I am requesting the meeting for the board (only) to set the agenda before the open meeting for the notification of unit owners about the purpose of the meeting and to make sure it is done in a timely manner as required by the bylaws. See Article III: Meetings of Unit owners.

