Resolution to Modify the Required Credit Score for Property Purchases in Lauderdale West Community Association #1

Establishing Updated Creditworthiness Criteria for Prospective Homebuyers

Introduction

Over the years, the Board of Directors has set standards and policies designed to maintain both the stability and the appeal of our neighborhood. Among these policies, the required minimum credit score to qualify for property ownership has served as a key instrument to ensure responsible financial stewardship among homeowners. In response to changing economic conditions, demographic shifts, and evolving best practices, it is now appropriate to revisit and revise the existing credit score requirement.

Background

The current policy, adopted by the Board in 2018, sets the minimum required credit score at 720. This benchmark was initially selected based on prevailing lending industry standards and the community's commitment to fostering a financially reliable population of homeowners. Over the years, this policy has helped to reduce the risk of mortgage defaults, delinquencies on association dues, and has contributed to the overall fiscal stability of our neighborhood.

Rationale for Modification

- Changing Credit Landscapes: The methodology for calculating credit scores has evolved. New models, such as TransUnion FICO Score 4 algorithm OR Equifax FICO Score 8 algorithm, weigh factors differently, potentially impacting applicants' scores in ways not previously considered.
- Risk Management: Advances in risk assessment tools allow for more nuanced evaluations of an applicant's ability to fulfill financial obligations, making a rigid credit score cutoff less necessary than it once was.

Resolution

Be it resolved that the Board of Directors of Lauderdale West Community Association #1, on this July 23, 2025, in the presence of a quorum, does hereby adopt the following modifications to the property purchase policy as it pertains to credit score requirements:

- The minimum credit score required for the purchase of a property within the community shall be 720.
- For applicants with a credit score below 720 but above 700, a comprehensive financial review will be conducted. This review may include, but is not limited to, verification of employment, income, savings, debt-to-income ratio, and references. Qualification may require Escrow in the amount of one-years Lauderdale West's maintenance fee (Single Family Home or Plex, as applicable) to be held for two years and returned, without interest, if the owner does not miss any maintenance payments. Other terms of the Escrow are in the Escrow Agreement, herein attached.
- If there are multiple buyers financially responsible for the unit, all must meet the above criteria. If one of the buyers does not, then the escrow must be implemented.
- All applicants must continue to comply with other established policies, including background checks, verification of funds, and any additional requirements set forth in the community bylaws.
- The Board reserves the right to review and amend this policy annually, or as needed, in response to further changes in economic conditions or regulatory requirements.

Implementation

To ensure a smooth transition to the new credit score policy, all real estate agents, property management companies, and current homeowners will be notified of the policy change via the community website.

Secretary Marlene Newman President Stephen M Rose

Print Marlene Newman Print Stephen M. Rose

Date of Board Meeting 7/23/2025

ESCROW MAINTENANCE AGREEMENT

This Escrow Maintenance Agreement ("Agreement") is entered into on this ___ day of ________, **25**, by and between _________________ ("Buyer") and Lauderdale West Community Association #1, Inc. ("Association"), in connection with the purchase of the property located at ____________________, within the Lauderdale West community ("Property").

1. Maintenance Escrow Requirement

At the time of purchase of the Property, the Buyer shall deposit an amount equal to one (1) year of maintenance fees ("Escrow Amount" $__________) into escrow with the Association or designated escrow agent. This Escrow Amount shall be held for a period of two (2) years from the date of closing. During the term of this Agreement, the Association is authorized to disburse said Escrow Amount to the Association to cure any delinquency of the Buyer, including, but not limited to, assessments, special assessments, penalties and interest, and collection costs. The Association is not obligated to use the Escrow Amount to cure any delinquency of the Buyer, including, but not limited to, assessments, special assessments, penalties and interest, and collection costs, and may proceed with collection enforcement proceedings for all amounts due and owing.

2. Use and Return of Escrow

Provided that the Buyer remains current on all required maintenance payments throughout the two-year escrow period, the Escrow Amount shall be returned to the Buyer at the end of such period. If the Buyer sells the Property prior to the expiration of the two-year period, the Escrow Amount shall be returned to the Buyer upon closing of the sale.

3. Missed Payments and Tolling of Escrow Period

In the event the Buyer misses or fails to make any required maintenance payment during the two-year escrow period, the two-year period shall restart from the date the missed payment is remedied, and the Buyer is again current on all dues. Each subsequent missed maintenance payment shall cause a new two-year period to begin.

4. No Interest

The Escrow Amount shall not accrue interest, and the Buyer acknowledges that no interest will be paid on the amount held in escrow.

5. Miscellaneous

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, and assigns. This Agreement shall be governed by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Buyer Signature

Printed Name: ____________________

Authorized Representative of Association/Escrow Agent

Printed Name: ____________________

Date: ____________________