

**Date:** [Insert Date]

**To:** [Borrower Name(s)]

**Property Address:** [Insert Property Address]

**Loan Number:** [Insert Loan Number]

**RE: Conditional Approval - Single Entity Concentration (Non-Warrantable Condominium)**

Dear [Borrower Name],

We are pleased to inform you that your mortgage application for the property listed above has been conditionally approved. This approval is based on the project's classification as a Non-Warrantable Condominium due to Single Entity Concentration levels exceeding standard agency guidelines.

Final approval and funding are subject to the satisfactory receipt and review of the following conditions:

- **Updated Project Questionnaire:** Verification that the single entity (individual, corporation, or partnership) owns no more than [Insert Percentage]% of the total units in the project.
- **Commercial Space Verification:** Confirmation that any commercial space within the project does not exceed [Insert Percentage]% of the total square footage.
- **Insurance Requirements:** Evidence of a Master Insurance Policy including replacement cost coverage, general liability, and fidelity bond coverage (if applicable).
- **HOA Financials:** Review of the current year's budget ensuring at least 10% of dues are allocated to replacement reserves.
- **Litigation Statement:** A signed statement from the HOA confirming no pending litigation involving structural defects or health and safety concerns.
- **Appraisal Review:** A satisfactory appraisal report addressing the marketability of units within a project with high investor concentration.

Please note that this conditional approval is not a commitment to lend. All conditions must be cleared by our underwriting department prior to the issuance of a final "Clear to Close."

If you have any questions regarding these requirements, please contact your Loan Officer at [Insert Phone Number] or [Insert Email Address].

Sincerely,

[Underwriter Name/Signature]

[Lending Institution Name]