

# Condominium Unit Mortgages and Project Reviews

Easily determine project status with comprehensive criteria.

We offer expanded, comprehensive eligibility and review requirements for condominium unit mortgages secured by units in condominium projects. Our requirements provide for an efficient and effective workflow process. From a streamlined review for established projects to reciprocal reviews, you'll have solutions and options for mortgages you originate secured by condominium units.

See Single-Family Seller/Servicer Guide (Guide) Chapter 5701 for detailed requirements.

## Projects and Reviews\*

- Streamlined reviews (Guide Section 5701.4)
- Established condominium projects (Guide Section 5701.5)
- New condominium projects (Guide Section 5701.6)
- Reciprocal project reviews (Guide Section 5701.9)

## Key Features

- Clear requirements to identify the condominium project review types.
- Clear project status and delivery classifications to easily determine which eligibility requirements you need to satisfy.
- Specific project eligibility criteria to capture additional market share.

## Lender Benefits

- When applicable, Project Certified status Project Assessment Requests (PARs), streamlined reviews and Exempt From Review offer flexibility and simplicity to your processes.
- Reciprocal reviews provide you with added flexibilities to capture additional market share.

\*See Exempt From Review (Guide Section 5701.7) outlined below to help you determine which condominium unit mortgages do not need to comply with the eligibility requirements in any of these project review types.

## Origination and Underwriting Requirements

### Condominium Project Review and General Condominium Project Eligibility Requirements

- See (Guide) Section 5701.2, Condominium Project review and general Condominium Project eligibility requirements, for Freddie Mac's condominium project review and eligibility requirements which include but are not limited to:
- The Condominium Unit Mortgage, the Condominium Unit, and the Condominium Project must comply with the requirements for one of the project review types in either Guide Section 5701.4, Streamlined Reviews, 5701.5, Established Condominium Projects, 5701.6, New Condominium Projects, or 5701.9, Reciprocal Project Reviews, or the eligibility requirements in Guide Sections 5701.10 Condominium Projects with a Project Certified status PAR finding or that are Exempt From Review (Section 5701.7)
- The project is not an ineligible project. See Guide Section 5701.3.

*Continued from -Origination and Underwriting Requirements*

- The general condominium project eligibility requirements in Guide Section 5701.2(b), General Condominium Project Eligibility Requirements
  - Sellers must not deliver a mortgage secured by a condominium unit in a condominium project with a Not Eligible status
  - The Seller must retain all documentation related to the review of the condominium project and must be able to provide the project information and documentation upon request.
- 

### Ineligible Projects

- Mortgages secured by units in any of the following types of projects are not eligible for sale to Freddie Mac\*:
  - Project in which the unit owners do not have an undivided ownership interest or leasehold interest in the land on which the project is located
  - Condominium hotel or similar type of transient housing
  - Project with multi-dwelling units
  - Project with excessive commercial or non-residential space
  - Tenancy-in-common apartment project
  - Timeshare project or project with segmented ownership
  - Houseboat project
  - Project in which the unit owners do not possess sole ownership of the common elements
  - Project in litigation (includes Alternative Dispute Resolution (ADR) proceedings)
  - Project with excessive single investor concentration
  - Continuing care retirement community
  - Manufactured homes (except when they comply with the requirements in Section 5701.5(f) or are approved through the Fannie Mae Project Eligibility Service process).
  - Project with mandatory dues or similar membership fees for use of Amenities such as clubhouses or recreational facilities
  - Project in need of critical repairs
  - Project with an evacuation order

\*Not all are applicable to condominium unit mortgages delivered in accordance with the requirements in Guide Section 5701.7. See Guide Section 5701.7 for additional details.

## Project Certified Submissions and Project Certified status PAR findings

### Eligibility Requirements

On certain PARs, Condo Project Advisor will specify that the project is eligible for a free Project Certified submission (PCS) review. See Section 5701.10(f) for details on the PCS process.

Sellers must comply with the following requirements for condominium projects that receive a Projected Certified status PAR finding:

- The mortgage must be a Loan Product Advisor® mortgage.
- The general project eligibility requirements in Section 5701.2(b).
- The owner-occupancy requirements for Investment Property Mortgages in Section 5701.5(b)(2) when specified on the Condo Project Advisor® feedback certificate.

Note: If the requirements for condominium projects with a Project Certified status PAR finding in Guide Section 5701.10 are met, then Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5, 5701.6, 5701.7, and 5701.9.

## Streamlined Reviews

### Eligibility Requirements

The condominium unit must be in an established condominium project. See the glossary for the definition of an established condominium project.

	Maximum LTV/TLTV/HTLTV ratios	
Occupancy Type	Projects not located in Florida	Projects located in Florida
Primary Residence	90%	75/90/90%
Second Home	75%	70/75/75%
Investment Property	75%	70/75/75%

- The project must meet the general condominium project review and eligibility requirements in Guide Section 5701.2.
- No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment.
- Note: If the requirements for streamlined reviews in Section 5701.4 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Sections 5701.5, 5701.6, 5701.7 and 5701.9.

Note: If the requirements for established condominium projects in Guide Section 5701.5 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.6, 5701.7 and 5701.9.

## Established Condominium Projects

### General Eligibility Requirements

- The project meets the definition of an established condominium project. See the glossary for the definition of an established condominium project.
- The project meets the general condominium project review and eligibility requirements in Guide Section 5701.2.
- If the borrower occupies the unit as a primary residence or second home, there is no owner-occupancy requirement for the condominium project. See Guide Section 5701.5(b) for more information on owner occupancy requirements for investment units.
- The project’s budget for the current fiscal year must be consistent with the nature of the project, and appropriate assessments must be established to manage the project. See Guide Section 5701.5(c) for more information and additional requirements.
- No more than 15% of the total number of units in a project are 60 or more days delinquent on the payment of their HOA assessments.
- No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment.
- See 5701.5(f) for information on manufactured homes in established condominium projects

Note: If the requirements for established condominium projects in Guide Section 5701.5 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.6, 5701.7 and 5701.9.

## New Condominium Projects

### General Eligibility Requirements

- The project meets the definition of a new condominium project. See the Glossary for the definition of a new condominium project.
- The project meets the general condominium project review and eligibility requirements in Guide Section 5701.2.
- See Guide Section 5701.6(a) for information on completion of legal phases
- See Guide Section 5701.6(b) for pre-sale/owner occupancy requirement.
- The project’s budget, or its projected budget if the project has not been turned over to the unit owners, must be consistent with the nature of the project, and appropriate assessments must be established to manage the project. See Guide Section 5701.6(c) for more information on project budget requirements, Guide Section 5701.6(k) for reserve study requirements, if applicable, and Guide Section 5701.6(l) for working capital fund requirements, if applicable.
- No more than 15% of the total number of units in a project are 60 or more days delinquent on the payment of their HOA assessments
- No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment
- For other new condominium project eligibility requirements, see Guide Section: 5701.6

Note: If the requirements for new condominium projects in Guide Section 5701.6 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5, 5701.7 and 5701.9.

## Exempt From Review

### Eligibility Requirements

#### To be eligible under Exempt From Review:

- The general project eligibility requirements in Section 5701.2(b) are met
- The mortgage must be:
- Secured by a condominium unit in a 2- to 4-unit condominium project, or
- Secured by a detached condominium unit, or
- A Freddie Mac owned “no cash-out” refinance condominium unit mortgage
- A Freddie Mac Refi Possible<sup>SM</sup> Mortgage

#### The Condominium Project:

- Must not be a condominium hotel or similar type of transient housing, a houseboat project, a timeshare project, or a project with segmented ownership ( all as described in section 5701.3)
- Must not include manufactured homes, unless the condominium unit mortgage is a Refi Possible<sup>SM</sup> Mortgages
- Freddie Mac owned “no cash-out” refinance condominium unit mortgages and Refi Possible<sup>SM</sup> Mortgages must:
  - o comply with the requirements for project in need of critical repairs (Section 5701.3(n) and project with an evacuation order (Section 5701.3(o)).

Note: If the requirements for Exempt From Review in Guide Section 5701.7 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5 5701.6, and 5701.9.

## Reciprocal Project Reviews

### Fannie Mae-approved and certified projects

Freddie Mac will purchase mortgages secured by 1-unit residential dwellings in condominium projects that (i) have an “Approved by Fannie Mae” status designation in Fannie Mae’s Condo Project Manager<sup>TM</sup> (CPMTM), or (ii) the Seller approved as a Fannie Mae “Full Review”, ensured all data entered into CPM was correct and received a “Certified by Lender” status designation in Fannie Mae’s legacy or updated CPM platform, if the mortgage complies with the requirements below as of the settlement date:

- The project complies with all applicable Fannie Mae eligibility requirements and lender warranties.
- The approval or certification and any terms and conditions set forth in the approval or certification have not expired.
- The mortgage complies with any stated CPM delivery restrictions.
- The Seller complies with Fannie Mae’s additional obligations for projects approved or certified through CPM. See Section 5701.9(a) for full details.

*Continued from -Reciprocal Project Reviews*

- The mortgage file contains documentation of Fannie Mae’s approval as evidenced by an “Approved by Fannie Mae” status designation (e.g., a copy of the appropriate CPM screen showing that the Condominium Project has an “Approved by Fannie Mae” status designation) or documentation of the Seller’s project approval as a Fannie Mae “Full Review” with a “Certified by Lender” status designation from Fannie Mae’s legacy CPM (certification exported from Fannie Mae Connect) or Fannie Mae’s updated CPM platform (certification printed from the updated CPM platform).
- The condominium project complies with the general project eligibility requirements of Guide Section 5701.2(b).
- See Section 5701.9(a) for additional requirements.

Note: If the requirements for reciprocal project reviews in Guide Section 5701.9 are met, then the Seller is not required to comply with the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5, 5701.6, and 5701.7.

\*Condo Project Manager and CPM are trademarks of Fannie Mae.

### FHA-Approved Project Review for condominiums

- FHA condominium project approval can only be used to determine project eligibility for mortgages secured by 1-unit residential dwellings if the mortgages are:
  - FHA Mortgages.
  - VA Mortgages.
  - Section 502 Guaranteed Rural Housing (GRH) Mortgages.
  - HUD-Guaranteed Section 184 Native American Mortgages.
  - Conventional Mortgages in a project that appears on the list of projects approved through the FHA HUD Review and Approval Process (HRAP).
  - See Guide Section 5701.9(b) for additional Seller requirements.

### Delivery Requirements

- See Guide Section 6302.16(b)(ii) for special delivery instructions for Freddie Mac-owned “no cash-out” refinance condominium unit mortgages.
- See Guide Section 6302.20 for special delivery instructions for all condominium unit mortgages.
- Refer to Guide Section 5701.12 for guidance on completing Form 1077, *Uniform Underwriting and Transmittal Summary*, and for other delivery requirements.

### Learn more about condominium unit mortgages and project review types.

- Review Guide Chapter 5701 in its entirety for specific requirements.
- Contact your Freddie Mac representative or call the Customer Support Contact Center (800-FREDDIE).
- Visit the condominium unit mortgage webpage:  
<https://sf.freddie.mac.com/working-with-us/origination-underwriting/mortgage-products/condominium-unit-mortgages>