

## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC STREAMLINED REVIEW CONDO (ATTACHED CONDO ONLY)

*Formally FHLMC Limited Review*

**Must be reviewed by Project Review Team**

This can be done for **Established Condominium Projects** (for the project to be considered established, it must be 100% complete, not in the developers control, and a minimum of 90% of the units sold). These reviews are on a case by case basis only.

#### Requirements are:

- Projects located in Florida must be submitted to Project Review Team for approval.
  - If the Project Review Team has previously determined that a project is ineligible, Project cannot be reviewed as Limited Review and must follow Full Review guidelines
- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Service Guide Chapter 42.2, except 42.2(e).
- Project (including all units, common areas and facilities within the project) must be 100% complete and not subject to additional phasing or annexation.
- Project must have 90% of the units sold and conveyed to purchasers.
  - Multiple purchases by one owner are counted as one sale when determining presale
- Control of the Homeowner's Association must have been turned over to the unit owners.
- No single entity may own more than 10% of project. If project contains less than 10 units no single entity may own more than one unit.
- Cannot be a mixed use property (*see pg. 33 for additional Mixed Use guidelines*)
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage 3) fidelity bond/fidelity insurance coverage (fidelity bond/fidelity insurance coverage is only required for project with more than 20 units)\*
  - Fidelity Bond insurance coverage, must at a minimum, equal at least the sum of three months of assessments on all units in the project
  - If project has a Management Company, must provide policy for the Management Company's Fidelity Bond coverage **and** must provide policy for the HOA's Fidelity Bond coverage.
- Project cannot contain manufactured homes.
  - Modular Homes are considered "stick-built" and eligible project types
- Borrower must meet LTV/CLTV requirements listed in grids below:

<b>FHLMC Streamlined LTV/CLTV Requirements for Projects NOT located in Florida</b>			
<b>Occupancy Status</b>	<b>LP Accept</b>	<b>All Other LP (A-) Recommendations</b>	<b>Manual Underwriting</b>
Primary Residence	90% LTV/LTV/CLTV	≤80% LTV/CLTV	≤80% LTV/CLTV
Second Home	≤75%	≤75% LTV/CLTV	≤75% LTV/CLTV
Investment	Not Allowed	Not Allowed	Not Allowed

<b>FHLMC Streamlined LTV/CLTV Requirements for Projects located in Florida</b>			
<b>Occupancy Status</b>	<b>LP Accept</b>	<b>All Other LP (A-) Recommendations</b>	<b>Manual Underwriting</b>
Primary Residence	75% LTV/LTV/CLTV	≤75% LTV/CLTV	≤75% LTV/CLTV
Second Home	≤70%	≤70% LTV/CLTV	≤70% LTV/CLTV
Investment	Not Allowed	Not Allowed	Not Allowed

#### Documentation Requirements:

- Submission Form [Condo-PUD-Coop Submission Form](#)
- Limited Review Condo Worksheet/Questionnaire [Limited Review Condo Worksheet \(FNMA Q FHLMC STREAMLINED REVIEW\)](#)
- Complete copy of appraisal including all addendums and pictures
- Borrower's Title work
- Borrower's 1008 Transmittal (if applicable)
- Borrower's LP findings
- Declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost and must provide complete copy of project's recorded legal Declarations and Bylaws. **Declarations-Bylaws Certification *These projects MUST be sent to Project Review Team for approval.***
  - If HOA's policy is an Employee Dishonesty or Crime in lieu of Fidelity Bond/Fidelity Insurance, must provide Endorsement that non-employees are covered by policy.
  - If state does not require Fidelity Bond insurance must provide copy of state statute reflecting insurance is not required.
- Leasehold if applicable—See Leasehold Requirements Attached
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**



## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC DETACHED CONDOMINIUM PROJECT

*Must be reviewed by Project Review Team*

Projects are new construction/new conversion or existing.

#### Requirements are:

- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Servicer Guide Chapter 42.2
- Project must be solely made up of DETACHED SITE units. If project consists of ATTACHED and DETACHED units, must follow ESTABLISHED or NEW guidelines.
- If subject unit is an investment, the project must meet the requirements and warranties for an Established Project, New Project or 2-4 Unit Project.
- No single entity may own more than 10% of project. If project contains less than 10 units no single entity may own more than one unit.
- Project may not be involved in any litigation. Contact Project Review Team for further details or questions.
- Non-Residential space must not exceed 20% of the total square footage of total project
- Mixed use project must contain residential and only 1 type of non-residential use (*see pg. 33 for additional Mixed Use guidelines*)
- Project cannot contain manufactured homes.
  - Modular Homes are considered "stick-built" and eligible project types
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage \*
- The appraiser must comment on any effect that buyer resistance to the condominium form of ownership has on the market value of the individual unit.

<b>FHLMC DETACHED SITE CONDO LTV/CLTV Requirements for Projects located in Florida</b>			
Occupancy Status	LP Accept	All Other LP (A-) Recommendations	Manual Underwriting
Primary Residence	90% LTV/LTV/CLTV	≤80% LTV/CLTV	≤80% LTV/CLTV
Second Home	≤75%	≤75% LTV/CLTV	≤75% LTV/CLTV
Investment	Not Allowed	Not Allowed	Not Allowed

#### Documentation Requirements:

- Submission Form Condo-PUD-Coop Submission Form
- Limited Review Condo Worksheet/Questionnaire Limited Review Condo Worksheet (FNMA Q FHLMC STREAMLINED REVIEW)
- Borrower's Title work
- HOA or borrower's declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost.
- Declarations & Bylaws Certification to signed and dated by HOA Declarations-Bylaws Certification
- Complete copy of project's recorded legal Public Offering Statement, Declarations, Bylaws and all Amendments or Exhibits.
- Complete copy of appraisal including all addendums and pictures
- Borrower's 1008 Transmittal.
- Borrower's LP findings (if applicable)
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**

## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC 2-4 UNITS

#### *Must be reviewed by Project Review Team*

Projects are new construction/new conversion or existing. Projects must be 100% complete.

#### Requirements are:

- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Service Guide Chapter 42.2
- All but one unit must be owner occupied.
- Project may not be involved in any litigation. Contact Project Review Team for further details or questions.
- No single entity may own more than one unit.
- Commercial space must not exceed 20% of the total square footage of total project
- Mixed use project must contain residential and only 1 type of non-residential use (*see pg. 33 for additional Mixed Use guidelines*)
- Project cannot contain manufactured homes.
  - Modular Homes are considered "stick-built" and eligible project types
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage \*
- **FLORIDA ONLY:** Newly Converted condominiums\* require PERS review. Newly converted condominiums are condominiums whose conversion was completed within the last 3 years.

#### Documentation Requirements:

- Submission Form Condo-PUD-Coop Submission Form
- Existing or Established Condo Worksheet/Questionnaire. Established-Existing Condo Worksheet (FNMA S / FHLMC Established)
- Borrower's Title work
- HOA or borrower's declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost.
  - If HOA's policy is an Employee Dishonesty or Crime in lieu of Fidelity Bond/Fidelity Insurance, must provide Endorsement that non-employees are covered by policy.
  - If state does not require Fidelity Bond insurance must provide copy of state statute reflecting insurance is not required.
- Declarations & Bylaws Certification to signed and dated by HOA Declarations-Bylaws Certification
- Complete copy of project's recorded legal Public Offering Statement, Declarations, Bylaws and all Amendments or Exhibits.
- Engineer/Architect Report (*for non-gut conversions completed within last 3 years*)
- Complete copy of appraisal including all addendums and pictures
- Borrower's 1008 Transmittal (if applicable)
- Borrower's LP findings (if applicable)
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**



## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC ESTABLISHED CONDOMINIUM PROJECT

*Must be reviewed by Project Review Team*

These projects are **ESTABLISHED** projects that can be reviewed by PNC Mortgage. The HOA is in control.

#### Requirements are:

- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Servicer Guide Chapter 42.2 and 42.11
- Project must be 100% complete.
- Project must have 90% of the units sold to bona fide purchasers.
  - Multiple purchases by one owner are counted as one sale when determining presale
- Project must have 51% of the units sold must be owner occupied as primary or second home residences. (Owner occupancy percentage may be waived if loan is owner occupied as primary/second home). (Occupancy ratio may include REO units that are for sale (not rented) as investment/rental units in the occupancy ratio)
- No single entity may own more than 10% of total units in the project. If project contains less than 10 units no single entity may own more than one unit.
- Maximum 15% of units more than 1 month delinquent with HOA fees and assessments.
- Project may not be involved in any litigation. Contact Project Review Team for further details or questions.
- Commercial space must not exceed 20% of the total square footage of total project
- Mixed use project must contain residential and only 1 type of non-residential use (*see pg. 33 for additional Mixed Use guidelines*)
- Budget must reflect minimum 10% Replacement Reserve for capital expenditures and deferred maintenance
  - No more than 20% of income can be from any other source than dues and assessments
  - Newly converted projects require the Developer to initially fund Working Capital Fund with 2 months assessments
- Legal Documentation must provide applicable mortgagee rights
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage 3) fidelity bond/fidelity insurance coverage (fidelity bond/fidelity insurance coverage is only required for project with more than 20 units)\*
  - Fidelity Bond insurance coverage, must at a minimum, equal at least the sum of three months of assessments on all units in the project
  - If project has a Management Company, must provide policy for the Management Company's Fidelity Bond coverage **and** must provide policy for the HOA's Fidelity Bond coverage.
- Project cannot contain manufactured homes.
  - Modular Homes are considered "stick-built" and eligible project types
- Live-Work units are acceptable
  - The project documents allow commercial use and state what is or is not acceptable
  - The commercial use is consistent with the residential nature of the project
  - The unit is a 1-unit dwelling designed for residential use with minimal commercial use
  - The unit owner occupies the unit as a primary residence, and owns and runs the business
- **FLORIDA ONLY:** Newly Converted condominiums\* require PERS review. Newly converted condominiums are condominiums whose conversion was completed within the last 3 years.

#### Documentation Requirements:

- Submission Form Condo-PUD-Coop Submission Form
- Existing or Established Condo Worksheet/Questionnaire. Established-Existing Condo Worksheet (FNMA S / FHLMC Established)
- Borrower's Title work
- Declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost.
  - If HOA's policy is an Employee Dishonesty or Crime in lieu of Fidelity Bond/Fidelity Insurance, must provide Endorsement that non-employees are covered by policy.
  - If state does not require Fidelity Bond insurance must provide copy of state statute reflecting insurance is not required.
- Declarations & Bylaws Certification to signed and dated by HOA Declarations-Bylaws Certification
- Complete copy of project's recorded legal Public Offering Statement, Declarations, Bylaws and all Amendments or Exhibits.
- Copy of project's budget. Budget must reflect a minimum 10% in a replacement reserve.
- Engineer/Architect Report (*for non-gut conversions completed within last 3 years*)
- Complete copy of appraisal including all addendums and pictures
- Leasehold if applicable—See Leasehold Requirements Attached
- Borrower's 1008 Transmittal (if applicable)
- Borrower's LP findings (if applicable)
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**



## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC NEW CONDOMINIUM PROJECT Must be reviewed by Project Review Team

These projects are **new construction/new conversion** projects that can be reviewed by PNC Mortgage. The developer is in control of the project or project is subject to additional phasing.

#### Requirements are:

- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Service Guide Chapter 42.2 & 42.11
- All units, common areas and recreational facilities must be completed (project or subject legal phase must be complete).
- Project must have 70% of the units in either the project as a whole or in the legal phase sold or under contract to be sold to primary/second homes.
  - Multiple purchases by one owner are counted as one sale when determining presale
  - If project is legally phased this must be reflected in the project's legal declarations and bylaws)
  - Presale/occupancy must be 70% in subject legal phase **AND** in all subsequent phases)
- For the purpose of this review process, a project consisting of one building cannot have more than one legal phase.
- No single entity may own more than 10% of project. If project contains less than 10 units no single entity may own more than one unit.
- Maximum 15% of units more than 1 month delinquent with HOA fees and assessments.
- Project may not be involved in any litigation. Contact Project Review Team for further details or questions.
- Commercial space must not exceed 20% of the total square footage of total project
- Mixed use project must contain residential and only 1 type of non-residential use (*see pg. 33 for additional Mixed Use guidelines*)
- Budget must reflect a minimum 10% of total annual income allocated to a Replacement Reserve fund.
  - No more than 20% of income can be from any other source than dues and assessments
  - Newly converted projects require the Developer to initially fund Working Capital Fund with 2 months assessments
- Project's legal declarations and bylaws must carry FHLMC mortgagee rights.
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage 3) fidelity bond/fidelity insurance coverage (fidelity bond/fidelity insurance coverage is only required for project with more than 20 units)\*
  - Fidelity Bond insurance coverage, must at a minimum, equal at least the sum of three months of assessments on all units in the project
  - If project has a Management Company, must provide policy for the Management Company's Fidelity Bond coverage **and** must provide policy for the HOA's Fidelity Bond coverage.
- Project cannot contain manufactured homes.
  - Modular Homes are considered "stick-built" and eligible project types
- Live-Work units are acceptable
  - The project documents allow commercial use and state what is or is not acceptable
  - The commercial use is consistent with the residential nature of the project
  - The unit is a 1-unit dwelling designed for residential use with minimal commercial use
  - The unit owner occupies the unit as a primary residence, and owns and runs the business
- **FLORIDA ONLY:** New Construction/New Conversion/Newly Converted condominiums\* require PERS review. Newly converted condominiums are condominiums whose conversion was completed within the last 3 years.

#### Documentation Requirements:

- Submission Form Condo-PUD-Coop Submission Form
- New Construction/New Conversion Condo Worksheet/Questionnaire. New Construction-New Conversion Condo Worksheet (FNMA R / FHLMC New)
- Borrower's Title work
- Declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost.
  - If HOA's policy is an Employee Dishonesty or Crime in lieu of Fidelity Bond/Fidelity Insurance, must provide Endorsement that non-employees are covered by policy.
  - If state does not require Fidelity Bond insurance must provide copy of state statute reflecting insurance is not required.
- Complete copy of appraisal including all addendums and pictures and photos
- Declarations & Bylaws Certification to signed and dated by HOA Declarations-Bylaws Certification
- Complete copy of project's recorded legal Public Offering Statement, Declarations, Bylaws and all Amendments or Exhibits.
- Copy of project's budget.
- Engineer/Architect Report (*for non-gut conversions completed within last 3 years*)
- Leasehold if applicable--See Leasehold Requirements Attached
- Borrower's 1008 Transmittal (if applicable)
- Borrower's LP findings (if applicable)
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**

**NOTE: Legal Phasing** means the legal documents (Declarations and Bylaws) have declared the entire project is made up of multiple phases which are reflected in the Declarations and Bylaws along with Exhibits and Amendments to the Declarations and Bylaws.

**Completion** means that the project or subject legal phase is complete to buyer preference items. If the project or subject legal phase only needs items such as paint, flooring, countertops, etc the project is considered complete. If the project needs walls up, drywall, electric, plumbing, etc the project or subject legal phase is not considered complete.



## FHLMC Condo Project Approval Guidelines/Requirements/Documentation

### FHLMC RECIPROCAL PROJECT REVIEWS

*Must be reviewed by Project Review Team*

These projects are new construction/new conversion or established projects that can be reviewed by PNC Mortgage.

#### Requirements are:

- Cannot be an ineligible project (*see Ineligible Project Types section for detailed explanation*) such as Manufactured Home, condo-hotels, timeshares, segmented ownership, houseboat, multi-dwelling units, legal non-conforming where rebuilding is prohibited. This includes any project that is not eligible for sale or has been rejected by FNMA.
- Project must meet all warranties of Freddie Mac Seller/Servicer Guide Chapter 42.2 & 42.11
- Commercial space must not exceed 20% of the total square footage of total project
- Mixed use project must contain residential and only 1 type of non-residential use (*see pg. 33 for additional Mixed Use guidelines*)
- Project must carry 1) 100% replacement cost for building/hazard coverage, 2) \$1 million general liability coverage 3) fidelity bond/fidelity insurance coverage (fidelity bond/fidelity insurance coverage is only required for project with more than 20 units)\*
  - Fidelity Bond insurance coverage, must at a minimum, equal at least the sum of three months of assessments on all units in the project
  - If project has a Management Company, must provide policy for the Management Company's Fidelity Bond coverage **and** must provide policy for the HOA's Fidelity Bond coverage.
- Project approved by FNMA (1028)/PERS, FNMA CPM or FHA DELRAP/HRAP
- Project's approval must be in effect as of the Delivery Date of the loan.

For projects that are approved by **FNMA**, the project meets the FNMA requirements applicable to the Condominium Project including:

- Any terms or conditions set forth in the acceptance have not expired and have not been rescinded or modified in any way as of the Delivery Date of the Condominium Unit Mortgage
- Project has been approved by CPM (for further detail please refer to FNMA R or FNMA S)
- Project's approval must be in effect as of the Delivery Date of the loan.
- The project meets the FNMA requirements applicable to the Condominium Project
- The CPM project acceptance has not expired and have not been rescinded or modified in any way as of the Delivery Date of the Condominium Unit Mortgage
- Seller is not aware of any circumstances that would make the project ineligible for CPM project acceptance.
- For those Mortgages secured by Condominium Units in Florida
  - LTV/CLTV ≤75% for Primary
  - LTV/CLTV ≤70% for Second Home
  - Investment Property is not allowed

#### Documentation Requirements:

- Submission Form Condo-PUD-Coop Submission Form
- Borrower's Title work
- Copy of FNMA 1028/PERS Approval, FNMA CPM Approval or FHA PRE DELRAP/HRAP Approval
- Declaration page of master insurance policy
  - If borrower is required to carry own building coverage, must provide copy of borrower's building coverage reflecting 100% replacement cost.
  - If HOA's policy is an Employee Dishonesty or Crime in lieu of Fidelity Bond/Fidelity Insurance, must provide Endorsement that non-employees are covered by policy.
  - If state does not require Fidelity Bond insurance must provide copy of state statute reflecting insurance is not required.
- Complete copy of appraisal including all addendums and pictures and photos
- Declarations & Bylaws Certification to signed and dated by HOA Declarations-Bylaws Certification
- Complete copy of project's recorded legal Public Offering Statement, Declarations, Bylaws and all Amendments or Exhibits.
- Leasehold if applicable--See Leasehold Requirements Attached
- Borrower's 1008 Transmittal (if applicable)
- Borrower's LP findings (if applicable)
- Internet search to include the project's website and the developer (if applicable)

**NOTE: Underwriter must always follow current loan level Credit Policy in conjunction with Project Review Guidelines**