

Home Owner Association & Condo Association Frequently Asked Loan Questions



- **Why does my HOA/Condo Association need a loan?**

HOA and Condo Associations may encounter situations where the income and reserves are not sufficient to meet their capital needs. The loans are typically used to fund projects and expense area improvements for maintenance and repair. A loan is an alternative to requiring payment in full of special assessments.

- **Am I personally liable or a guarantor on the loan?**

No. The loan is made to the Association and there are no personal guarantees required.

- **Is there a lien on my unit? What is the collateral for the loan?**

There are no liens taken on real estate. The collateral for the loan is a UCC-1 filing on all assets of the association with the state, including an assignment of the rights of the association.

- **Am I able to buy or sell a unit while the loan is still outstanding?**

Yes. Individual units may be bought and sold.

- **Am I able to refinance my unit?**

The associations loan is not a lien on your property and should not have an impact on the refinancing of your unit outside of normal monthly obligation analysis.

- **Are we able to prepay the loan?**

Yes. There is no prepayment penalty if from cash or sale of property. There is a 1% prepayment penalty if the loan is refinanced with another lender.

- **What happens if other association members don't pay?**

The loan obligation is a shared obligation of all unit owners and the repayment would be allocated by the HOA. The Association would be responsible for collecting from individual unit owners similar to regular assessments.

- **How often are we able to re-amortize the loan and is there a cost?**

Re-amortization is typically allowed quarterly at a fee of \$250 to cover the associated expense.

For general inquiries or questions, please email HOA@northwest-bank.com or 503.906.3939
Terms and conditions may change. Loans are subject to credit approval.



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