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 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.

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 and sell more mortgages.

Lender Benefits

• When applicable, 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 below for which condominium unit mortgages do not need to comply with the eligibility requirements in any of these project review types.
Condominium Project Review and General Condominium Project Eligibility Requirements

See Single-Family Seller/Servicer Guide (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:

- Sellers must determine compliance with:
  - The general condominium project eligibility requirements in Guide Section 5701.2(b), General Condominium Project Eligibility Requirements and
    - The condominium project eligibility 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 Section 5701.7, Exempt From Review
  - The project is not an ineligible project. See Guide Section 5701.3.
  - The Seller must review and determine that an established condominium project meets Freddie Mac requirements within one year prior to the note date and that a new condominium project meets Freddie Mac requirements within 180 days prior to the note date. See Guide Section 5701.2(a)(3) regarding condominium projects that were reviewed prior to the note date but will not meet the eligibility requirements until after the note date.
  - The Seller must deliver the condominium unit mortgage no later than 120 days after the note date.
  - 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.
  - See Guide Section 5701.8 for appraisal and underwriting requirements, including underwriting considerations for condominium projects with mixed uses and live-work condominium units.

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
  - 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
  - Project with excessive single investor concentration
  - Continuing care retirement community
  - Manufactured homes (except when approved through the Fannie Mae Project Eligibility Service)
  - Project with mandatory dues or similar membership fees for use of amenities, such as clubhouses or recreational facilities

*Not applicable to 2- to 4-unit condominium projects, detached condominium units and Freddie Mac owned “no cash-out” refinance condominium unit mortgages delivered in accordance with the requirements in Guide Section 5701.7.

See Guide Section 5701.3 for additional details.

STREAMLINED REVIEW

Eligibility Requirements

- The condominium unit must be in an established condominium project.
- There are no manufactured homes in the condominium project.
- The project must meet the general condominium project review and eligibility requirements in Guide Section 5701.2.
- Maximum LTV/TLTV/HTLTV ratios:

<table>
<thead>
<tr>
<th>Occupancy Type</th>
<th>Maximum LTV/TLTV/HTLTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Residence</td>
<td>90%</td>
</tr>
<tr>
<td>Second Home</td>
<td>75%</td>
</tr>
<tr>
<td>Investment Property</td>
<td>75%</td>
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</tbody>
</table>

*See Guide Section 5701.4 for maximum LTV/TLTV/HTLTV requirements for Condominium Unit Mortgages secured by condominium units in established condominium projects in Florida.

Note: If the requirements for streamlined reviews in Guide 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 Guide Sections 5701.5, 5701.6, 5701.7 and 5701.9.

ESTABLISHED CONDOMINIUM PROJECTS

Definition

An established condominium project is a condominium project in which:

- The project (all units, common elements, and amenities) and related facilities owned by any master association are complete and not subject to any additional phasing;
- With respect to unit ownership:
  - At least 75% of the total units have been conveyed to the unit purchasers; or
Eligibility Requirements

- The project meets the definition of an established condominium project.
- The project meets the general condominium project review and eligibility requirements in Guide Section 5701.2.
- All units, common elements, and amenities must be complete.
- There must not be any manufactured homes in the project.
- 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(c) for more information on owner occupancy requirements.
- The project's operating budget must be consistent with the nature of the project, and appropriate assessments must be established to manage the project. See Guide Section 5701.5(d) for more information.
- No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments. If the project is a 2- to 4-unit condominium project, none of the units must be 60 or more days delinquent in the payment of HOA assessments.

NEW CONDOMINIUM PROJECTS

Definition

A new condominium project is a condominium project in which:

- The project (all units, common elements and amenities) and related facilities owned by any master association are not complete, or subject to additional phasing. For 2- to 4-unit condominium projects, all units, common elements, and amenities are complete and not subject to any additional phasing.
- Fewer than 75% of the total number of units in the project must have been conveyed to the unit purchasers. For 2- to 4-unit condominium projects, all but one unit must have been conveyed or must be under contract to the unit purchasers, or
- the developer has not turned control of the HOA over to the unit owners.

General Eligibility Requirements

The project meets the general condominium project review and eligibility requirements in Guide Section 5701.2.

Project Completion

- Subject legal phase (or the subject building) and any prior legal phases in which units have been offered for sale are substantially complete except as stated below for 2- to 4-unit condominium projects. “Substantially complete” indicates that the common elements are complete and the units are complete subject to the selection of buyer preference items.
- For 2- to 4-unit condominium projects, all units, common elements, and amenities are complete and not subject to any additional phasing.

Manufactured Homes

There must not be any manufactured homes in the project.

Owner Occupancy Requirements

- At least 50% of the units in the project (or at least 50% of the sum of the subject legal phase and prior legal phases) have been conveyed or are under contract to purchasers who will occupy the units as a primary residence or second home. For 2- to 4-unit condominium projects, all but one unit must have been conveyed or must be under contract to purchasers who will occupy the units as their primary residences or second homes.
- For the purpose of calculating owner-occupancy for this project review process, a single building can only have one legal phase regardless of whether the project is comprised solely of that single building or multiple buildings.
- Legal phases are defined by the project documents. Construction phases developed for the convenience of the developer are not necessarily legal phases.

Project Budget Requirements

- The HOA assessments must begin once the developer has ceased to pay operating expenses attributable to the condominium project, whether or not all units have been sold. When any unit owner other than the developer pays assessments, the developer must pay for the assessments attributable to the unsold units.
- 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 established to manage the project.
- See Guide Section 5701.6(d) for additional details.

Delinquent Assessments for New Condominium Projects

No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments. For 2- to 4-unit condominium projects, none of the units must be 60 or more days delinquent in the payment of HOA assessments.

New project sold with excessive Seller contributions

If a builder, developer or property seller offers financing or sale arrangements (such as rent-backs, payments of principal, interest, taxes and insurance), then these contributions must comply with the requirements of Section 5501.5.
### New condominium projects in Florida

Mortgages secured by attached units in new condominium projects in Florida are not eligible, except when approved through the Fannie Mae Project Eligibility Service (PERS) process (refer to Section 5701.3(a) for additional information).

### Other Project Eligibility Requirements

- See Guide Section 5701.6 for other eligibility requirements for new condominium projects.
- Mortgages secured by units in 2-to-4 unit condominium projects are not required to comply with the requirements in Sections 5701.6 (d, g, i, j, k and l).

### Exempt From Review

#### Eligibility Requirements

To be eligible under Exempt From Review:

- 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
- The following applicable requirements must be met:
  - 2- to 4-unit condominium projects
    - The condominium project meets the Glossary definition of a 2- to 4-Unit Condominium Project
      (Note: The Glossary definitions of Established Condominium Project and New Condominium Project are not applicable.)
    - The condominium project must not include manufactured homes
  - Detached condominium units
    - The condominium unit securing the condominium unit mortgage meets the Glossary definition of a Detached Condominium Unit
    - The condominium project must not include manufactured homes
  - Freddie Mac owned “no cash-out” refinance condominium unit mortgages
    - If the condominium unit mortgage being refinanced is currently owned by Freddie Mac in whole or in part or securitized by Freddie Mac then the mortgage is exempt from project review provided the following requirements are met:
      - The maximum loan-to-value (LTV)/total LTV (TLTV)/Home Equity Line of Credit (HELOC) TLTV (HTLTV) ratio is 80%
      - The condominium project is not a condominium hotel, houseboat project, timeshare project or project with segmented ownership (all as described in Section 5701.3)
      - If available, proof of the ULDD Data Point Related Investor Loan Identifier of the existing condominium unit mortgage is provided in the mortgage file
      - The delivery requirements in Section 6302.16(b)(ii) are met
    - The general project eligibility requirements in Section 5701.2(b)

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

Except for mortgages secured by units in condominium projects that receive Fannie Mae Special Approval designations or Fannie Mae Project Eligibility Review Service (PERS) Conditional Approval designations, Freddie Mac will purchase mortgages secured by 1-unit residential dwellings in condominium projects that (i) Fannie Mae has approved through Final Project Approval through PERS, or (ii) the Seller has approved as a Freddie Mac “Full Review” submitted to Fannie Mae’s Condo Project Manager™ (CPM™) and received a project acceptance certification, 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.
- Any terms and conditions for acceptance have not expired and have not been rescinded or modified in any way.
- The mortgage file contains documentation of Fannie Mae’s approval (e.g., PERS final project approval (1028/PERS) or documentation of the Seller’s project approval as a Fannie Mae “Full Review” completed with a CPM project acceptance certification).
- The condominium project is not an ineligible project (Guide Section 5701.3) and it 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

- FHA condominium project approval can only be used to determine project eligibility for mortgages secured by 1-unit residential dwellings if the mortgages are:
Condominiums

- FHA Mortgages.
- VA Mortgages.
- Section 502 Guaranteed Rural Housing (GRH) Mortgages.
- HUD-Guaranteed Section 184 Native American Mortgages.
- See Guide Section 5701.9(b) for additional Seller requirements.

DELIVERY REQUIREMENTS

| Eligible Executions | Servicing-released fixed-rate Cash*  
|                     | Servicing-retained fixed-rate Cash and WAC ARM Cash  
|                     | Fixed-rate Guarantor  
|                     | WAC ARM Guarantor  
|                     | MultiLender Swap  

*See our Loan Selling Advisor® availability matrix for a list of specific mortgages eligible for sale through cash under mandatory contracts servicing released and best efforts contracts servicing released or servicing retained.

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<th>Delivery Fees</th>
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<tr>
<td>Postsettlement delivery fees apply. See Guide Exhibit 19 for details or visit Guide Exhibit 19 online at Freddiemac.com/singlefamily/pdf/ex19.pdf.</td>
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| 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.  |

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| There are no special pooling requirements for Condominium Unit Mortgages.  
| Refer to Guide Chapter 6202 for Freddie Mac disclosure and pooling 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 Project Reviews web page.