SR

Prepared by: John Smith
Brokerage Admin
HOA resale package due diligence

CONFIDENTIAL REPORT

DUE DILIGENCE REPORT FOR

Cotton Mill Lofts Condominium Association

Philadelphia · ZIP 19127 · Report ID F66E32CB

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SCOUTSCORE

53
/ 100

CAUTION

WHAT THIS MEANS

Some financial or legal concerns were identified. Review the details below.

RISK SCALE

0 · 49 Elevated · 79 Moderate · 100 Favorable

MONTHLY DUES	RESERVE FUNDING	HIGH-RISK RULES	SPECIAL ASSESSMENTS	OPEN LITIGATION
$427	48%	0	1	1

REPORT DETAILS

PREPARED BY
John Smith
PREPARED FOR
Buyer Review
TITLE
Brokerage Admin
PROPERTY / HOA
Cotton Mill Lofts Condominium A…
LOCATION
Philadelphia · ZIP 19127
COVERAGE
Full disclosure packet
DOCUMENT(S)
cotton-mill-lofts-resale-packet…
PREPARED
August 20, 2026

WHAT'S INSIDE

01

EXECUTIVE SUMMARY

BOTTOM LINE · PROCEED WITH CAUTION · SCORE 53

Some financial or legal concerns were identified. Review the details below.

TOP RED FLAGS

1. Reserve fund underfunded

The HOA is funded at 48% of its ideal reserve target, increasing the likelihood of special assessments.

2. Special assessment disclosed

Approved special assessment of $4,800 per unit. First installment due at closing. ($4,800).

3. Pending or recent litigation

Vendor contract dispute. HOA named in a pending vendor billing dispute. Counsel is monitoring; no levy disclosed.

NOTABLE STRENGTHS

No clear strengths surfaced from the disclosure package.

02

FINANCIAL HEALTH

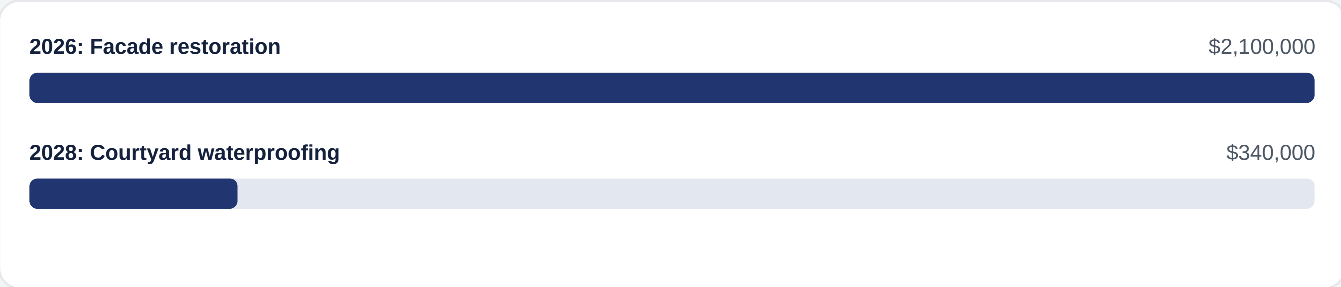
Some financial or legal concerns were identified. Review the details below.

RESERVE FUND %	FUND STATUS	CURRENT RESERVES
48%	Caution	$920,000
IDEAL RESERVES	**MONTHLY DUES**	**SPECIAL ASSESSMENTS**
$1,917,000	$427	$4,800

RESERVE CONTRIBUTION GAP

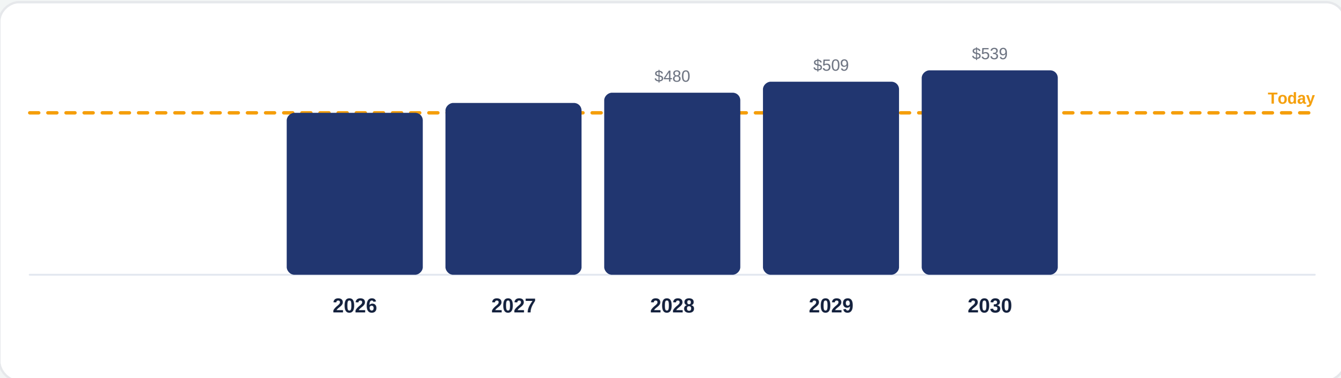
Board funds: $110,000/yr. Study recommends: $185,000/yr. Gap: $75,000/yr. Plan: Board plans stepped increases over five years.. Annual reserve contributions trail the study recommendation.

CAPITAL PROJECTS CALENDAR



2026: Facade restoration · $2,100,000
2028: Courtyard waterproofing · $340,000

5-YEAR PROJECTED DUES



YEAR	EST. MONTHLY	EST. ANNUAL	CHANGE VS. TODAY
2026	$427/mo	$5,124	+$0 (+0%)
2027	$453/mo	$5,436	+$26 (+6%)
2028	$480/mo	$5,760	+$53 (+12%)
2029	$509/mo	$6,108	+$82 (+19%)
2030	$539/mo	$6,468	+$112 (+26%)

SPECIAL ASSESSMENTS DISCLOSED

Facade restoration levy

FROM THE PACKET

Approved special assessment of $4,800 per unit. First installment due at closing.

APPROVED · $4,800

Page 14

LITIGATION DISCLOSED

Vendor contract dispute

FROM THE PACKET

HOA named in a pending vendor billing dispute. Counsel is monitoring; no levy disclosed.

PENDING

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03

CLOSING AND LENDER CHECKLIST

Transfer fees, owner-occupancy mix, insurance gaps, and lender questionnaire red flags extracted from your uploaded packet when explicitly disclosed.

TRANSFER AND MOVE-IN FEES

Transfer fee $350

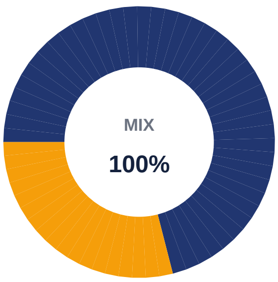
Move-in fee $200

Resale certificate $175

HOA CASH AT SETTLEMENT

Known HOA total: $725

OWNER-OCCUPANCY MIX



71% Owner-occupied

29% Renter or investor

What this means for you: Use these occupancy figures when you talk with your lender about project warrantability for your loan.

04 GOVERNING AND OCCUPANCY RULES

CC&R excerpts and per-unit household occupancy limits pulled from your disclosure packet with page references when available.

GOVERNING RULES EXTRACTED

RENTALS · 30% rental cap with 18-month minimum lease.

"No more than thirty percent of units may be leased at any time."

Art. VII §3 (p. 12)

05 LAW VS. LIFE

Each row compares a rule as written in the HOA's governing documents with what residents actually report in online forums, reviews, and news.

The risk level reflects the size of the gap or the severity of the concern.

THE RULE	THE REALITY
Rentals MEDIUM *CC&Rs, Art. VII §3* No more than 30% of units may be leased; 18-month minimum term.	Neighbor listings show several short-term stays marketed as 30+ days.
Pets MEDIUM *Rules & Regulations, §4.1* Dogs over 35 lb are not permitted without a board waiver.	Building photos and listings frequently show larger dogs on terraces.

06 PERSONALIZED ALERTS

Findings tailored to the buyer's household profile. These alerts do not affect the ScoutScore but surface rules and conditions that directly impact the specific buyer.

REVIEW

Rental cap may block an investment hold

30% cap and 18-month minimum lease. Confirm remaining slots before offer.

Section: Art. VII §3 · Page 12

REVIEW

Weight limit on dogs

35 lb cap without a waiver. Households with larger dogs should ask the board first.

Section: §4.1 · Page 18

07 NEXT STEPS

Concrete follow-ups after you review this packet. Check each item with your agent before you waive contingencies or sign.

BUYER ACTION CHECKLIST

Before you sign the purchase agreement

- [ ] Ask the board or management for the projected special assessment timeline and funding plan given underfunded reserves (about 48% funded).
- [ ] Confirm the board is following the disclosed reserve contribution step plan for "Board plans stepped increases over five years" and what happens if the $75,000/yr gap slips.
- [ ] Review the capital projects calendar for "Facade restoration", 2026, $2,100,000 - timing, cost, and whether any work could trigger a future special assessment.
- [ ] Clarify in writing which party is responsible for the approved "Facade restoration levy" assessment ($4,800).
- [ ] Have a licensed attorney review the status and exposure of the disclosed "Vendor contract dispute" matter.
- [ ] Request the most recent reserve study and the last three years of audited financials.
- [ ] Request the last 12 months of board meeting minutes and any pending rule changes.
- [ ] Verify current HOA dues, transfer fees, capital contributions, and any approved future rate increases.
- [ ] Confirm the statutory review/rescission period for HOA documents in your state before waiving.

AGENT PLAYBOOK

Negotiation leverage points

- [ ] Negotiate a seller credit or price reduction tied to the underfunded reserve shortfall (~48% funded) and likely future assessments.
- [ ] Have the purchase contract explicitly assign responsibility for the "Facade restoration levy" assessment ($4,800).
- [ ] Confirm the HOA is in good standing and current on all state registration and disclosure requirements.
- [ ] Document the buyer's acknowledgement of HOA risk items in the offer package to reduce post-close liability.

08 METHODOLOGY & SOURCES

The ScoutScore in this PDF is the same composite 0-100 risk rating shown in the online ScoutReport.

It is based on reserve fund health, disclosed special assessments, disclosed litigation, governing rules, insurance concerns, closing fees, owner-occupancy mix, lender red flags from the uploaded package, and Social Pulse web factors when present.

Higher scores indicate lower risk.

SCORE BREAKDOWN

FACTOR	IMPACT	SOURCE	CONFIDENCE
Reserve funded at 48% · contribution funded at 59% of study recommendation Percent funded measures current reserves versus the fully funded target. ScoutScore also softens reserve safety when annual board contributions materially lag the study recommendation.	-16	DOCUMENT	MEDIUM
Buyer remaining assessment burden $4,800 Approved or pending levies scored by remaining dollars you may inherit relative to annual dues.	-23	DOCUMENT	MEDIUM
1 litigation concern scored Legal exposure by case class (structural/defect matters weigh heaviest). Dollars and reserve text are not double-counted here.	-7	DOCUMENT	MEDIUM
Living cost and governance friction Closing fees, rental caps, and day-to-day use rules. These affect lifestyle and cash at closing more than structural HOA solvency.	-1	DOCUMENT	MEDIUM
2 capital projects on the calendar Named major repairs from the reserve study or board disclosures. Timing and cost are diligence context; only approved or pending special assessments change the assessment score.	0	DOCUMENT	MEDIUM

DATA SOURCES

- Your uploaded HOA resale package (governing documents, bylaws, CC&Rs, financials, meeting minutes)

GLOSSARY

Reserve Fund %: Current reserve balance divided by the ideal target from the most recent reserve study.

Reserve Contribution Gap: Difference between what the board currently contributes to reserves each year and what the reserve study recommends, plus any disclosed step-up funding plan.

Capital Projects Calendar: Named major repairs or replacements from the packet. Timing and cost are diligence context; approved or pending special assessments are scored separately.

Special Assessment: An extra, often one-time charge levied by the HOA to cover shortfalls or major capital projects.

Law vs. Life: A comparison between what the governing documents say and what residents actually experience.

Closing and Lender Checklist: Transfer fees, HOA cash at settlement, occupancy mix, insurance gaps, claims history, and lender questionnaire items extracted from the resale packet.

Buyer Action Checklist: Follow-up asks after reviewing the packet: escrow fees, lender flags, counsel review, and contingency timing.

Governing and Occupancy Rules: CC&R excerpts and per-unit household occupancy limits with page references when available.

ScoutScore: The same 0-100 composite risk rating as the online report; higher is safer. Includes package factors and Social Pulse web deductions when present. See the Score Breakdown above for factor-level detail.

IMPORTANT NOTICE