

For all mortgages secured by a condominium unit in a condominium project, Sellers must meet the requirements of the *Freddie Mac Single-Family Seller/Service Guide* (Guide) Chapter 5701 and the Seller's other purchase documents. Use this reference as a summary of Guide Chapter 5701 requirements. You should also be familiar with Freddie Mac's [Glossary](#) definitions.

## **Freddie Mac-owned No Cash-out Refinances**

For Freddie Mac-owned "no cash-out" refinance condominium unit mortgages, the Seller does not need to determine compliance with the condominium project review and eligibility requirements if the condominium unit mortgage being refinanced is currently owned by Freddie Mac in whole or in part or securitized by Freddie Mac and the requirements in Guide Section 5701.2(c) are met.

## **Condo Project Advisor<sup>®</sup>**

[Condo Project Advisor<sup>®</sup>](#) is available by request and accessible through the Freddie Mac Loan Advisor<sup>®</sup> portal. Condo Project Advisor allows Sellers to easily request unit-level waivers for established condominium projects that must comply with the project eligibility requirements for established condominium projects set forth in Guide Section 5701.5 as well as all other applicable requirements in Guide Chapter 5701. Sellers can:

- Submit, track and monitor waiver requests
- Request multiple category exceptions in each waiver request
- Obtain representation and warranty relief for each approved waiver.

### **COVID-19 Response Notice:**

Visit our [COVID-19 Resources](#) web page for temporary guidance related to Condominium Project reviews and for credit underwriting and property valuations. .

**Note:** A vertical revision bar " | " is used in the margin of this quick reference to highlight new requirements and significant changes.

# Condominium Unit Mortgages

Topic	Requirements
<p><b>Condominium Project Review and General Condominium Project Eligibility Requirements</b></p> <p>Guide Section 5701.2</p>	<p style="text-align: center;"><b>Condominium Project Review Requirements</b></p> <p>The Seller must:</p> <ul style="list-style-type: none"> <li>▪ Have policies and procedures in place and take appropriate steps to ensure that the condominium unit, mortgage and project comply with applicable requirements</li> <li>▪ Review and determine that a condominium project complies with the following review types and expiration prior to the note date:               <ul style="list-style-type: none"> <li>– Streamlined reviews – within one year (Guide Section 5701.4)</li> <li>– Established condominium projects – within one year (Guide Section 5701.5)</li> <li>– New condominium projects – within 180 days (Guide Section 5701.6)</li> </ul> </li> <li>▪ Meet the following timelines:               <ul style="list-style-type: none"> <li>– No later than 120 days after the note date, the Seller must deliver the mortgage. If delivered after 120 days, the Seller must update the review and determination of the project’s eligibility</li> </ul> </li> <li>▪ Retain all documentation related to the project’s review, and must provide the project information and documentation to Freddie Mac upon request</li> <li>▪ Except for 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, the Seller must ensure that:               <ul style="list-style-type: none"> <li>– The condominium project is not 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)</li> <li>– The project complies with the general condominium project eligibility requirements set forth in Guide Section 5701.2(b), and</li> <li>– The mortgage, unit and project comply with requirements for <b>one</b> of the following project review types:                   <ul style="list-style-type: none"> <li>✓ Streamlined reviews (Guide Section 5701.4)</li> <li>✓ Established condominium projects (Guide Section 5701.5)</li> <li>✓ New condominium projects (Guide Section 5701.6)</li> <li>✓ Reciprocal project reviews (Guide Section 5701.9)</li> </ul> </li> </ul> </li> <li>▪ Ensure that the condominium project remains in full compliance with the applicable state law, the requirements of the jurisdiction in which the condominium project is located, and with all other applicable laws and regulations governing the condominium project</li> </ul> <p><b>Note:</b> Freddie Mac reserves the right to conduct its own review of the project</p>

# Condominium Unit Mortgages

Topic	Requirements
<p><b>Condominium Project Review and General Condominium Project Eligibility Requirements</b></p> <p>Guide Section 5701.2</p>	<p style="text-align: center;"><b>General Condominium Project Eligibility Requirements</b></p> <p>The condominium project must comply with the following general eligibility requirements:</p> <ul style="list-style-type: none"> <li>▪ Ineligible project - must not be an ineligible project (See Ineligible Projects section below)               <ul style="list-style-type: none"> <li>- Project insurance - project complies with the applicable insurance requirements of Guide Chapter 8202</li> </ul> </li> <li>▪ Title insurance - unit must be covered by a title insurance policy that complies with the requirements of Guide Chapter 4702</li> <li>▪ Leasehold estate - if applicable, the lease must comply with the requirements of Guide Chapter 5704</li> <li>▪ Must have policies and procedures in place and must take appropriate steps to ensure that the condominium unit, the condominium unit mortgage and the condominium project comply with the applicable requirements</li> <li>▪ Must retain all documentation related to the review of the condominium project. Upon request, the Seller must provide the project information and documentation to Freddie Mac</li> </ul>
<p><b>Ineligible Projects</b></p> <p>Guide Section 5701.3</p>	<p style="text-align: center;"><b>Ineligible Projects</b></p> <p>Except for 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 Section 5701.7, mortgages secured by units in any of the following types of projects are not eligible for sale to Freddie Mac:</p> <ul style="list-style-type: none"> <li>▪ Projects in which the unit owners do not have an undivided ownership interest or leasehold interest in the land on which the project is located</li> <li>▪ Condominium hotel or similar type of transient housing - any project that is a condominium hotel or similar type of transient housing, unless the project conversion was a gut rehabilitation and the resulting condominium units no longer have the characteristics of a hotel or similar type of transient housing. See Guide Sections 5701.3(b) and 5701.10 for additional details</li> <li>▪ Project with multi-dwelling units - owner holds a single deed evidencing ownership of more than one dwelling unit</li> <li>▪ Project with excessive commercial or non-residential space - more than 35% of the total above and below -grade square footage of the building in which the project is located is commercial, non-residential or mixed-use space. See Guide Section 5701.11 for further details</li> <li>▪ Tenancy-in-common apartment project - owned by several owners as tenants-in-common or by a homeowners association (HOA). Individuals have an undivided interest in the residential apartment building (including the units) and land on which the building is located, and may or may not have the right of exclusive occupancy of a specific unit in the building</li> <li>▪ Timeshare project or project with segmented ownership - arrangement under which purchaser receives an interest in real estate and the right to use a unit or amenities, or both, for a specified period and on a recurring basis such as the 15th week of the year, or ownership that is for a limited period such as for the subsequent five years</li> <li>▪ Houseboat project - comprised of boats designed or modified to be used primarily as dwelling units</li> </ul>

# Condominium Unit Mortgages

Topic	Requirements								
<p><b>Ineligible Projects (cont'd)</b></p> <p>Guide Section 5701.3</p>	<ul style="list-style-type: none"> <li>▪ Project in which the unit owners do not possess sole ownership of the common elements – and do not have the right to the use of common elements, including all buildings, roads, parking, facilities and amenities. See Guide Section 5701.3(h) for additional details</li> <li>▪ Project in litigation - where the HOA, project sponsor, or developer is named as a party to pending litigation that relates to the safety, structural soundness, functional use or habitability of the project. For exceptions see Guide Section 5701.3(i)</li> <li>▪ Project with excessive single investor concentration - project in which an individual or single entity, such as an investor group, partnership or corporation, owns more than the following total number of units in the project: <table border="1" data-bbox="393 663 1193 915" style="margin: 10px auto;"> <thead> <tr> <th data-bbox="393 663 786 779">Number of units in project</th> <th data-bbox="786 663 1193 779">Total number of units owned by individual or single entity</th> </tr> </thead> <tbody> <tr> <td data-bbox="393 779 786 825">Two to four</td> <td data-bbox="786 779 1193 825">One</td> </tr> <tr> <td data-bbox="393 825 786 871">Five to 20</td> <td data-bbox="786 825 1193 871">Two</td> </tr> <tr> <td data-bbox="393 871 786 915">21 or more</td> <td data-bbox="786 871 1193 915">25%</td> </tr> </tbody> </table> </li> </ul> <p>Refer to Guide Section 5701.3(j) for exclusions from the single investor concentration calculation.</p> <ul style="list-style-type: none"> <li>▪ Continuing Care Retirement Community (CCRC) - a residential project designed to meet the health and housing needs of seniors as their needs change over time. CCRCs may also be known as life-care facilities and are distinguished from age-restricted communities</li> <li>▪ Manufactured homes - mortgages secured by manufactured homes except when approved through the Fannie Mae Project Eligibility Service (PERS) process (Section 5701.9(a))</li> <li>▪ Projects with mandatory dues or similar membership fees for use of amenities such as clubhouses or recreational facilities – projects with mandatory dues or membership fees, including initiation or joining fees, which allow for the use of amenities such as clubhouses or recreational facilities</li> </ul>	Number of units in project	Total number of units owned by individual or single entity	Two to four	One	Five to 20	Two	21 or more	25%
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# Condominium Unit Mortgages

Topic	Requirements																	
<b>Requirements by Project Review Type</b>	<b>Streamlined Reviews for Established Projects (Guide Section 5701.4)</b>																	
	<p>In addition to the project review and eligibility requirements in Guide Section 5701.2, condominium unit mortgages must comply with all the following requirements to be eligible for the streamlined project review type:</p> <ul style="list-style-type: none"> <li>▪ Project Type - Unit is located in an established condominium project (refer to definition in Guide Section 5701.5)</li> <li>▪ No manufactured homes in the condominium project - There must not be any manufactured homes in the condominium project</li> <li>▪ Maximum LTV/TLTV/HTLTV ratios - mortgage does not exceed the following maximum LTV/TLTV/HTLTV ratios:</li> </ul> <table border="1" data-bbox="407 722 1516 1108"> <thead> <tr> <th colspan="3" data-bbox="407 722 1516 772">Streamlined review for Condominium Units in Established Condominium Projects</th> </tr> <tr> <th colspan="3" data-bbox="407 772 1516 823">Maximum LTV/TLTV/HTLTV</th> </tr> <tr> <th data-bbox="407 823 670 900">Occupancy</th> <th data-bbox="670 823 1052 900">Projects not located in Florida</th> <th data-bbox="1052 823 1516 900">Projects located in Florida</th> </tr> </thead> <tbody> <tr> <td data-bbox="407 900 670 978">Primary Residence</td> <td data-bbox="670 900 1052 978">90%</td> <td data-bbox="1052 900 1516 978">75/90/90%</td> </tr> <tr> <td data-bbox="407 978 670 1031">Second Home</td> <td data-bbox="670 978 1052 1031">75%</td> <td data-bbox="1052 978 1516 1031">70/75/75%</td> </tr> <tr> <td data-bbox="407 1031 670 1108">Investment Property</td> <td data-bbox="670 1031 1052 1108">75%</td> <td data-bbox="1052 1031 1516 1108">70/75/75%</td> </tr> </tbody> </table> <p><b>Notes:</b> Super conforming condominium unit mortgages are eligible for streamlined review.</p> <p>If streamlined review requirements can be met, the Seller is <b>not</b> required to comply with any of the requirements for any of the other project review types in Guide Sections 5701.5, 5701.6, 5701.7 and 5701.9</p>	Streamlined review for Condominium Units in Established Condominium Projects			Maximum LTV/TLTV/HTLTV			Occupancy	Projects not located in Florida	Projects located in Florida	Primary Residence	90%	75/90/90%	Second Home	75%	70/75/75%	Investment Property	75%
Streamlined review for Condominium Units in Established Condominium Projects																		
Maximum LTV/TLTV/HTLTV																		
Occupancy	Projects not located in Florida	Projects located in Florida																
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# Condominium Unit Mortgages

Topic	Requirements
Requirements by Project Review Type	<p data-bbox="500 317 1333 352" style="text-align: center;"><b>Established Condominium Project Reviews (Guide Section 5701.5)</b></p> <p data-bbox="350 390 1503 485">In addition to the project review and eligibility requirements in Guide Section 5701.2, if the mortgage does not comply with the eligibility requirement for streamlined reviews in Guide Section 5701.4, the mortgage must comply with the following requirements:</p> <ul style="list-style-type: none"> <li data-bbox="350 506 1468 562">▪ Project completion requirements - All units, common elements and amenities must be complete</li> <li data-bbox="350 569 1360 632">▪ No manufactured homes - There must not be any manufactured homes in the established condominium project</li> <li data-bbox="350 638 1430 768">▪ Owner-occupancy requirements:               <ul style="list-style-type: none"> <li data-bbox="399 674 1385 705">- Primary residences and second homes: no owner-occupancy requirements</li> <li data-bbox="399 711 1430 768">- Investment properties: at least 50% of the units in project occupied as primary residences or second homes</li> </ul> </li> <li data-bbox="350 774 1455 1230">▪ Project budget – complies with the following:               <ul style="list-style-type: none"> <li data-bbox="399 806 987 837">- Be consistent with the nature of the project</li> <li data-bbox="399 844 1308 875">- Appropriate assessments must be established to manage the project</li> <li data-bbox="399 882 1390 938">- Appropriate allocations for line items pertinent to the type and status of the project</li> <li data-bbox="399 945 1101 976">- Adequate funding for insurance deductible amounts</li> <li data-bbox="399 982 1451 1098">- At least 10% of the budget provides funding for replacement reserves for capital expenditures, deferred maintenance based on the project’s age, estimated remaining life, and replacement cost of major common elements. See Guide Section 5701.5(d) for calculation details</li> <li data-bbox="399 1104 1382 1161">- The Seller may use a reserve study instead of calculating the replacement reserves of 10%, provided requirements in Guide Section 5701.5(f) are met</li> <li data-bbox="399 1167 1459 1230">- An HOA must not receive more than 10% of its budgeted income from renting or leasing commercial parking facilities</li> </ul> </li> <li data-bbox="350 1241 1468 1335">▪ Delinquent assessments - 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, or if a 2- to 4-unit, none of the units are 60 or more days delinquent</li> <li data-bbox="350 1341 1419 1398">▪ Requirements when a Seller relies on a project reserve study – reserve study must comply with all requirements in Guide Section 5701.5(f)</li> </ul> <p data-bbox="350 1419 1463 1514"><b>Note:</b> If established condominium project review requirements can be met, 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.</p>

# Condominium Unit Mortgages

Topic	Requirements
Requirements by Project Review Type	<p data-bbox="495 310 1398 342" style="text-align: center;"><b>New Condominium Project Reviews (Guide Section 5701.6) (continued)</b></p> <p data-bbox="350 369 1511 432">In addition to the project review and eligibility requirements in Guide Section 5701.2, mortgages secured by condominium units must comply with all the following requirements:</p> <ul data-bbox="399 443 1479 772" style="list-style-type: none"> <li>- Project completion - subject legal phase and prior legal phases are substantially complete (all units in the subject building are complete subject to the selection of buyer preference items). For 2- to 4-unit projects, units are complete and not subject to additional phasing</li> <li>- No manufactured homes - there are no manufactured homes in the new condominium project</li> <li>- Owner-occupancy requirements - at least 50% of the total units in the project (or at least 50% of the sum of the subject legal phase and prior legal phases) must have been conveyed or must be under contract to occupants as their primary residences or second homes. All but one unit in a 2- to 4-unit project must have been conveyed or under contract to occupants as their primary residences or second homes</li> </ul> <p data-bbox="350 785 1533 942"><b>Note:</b> For calculating owner-occupancy under Guide Section 5701.6, 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.</p> <ul data-bbox="399 961 1479 1835" style="list-style-type: none"> <li>- Project budget - HOA assessments must begin once the developer has ceased to pay operating expenses attributable to the project whether or not all units are sold. Developer is responsible for the assessment attributable to the unsold units. Budget is consistent with the nature of the project and appropriate assessment must be established to manage the project:</li> <li>- There are appropriate allocations for line items pertinent to the type and status of the project</li> <li>- If the project was recently converted, the developer must have initially funded a working capital fund, through contributions made by developer and/or purchasers of the condominium units, in an amount consistent with the estimated remaining life of the common elements</li> <li>- There must be adequate funding for insurance deductible amounts</li> <li>- At least 10% of the operating budget provides funding for replacement reserves, for capital expenditures and deferred maintenance based on the project's age, estimated remaining life, and replacement cost of major common elements. See Guide Section 5701.6 for calculation details</li> <li>- If the budget does not provide a replacement reserve of at least 10%, a Seller may rely on either a reserve study or contributions to a working capital fund. See the conditions in Guide Section 5701.6(l) and (m) for further details</li> <li>- An HOA must not receive more than 10% of its budgeted income from renting or leasing commercial parking facilities</li> <li>- Delinquent assessments - 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, or if a 2-4-unit, none of the units are 60 or more days delinquent</li> <li>- Compliance with laws - project has been created and exists in full compliance with applicable state law, the requirements of the jurisdiction in which the project is located and all other applicable laws and regulations governing the creation of the project</li> </ul>

# Condominium Unit Mortgages

Topic	Requirements
<b>Requirements by Project Review Type (continued)</b>	<p style="text-align: center;"><b>New Condominium Project Reviews (Guide Section 5701.6) (continued)</b></p> <ul style="list-style-type: none"> <li>▪ Limitations on ability to sell/right of first refusal - right of first refusal in the project documents does not adversely impact the right of mortgagee or its assignee to:               <ul style="list-style-type: none"> <li>– Foreclose or take title to a unit pursuant to the remedies in the mortgage, or</li> <li>– Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or</li> <li>– Sell or lease a unit acquired by the mortgagee or its assignee</li> </ul> </li> <li>▪ Conversions - if the project is a conversion created by conversion of the building(s), the project must meet the following for the Seller’s review and determination of project eligibility:               <ul style="list-style-type: none"> <li>– For a conversion involving a non-gut rehabilitation of a prior use of the building that was legally created within the past three years, the engineer’s report (or functionally equivalent documentation for jurisdictions not requiring an engineer’s report) must state that the project is structurally sound, the condition and remaining useful life of the major project components are sufficient to meet the residential needs of the project, and that there is no evidence that any of these conditions have not been met. Major components include the roof, elevators and mechanical systems such as HVAC, plumbing and electricity</li> <li>– All rehabilitation work involved in the conversion (non-gut rehabilitation and gut rehabilitation) must be completed in a professional manner</li> <li>– A review of the engineer’s report (or functional equivalent documentation) is not required for conversions involving a gut-rehabilitation, and a non-gut rehabilitation if more than three years have elapsed since the legal creation of the project</li> </ul> </li> <li>▪ Mortgagee consent: project documents must state, or applicable state law must provide, that amendments of a material adverse nature to first-lien mortgages be agreed to by mortgagees that represent at least 51% of the unit votes (one vote for each first-lien mortgage owned)               <ul style="list-style-type: none"> <li>– Project documents must state, or applicable state law must provide, that any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild, must be agreed to by first-lien mortgagees that represent at least 51% of the unit votes (one vote for each first-lien mortgage owned)</li> <li>– The project documents may allow implied approval to be assumed when the then current mortgagee of record fails to submit a response to any written proposal for an amendment within 60 days after the then current mortgagee of record actually receives proper notice of the proposal, provided that the notice was delivered by certified or registered mail, with a “return receipt” requested</li> </ul> </li> </ul>



# Condominium Unit Mortgages

Topic	Requirements
<b>Requirements by Project Review Type (continued)</b>	<p style="text-align: center;"><b>New Condominium Project Reviews (Guide Section 5701.6) (continued)</b></p> <ul style="list-style-type: none"> <li>▪ Rights of condominium mortgagees and guarantors - project documents, applicable state law, or any applicable insurance policy must provide the mortgagee and guarantor of the mortgage the right to timely written notice of:               <ul style="list-style-type: none"> <li>– Any condemnation or casualty loss affecting a material portion of project, or unit securing the mortgage</li> <li>– Any 60-day delinquency in payment of assessments or charges owed by the unit owner</li> <li>– A lapse, cancellation or material reduction of any insurance policy maintained by the HOA</li> <li>– Any proposed action requiring the consent of a specified percentage of the mortgages</li> </ul> </li>   <li>▪ First mortgagee’s rights confirmed - there are no provisions in the project documents that give a unit owner or other party priority over any rights of the first mortgagee in the case of payment to the unit owner of proceeds from termination, or insurance proceeds, or condemnation awards for losses to or a taking of units and/or common elements</li>   <li>▪ Requirements when a Seller relies on a project reserve study for new condominium projects – comply with the following requirements. The reserve study:               <ul style="list-style-type: none"> <li>– Generally, must include an inventory of major components of the project, financial analysis and evaluation of current reserve fund adequacy and proposed annual reserve funding plan</li> <li>– Financial analysis must validate the project has appropriately allocated the recommended reserve funds for sufficient protection comparable to Freddie Mac’s standard budget requirements for replacement reserves</li> <li>– Funding plan detailing total costs identified for replacement components must meet or exceed the study’s recommendation and conclusion</li> <li>– Must be dated within 36 months of determining project eligibility</li> <li>– Must be prepared by an independent expert skilled in performing studies such as a reserve study professional, construction engineer, certified public accountant or any professional with demonstrated experience and knowledge in completing reserve studies</li> <li>– Must meet or exceed requirements set forth in any applicable state statutes</li> <li>– Must comment favorably on the project’s age, estimated remaining life, structural integrity and the replacement of major components See Guide Section 5701.6(l) for further details.</li> </ul> </li>   <li>▪ Requirements when a seller relies on contributions to a working capital fund for new condominium projects:               <ul style="list-style-type: none"> <li>– The project documents require the purchaser to pay a non-refundable and non-transferable assessment to a working capital fund established for periodic maintenance, repair and replacement of common elements</li> <li>– The assessment must be equal to a minimum of at least two months HOA fees, due and payable at closing</li> <li>– The developer is in control of the HOA</li> </ul> </li> </ul>

# Condominium Unit Mortgages

Topic	Requirements
<b>Requirements by Project Review Type (continued)</b>	<b>New Condominium Project Reviews (Guide Section 5701.6) (continued)</b>
	<ul style="list-style-type: none"> <li>▪ New condominium 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) for condominium unit mortgages, these contributions must comply with requirements in Guide Section 5501.5</li> <li>▪ New condominium projects in Florida – mortgages secured by attached units are not eligible, except when approved through the Fannie Mae Project Eligibility Service (PERS) process. See Guide Section 5701.9(a) for additional information</li> </ul> <p><b>Note:</b> If new condominium project review requirements can be met, the Seller is not required to comply with any of the other project review types in Guide Sections 5701.4, 5701.5, 5701.7 and 5701.9.</p>
	<b>Exempt from Review (Guide Section 5701.7)</b>
<p>In addition to the project review and eligibility requirements in Guide Sections 5701.2(b), mortgages secured by a condominium unit in a 2- to 4-unit condominium project or detached condominium unit and Freddie Mac owned 'no cash-out' refinance condominium unit mortgages must comply with the following applicable requirements:</p> <ul style="list-style-type: none"> <li>▪ 2- to 4-unit condominium projects – meet the <a href="#">Glossary</a> definition of 2- to 4-unit condominium projects and must not include manufactured homes</li> <li>▪ Detached condominium units – meet the <a href="#">Glossary</a> definition of detached condominium unit and must not include manufactured homes</li> <li>▪ Freddie Mac owned 'no cash-out' refinance condominium unit mortgages – if currently owned by Freddie Mac in whole or in part or securitized, the mortgage is exempt from project review provided the following are met:               <ul style="list-style-type: none"> <li>- Maximum LTV/TLTV/HTLTV ratio is 80%</li> <li>- Condominium project is not a condominium hotel, houseboat project, timeshare project or project with segmented ownership (described in Guide Section 5701.3)</li> <li>- If available, proof of the ULDD Data Point Related Investor Loan Identifier of the existing condominium unit mortgage is provided in the mortgage file</li> <li>- Delivery requirements in Guide Section 6302.16(b)(ii) are met</li> </ul> </li> </ul> <p><b>Note:</b> Attached and semi-detached units within projects containing detached condominium units may not be delivered as Exempt from Review unless the attached or semi-detached units are within a 2- to 4-unit condominium project or meet the requirements for Freddie Mac-owned 'no cash-out' refinance condominium unit mortgages.</p> <p><b>Note:</b> If the Exempt from Review requirements in this Guide Section 5701.7 are met, the Seller is not 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.</p>	

# Condominium Unit Mortgages

Topic	Requirements
<b>Condominium Appraisal and Underwriting Requirements</b>  Guide Section 5701.8	<b>Appraisal Requirements</b>
	<p>In addition to applicable Guide Chapter 5601 appraisal requirements, the following requirements apply to units in condominium projects:</p> <ul style="list-style-type: none"> <li>▪ General appraisal requirements: Appraiser must report the project name, the assessments, including special assessments and the property rights for each comparable sale, and how it compares to the subject project. The appraiser must identify the common elements, including amenities available to the unit owners, comment on their condition and analyze how they compare with competing projects               <ul style="list-style-type: none"> <li>– Comparable sales must be from condominium projects in the same market, be similar to the subject project and compete for the same purchasers</li> </ul> </li> <li>▪ Comparable sales selection: Refer to Guide Section 5601.12(f) for specific requirements applicable to units in established condominium projects or in recently converted or new condominium projects</li> <li>▪ Additional appraisal requirements for detached condominium units:               <ul style="list-style-type: none"> <li>– The appraiser must use similar detached condominium unit comparable sales from the same project, or from the same market area</li> <li>– Other types of 1-unit detached comparable sales may be used by the appraiser that are not located in a project only if the appraiser supports the use of such sales in the appraisal report and reflects any effect that the condominium form of ownership has on the market value, and marketability of the subject property. Each appraisal or inspection report must comply with the requirements of Guide Sections 5601.5, 5601.7, 5601.10 and 5601.12</li> </ul> </li> </ul>
	<b>Underwriting Considerations for Condominium Projects with Mixed Uses and Live-Work Condominium Units</b>
<ul style="list-style-type: none"> <li>▪ Condominium projects with mixed uses - Freddie Mac will purchase eligible mortgages in projects with a combination of residential, commercial, industrial, office and/or institutional uses provided the mortgages comply with all applicable Freddie Mac requirements, including the requirements of Guide Sections 5701.2 and 5701.3(d)</li> <li>▪ Condominium projects with live-work units - Freddie Mac will purchase eligible mortgages in projects with live-work units where:               <ul style="list-style-type: none"> <li>– The mortgage complies with all applicable Freddie Mac requirements, including the requirements of Guide Section 5701.2, and</li> </ul> </li> </ul> <p>The primary use of the live-work unit is residential, and the non-residential use of such unit is secondary</p>	

# Condominium Unit Mortgages

Topic	Requirements
<b>Condominium Appraisal and Underwriting Requirements</b>  Guide Section 5701.8	<b>Underwriting Considerations for Common Elements and Amenities</b>
	<p>The common elements, including amenities and limited common elements must be consistent with the nature of the project and similar to competing projects in the market area</p>
	<b>Financing of Limited Common Elements</b> <ul style="list-style-type: none"> <li>▪ Limited common elements are portions of common elements reserved for use by one or more-unit owners but not all unit owners. May include, but are not limited to, balconies or patios serving a single unit, assigned parking spaces or storage bins</li> <li>▪ If purchased as part of the unit, they may be financed as part of the mortgage, and the cost of such limited common elements may be included when determining the sale price and LTV ratio</li> <li>▪ Only limited common elements may be financed along with the condominium unit. Facilities serving the condominium unit which are made available to the condominium unit by a permit, license or lease (other than in a leasehold condominium), must not be financed as part of a mortgage, and the cost of the use of such facilities may not be included when determining the sale price and LTV ratio</li> </ul>
<b>Reciprocal Project Reviews</b>  Guide Section 5701.9	<b>Fannie Mae-approved and Certified Projects (Guide Section 5701.9(a))</b> <p>With the exception of mortgages secured by units in 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 Fannie Mae "Full Review", submitted to Fannie Mae's Condo Project Manager™ (CPM™) (Condo Project Manager and CPM are trademarks of Fannie Mae) and received a project acceptance certification, if as of the settlement date:</p> <ul style="list-style-type: none"> <li>▪ The project complies with all applicable Fannie Mae eligibility requirements and lender warranties</li> <li>▪ Any terms and conditions set forth in the acceptance have not expired, and have not been rescinded or modified in any way</li> <li>▪ The mortgage file contains documentation of Fannie Mae's approval (e.g., a copy of the appropriate web page showing that the condominium project has received a Fannie Mae 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)</li> </ul>

# Condominium Unit Mortgages

Topic	Requirements
<b>Reciprocal Project Reviews (continued)</b> Guide Section 5701.9	<b>Fannie Mae-approved and Certified Projects (Guide Section 5701.9(a)) (continued)</b>
	<ul style="list-style-type: none"> <li>▪ The Seller warrants that the condominium project is not an ineligible project (see Guide Section 5701.3) and it complies with the general condominium project eligibility requirements (see Guide Section 5701.2)</li> <li>▪ The Seller must comply with any conditions set by Fannie Mae on the final PERS approval</li> <li>▪ For mortgages secured by units located in attached established condominium projects in Florida and approved through CPM:               <ul style="list-style-type: none"> <li>- The LTV/TLTV/HTLTV is 75/90/90% or less for a primary residence</li> <li>- The LTV/TLTV/HTLTV is 70/75/75% or less for a second home or an Investment Property</li> </ul> </li> <li>▪ For mortgages secured by attached units in new condominium projects in Florida, they are only eligible for sale to Freddie Mac if the project is approved through PERS</li> <li>▪ Mortgages secured by units in projects comprised of manufactured homes are only eligible for sale to Freddie Mac if the project has Final Project Approval through PERS</li> </ul> <p><b>Note:</b> If reciprocal project review requirements can be met, 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.</p>
	<b>FHA- Approved Project review for Condominiums (Guide Section 5701.9(b))</b>
<p>Freddie Mac will purchase mortgages secured by a 1-unit residential dwelling in a condominium projects that:</p> <ul style="list-style-type: none"> <li>• Appears on the list of project-approved by FHA, either by the FHA HUD Review and Approval Process (HRAP) or the FHA Direct Endorsement Lender Review and Approval Process (DELRAP), provided that the mortgage is an FHA mortgage, VA mortgage, Section 502 Guaranteed Rural Housing (GRH) mortgage, or U.S. Department of Housing and Urban Development (HUD) Guaranteed Section 184 Native American Mortgage that complies with the applicable Guide requirements, or</li> <li>• Appears on the list of projects approved by FHA by the FHA HUD Review and Approval Process (HRAP) only, provided that the mortgage is a conventional mortgage and:               <ul style="list-style-type: none"> <li>- The condominium project must meet the definition of an established condominium project</li> <li>- The condominium project is not an ineligible project Guide Section 5701.3</li> <li>- All general project eligibility requirements in Guide Section 5701.2(b) must be met, and</li> <li>- The mortgage must comply with all other applicable requirements of the Guide.</li> </ul> </li> </ul>	

## Condominium Unit Mortgages

Topic	Requirements
	<p>When the Seller sells Freddie Mac a mortgage secured by a unit in a project that meets the requirements above, the Seller warrants all of the following as of the settlement date:</p> <ul style="list-style-type: none"> <li>▪ The project is in the "approved" status, complies with any FHA-approval conditions noted on the FHA web site, the approval has not yet expired and has not been rescinded or modified in any way</li> <li>▪ The mortgage file contains documentation of FHA's approved status (for example, a copy of the appropriate web page showing that the project is approved, and that the approval is current)</li> <li>▪ The Seller is not aware of any circumstances that would make the project ineligible for approval</li> </ul>
<p><b>Reciprocal Project Reviews (continued)</b> Guide Section 5701.9</p>	<p><b>FHA- Approved Project review for Condominiums (<i>Guide Section 5701.9(b)</i>) (continued)</b></p> <p><b>Note:</b> If reciprocal project review requirements can be met, 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.</p>

For delivery information, please refer to Guide Section 5701.12.

This document is not a replacement or substitute for the information found in the *Freddie Mac Single-Family Seller/Servicer Guide* or terms of your Master Agreement or other Pricing Identifier Terms.

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