



## HOA & Condo Association Loans FAQ's

Your comprehensive guide to financing capital projects without burdening homeowners with large special assessments



## Specialized Community Financing

Tailored for HOAs, condo associations, and co-op boards to fund necessary improvements.



## Funds Essential Capital Projects

Covers major renovations like roof repairs, concrete restoration, and critical plumbing upgrades.



## Promotes Affordability & Flexibility

Avoids immediate large special assessments, offering manageable payment plans for homeowners.

# Why Do Associations Use Loans?



## Insufficient Reserves

When reserve funds fall short of covering essential project costs



## Burdensome Assessments

Special assessments would create financial hardship for homeowners



## Urgent Repairs

Critical repairs needed for safety or building code compliance



## Payment Flexibility

Spreading costs over time creates more equitable, affordable solutions

Loans enable projects to begin immediately while maintaining stable monthly dues and preventing financial strain on the community.

# How Association Loans Differ from Traditional Bank Loans

## Association Loan Benefits

- **No personal guarantees** required from board members
- Flexible reserve requirements accommodate communities with limited funds
- **Extended repayment terms** up to 20-25 years
- Predictable monthly payments for easier budgeting

Underwriting focuses on the association's financial health, not individual credit scores, making approval more accessible for communities.



# Eligible Projects for Association Financing



## Roofing & Waterproofing

Complete roof replacements, membrane repairs, and comprehensive waterproofing systems



## Plumbing Systems

Full piping replacement, water system upgrades, and mechanical improvements



## Marine Structures

Seawall reconstruction, dock repairs, and waterfront infrastructure



## Structural Repairs

Concrete restoration, foundation work, and essential structural improvements



## Elevators & Mechanics

Elevator modernization, HVAC systems, and critical mechanical equipment



## Hurricane Protection

Impact windows, doors, and storm-resistant building improvements



# Who Repays the Loan?

## The Association is the Borrower

Loan payments are made from association funds through regular monthly or quarterly assessments—not by individual board members personally. This structure protects board members from personal liability while ensuring community-wide responsibility.

# Loans Available Even with Low Reserves

## Good News for Underfunded Communities

Many lenders specialize in working with associations that have reserve shortfalls. They understand that unexpected projects and new safety regulations often create funding gaps.

**Specialized loan programs** are specifically designed to support associations with limited reserves, making essential improvements possible even when funds are tight.



# Loan Amount Range

**\$250K**

**Minimum Typical Loan**

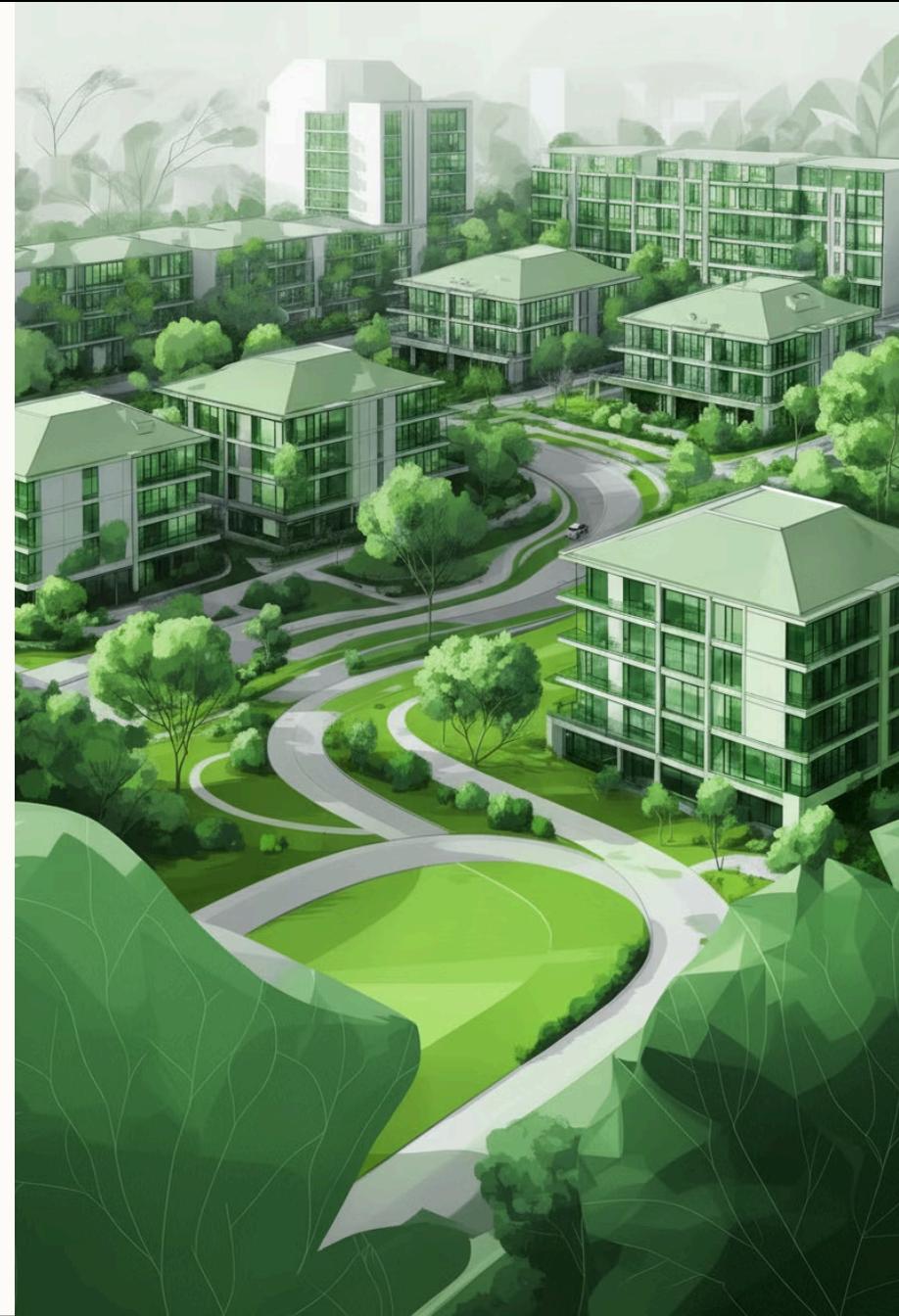
Starting point for most  
association projects

**\$20M+**

**Large Community Projects**

Major developments and  
comprehensive renovations

Loan amounts are tailored to community size, unit count, and project scope. Whether you're a small townhome community or a large high-rise complex, financing solutions are available to match your needs.





# Typical Loan Terms & Interest Rates

## Loan Terms

5-25 years available

Longer terms reduce per-unit monthly costs significantly

## Interest Rates

Fixed and competitive rates based on association creditworthiness

Market conditions influence final pricing

## Real-World Example

A \$1,000,000 roof replacement financed over 25 years could cost approximately **\$100-\$120 per unit per month** in a 100-unit condominium community.

# Fast Approval Timeline



Timeline depends on how quickly the association provides complete financial statements and project documentation. Preparation is key to faster approval.

A photograph of a desk setup. On the left, a small white pot holds a green succulent. In the center, a silver laptop is open. In front of it, a white notebook with the word 'Documents' printed on its cover is closed. To the left of the notebook, two dark pens are lying on the desk. The background is a soft, out-of-focus light green.

# Required Documentation Checklist

## Financial Documentation

- Recent association financial statements
- Delinquency reports
- Reserve study (if available)

## Legal Documents

- Declaration, bylaws, and articles of incorporation
- Current collection policy and procedures

## Project Information

- Project contracts or detailed bids
- Board meeting agendas and minutes

## Management Details

- Property management company agreement
- Notice of late assessments list

# Impact on Homeowners



## Manageable Payment Structure

Instead of facing large lump-sum special assessments that can strain household budgets, homeowners contribute through regular monthly dues or modest assessment increases spread over time.

This approach makes major capital improvements **far more affordable and accessible** for the entire community, preventing financial hardship while ensuring necessary projects move forward.



# Nationwide Availability with Regional Considerations

## National Coverage

Association loans are available across the United States, though specific terms and availability may vary by state and region.

## Florida Focus

In Florida, association loans have become **critically important** due to SB-4D legislation requiring stricter structural safety compliance and higher reserve requirements.

These financing solutions help communities tackle essential projects like roof replacements, concrete restoration, plumbing upgrades, elevator modernization, seawall repairs, and hurricane-impact window installations—providing practical alternatives to burdensome special assessments.

# Important Disclaimer



## Educational Content Only

The information in this Association Loan FAQ is provided for educational and informational purposes only. It is not intended as financial, legal, tax, or accounting advice.



## Terms Subject to Change

Loan terms, eligibility, interest rates, and approval criteria are subject to change and may vary by lender, association financials, project type, and jurisdiction. Past approval outcomes do not guarantee future results.



**Professional Consultation Recommended:** Associations and board members should consult with qualified legal, financial, or tax advisors before making borrowing or project funding decisions.