



## Condominium Unit Mortgages and Project Reviews

### Easily determine project status with comprehensive criteria

We offer expanded, comprehensive requirements for Condominium Unit Mortgages and condominium projects that make for an easy and flexible process to originate and sell Condominium Unit Mortgages to Freddie Mac. From more options for accepted reciprocal reviews to streamlined reviews, you have competitive solutions and options available through the *Single-Family Seller/Service Guide* (Guide).

#### › Condominium Projects

- Established Condominium Projects
- New Condominium Projects
- 2- to 4-unit Condominium Projects
- Detached Condominium Projects
- Live-Work Condominium Projects
- Mixed-Use Condominium Projects

#### › Key Features

- Easy identification and review of condominium projects
- Clear project status classifications to easily determine which eligibility requirements and warranties you need to satisfy
- Comprehensive project criteria to get more condominium projects approved and more mortgages sold to us

#### › Lender Benefits

- Speed, flexibility, and simplicity through a streamlined review process
- More options for accepted reciprocal reviews, providing you added flexibility
- Significant time and financial savings
- Improve your front-end process with borrowers and back-end operations

**ORIGINATION & UNDERWRITING REQUIREMENTS**

**Streamlined Review Requirements**

- The condominium unit must be located in an Established Condominium Project and must secure a mortgage that is originated on a spot loan basis.
- The condominium unit is not a manufactured home.
- The Seller is required to review the project to the extent necessary to ensure that the Seller can make all general warranties set forth in Section 42.2, excluding 42.2(e), Limitations on ability to sell/Right of first refusal. The additional seller warranties in Section 42.11 are not required.
- Maximum LTV/TLTV ratios:

Streamlined Review of Units in Established Condominium Projects not located in Florida and Detached Condominium Projects in Florida		
	Maximum LTV/TLTV	
Occupancy Type	LP Accept Mortgages	All Other Mortgages
Primary Residence	90%	80%
Second Home	75%	75%
Investment Property	Not eligible	Not eligible

- Condominium Unit Mortgages secured by units in attached projects in Florida where the Seller uses a streamlined project must meet the special maximum LTV/TLTV/HTLTV requirements in Guide Chapter 42.4.

**General Requirements**

- The mortgage, condominium unit, and condominium project must meet applicable Freddie Mac eligibility requirements, general project warranties, and additional warranties applicable for the project status or review type.
- For purposes of calculating the presale requirements, multiple purchases of units in a project by one owner are counted as one sale.
- All Condominium Unit Mortgages must be sold to us no later than six months of the determination that the project meets Freddie Mac requirements.
- Seller must conduct a review of the Condominium Project to ensure that the mortgage and the Condominium Project meet the requirements of Guide Chapter 42 and the Seller's other purchase documents. See Guide Section 42.1 for additional details.
- See Guide Chapter 42.8 for other condominium project requirements related to:
  - Financing of limited common elements or amenities
  - Projects located on leasehold estates
  - Appraisal requirements for units in Condominium Projects

**General Warranties**

- Seller makes general Condominium Project warranties that pertain to the following items:
  - Compliance with laws
  - Not an ineligible project
  - Project insurance
  - Title insurance
  - Limitations on ability to sell/Right of first refusal
  - Project ownership
  - Ownership and use of common elements
  - Master association
  - Conversions
  - Continuing project eligibility
- See Guide Chapter 42.2 for more information regarding the required General Warranties for Condominium Projects.

**Ineligible Projects**

- Mortgages secured by units in any of the following types of projects are not eligible for sale to Freddie Mac:
  - A project subject to federal or state securities regulations
  - Hotel/Resort projects
  - Project with multi-dwelling units
  - Project with non-incidental commercial space
  - Common interest apartment project
  - Fragmented- or segmented-ownership project
  - Timeshare project
  - Houseboat project
  - Attached condominium project that is legal non-conforming
  - Project involved in litigation arbitration, mediation or other dispute
  - Project with excessive Seller contributions
  - Project with excessive single investor concentration
  - Project with fractured interest
  - Continuing care retirement community
  - Any Condominium Project Fannie Mae has rejected
- See Guide Section 42.9 for special requirements for mortgages eligible for purchase when Condominium Project is approved by other secondary market participants
- Following mortgages eligible for sale only when Project is approved through reciprocal project review (Section 42.9):
  - Mortgages secured by Condominium Units in Condominium Projects comprised of Manufactured Homes
  - Mortgages secured by attached Condominium Units located in New and Newly-Converted Condominium Projects located in Florida.

<b>Florida Condominium Effort</b>	<ul style="list-style-type: none"> <li>• Freddie Mac's Florida Condominium Effort waives condominium project requirements and certain representations and warranties for purchase transaction mortgages secured by condominium units in Florida provided: <ul style="list-style-type: none"> <li>▪ The mortgage file contains documentation verifying that the existing first lien conventional mortgage on the unit being purchased is owned by Freddie Mac, in whole or in part, or securitized by Freddie Mac.</li> <li>▪ Note date of existing mortgage for the unit being purchased is on or before December 31, 2009.</li> <li>▪ Settlement date for the new mortgage is on or before March 31, 2011.</li> </ul> </li> <li>• See Guide Section 42.7 for additional information.</li> </ul>
<b>ESTABLISHED CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>• An Established Condominium Project is a Condominium Project in which: <ul style="list-style-type: none"> <li>▪ The project (all units and Common Elements including Common Elements owned by any Master Association) is fully completed and not subject to any additional phasing or additions; and</li> <li>▪ At least 90 percent of the total units have been conveyed to the unit purchasers other than the developer; and</li> <li>▪ The unit owners control the homeowners association.</li> </ul> </li> </ul>
<b>Owner Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>• If borrower occupies unit as a primary residence or second home, no owner-occupancy requirement for the Condominium Project.</li> <li>• If used as an investment property: At least 51 percent of the total number of condominium units must have been conveyed to purchasers (other than the developer or a successor to the developer) who occupy their unit as a primary residence or second home.</li> </ul>
<b>Seller Warranties</b>	<ul style="list-style-type: none"> <li>• The project meets the definition of an Established Condominium Project.</li> <li>• There are no manufactured homes in the project.</li> <li>• The Condominium Project is not an attached Newly-Converted Condominium Project located in Florida.</li> <li>• General project warranties in Guide Section 42.2 are met, excluding 42.2(e), Limitations on ability to sell/Right of first refusal.</li> <li>• Additional seller warranties in Section 42.11 are met.</li> </ul>
<b>Project Budget Requirements</b>	<ul style="list-style-type: none"> <li>• 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 Section 42.5 (c) for more information.</li> </ul>
<b>Delinquent Assessments for Established Condominium Projects</b>	<ul style="list-style-type: none"> <li>• No more than 15% of the total number of units in a project are 30 or more days delinquent on the payment of their homeowners association assessments.</li> </ul>
<b>NEW CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>• A New Condominium Project is a Condominium Project in which: <ul style="list-style-type: none"> <li>▪ The project (all units and Common Elements including Common Elements owned by any Master Association) is not fully completed, or is subject to additional phasing or annexation; or</li> <li>▪ Fewer than 90 percent of the total number of units in the project have been conveyed to the unit purchasers other than the developer; or</li> <li>▪ The developer has not turned control of the homeowners association over to the unit owners.</li> </ul> </li> </ul>
<b>Owner Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>• At least 70 percent of the units have been conveyed or are under contract to purchasers (other than the developer or a successor to the developer) who occupy or who will occupy their units as a Primary Residence or second home.</li> <li>• If the project does not meet the owner occupancy requirement above, the project meets the owner occupancy requirement if both of the following criteria are met: <ul style="list-style-type: none"> <li>▪ At least 70 percent of the total number of units in the subject legal phase must have been conveyed or are under contract to purchasers (other than the developer or successor to the developer) who occupy or will occupy their unit as a Primary Residence or second home, and</li> <li>▪ At least 70 percent of the sum of the total number of units in the subject legal phase plus the total number of units in all prior legal phases in which units have been offered for sale must have been conveyed or are under contract to purchasers (other than the developer or successor to the developer) who occupy or will occupy their unit as a Primary Residence or second home.</li> </ul> </li> </ul>
<b>Project Completion</b>	<ul style="list-style-type: none"> <li>• Subject legal phase and any prior legal phases in which units have been offered for sale are substantially complete.</li> <li>• See Section 42.6(a) for more information.</li> </ul>
<b>Project Budget Requirements</b>	<ul style="list-style-type: none"> <li>• The homeowners association assessments must begin on a specific date whether or not all units have been sold. When assessments are established, the developer must be responsible for the assessments attributable to the unsold units.</li> <li>• The project's operating 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 42.6 (c) for additional details.</li> </ul>
<b>Delinquent Assessments for New Condominium Projects</b>	<ul style="list-style-type: none"> <li>• No more than 15% of the total number of units in a project are 30 or more days delinquent in the payment of their homeowners association assessments.</li> </ul>
<b>Seller Warranties</b>	<ul style="list-style-type: none"> <li>• The project meets the definition of a New Condominium Project.</li> <li>• There are no manufactured homes in the project.</li> <li>• The condominium project is not a New or Newly Converted attached condominium project located in Florida.</li> <li>• General project warranties in Guide Section 42.2 are met.</li> <li>• Additional seller warranties in Section 42.11 are met.</li> </ul>
<b>DETACHED CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>• A Condominium Project comprised solely of detached, 1-unit dwellings.</li> </ul>

<b>Owner Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>If borrower will occupy the unit as a primary residence or second home, the Seller must underwrite the project to the extent needed to ensure that the Seller can make the required general project warranties set forth in Guide Section 42.2. <ul style="list-style-type: none"> <li>A Seller may choose to use the criteria for a streamlined review to determine eligibility of a unit in a Detached Condominium Project to secure a mortgage delivered to Freddie Mac, including units in Detached Condominium Projects located in Florida.</li> </ul> </li> <li>If the subject condominium unit is an investment property, the Condominium Project must meet the requirements and warranties for an Established or a New Condominium Project, or a 2- to 4-Unit Condominium Project, as appropriate. The Seller may not use the streamlined review option.</li> </ul>
<b>Seller Warranties</b>	<ul style="list-style-type: none"> <li>The general project warranties of Section 42.2 have been met (?).</li> <li>There are no manufactured homes in the project.</li> <li>The project is not attached New or Newly Converted attached condominium project located in Florida. The Additional Seller warranties of Section 42.11 are not required for a Detached Condominium Project where the Borrower occupies the subject unit as a Primary Residence or second home.</li> </ul>
<b>LIVE-WORK CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>Projects that allow unit owners to use their unit for both residential and business use.</li> <li>See Guide Section 42.1 for additional details.</li> </ul>
<b>General Requirements</b>	<ul style="list-style-type: none"> <li>Must be underwritten as Established Condominium Projects or New Condominium Projects, as applicable, based on the subject project status and meet the following additional requirements: <ul style="list-style-type: none"> <li>The use is a legal use.</li> <li>The Project Documents allow commercial use, and state what commercial use is or is not acceptable.</li> <li>The commercial use is consistent with the residential nature of the project and there is minimal, if any, commercial traffic to the unit.</li> <li>The unit is a 1-unit dwelling designed for residential use with minimal accommodation for commercial use.</li> </ul> </li> </ul>
<b>Owner-occupancy</b>	<ul style="list-style-type: none"> <li>The unit owner occupies the unit as a Primary Residence and owns and runs the business.</li> </ul>
<b>MIXED-USE CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>A Mixed-Use Condominium Project is a Project with both residential and commercial use. The mixed use may be within one building or multiple buildings. There may be one homeowners association for both classes of owners (residential and commercial) or two associations with an agreement stating how the two classes of owners relate to each other. Acceptable Mixed-Use Condominium Projects are located in city centers and have limited retail/commercial use on the bottom floors and residential units in on the upper floors.</li> <li>See Guide Section 42.1 for complete definition.</li> </ul>
<b>Owner-occupancy</b>	<ul style="list-style-type: none"> <li>Any presale and owner-occupancy requirements for the project classification apply to the total number of residential units only.</li> </ul>
<b>Special Requirements</b>	<ul style="list-style-type: none"> <li>Must be underwritten as Established Condominium Projects or New Condominium Projects, as applicable, based on the subject project status.</li> <li>Must not be part of an overall mixed-use project with multiple classes of unit owners and with a commercial entity as the manager over the entire project.</li> <li>The overall project cannot include a hotel or similar type of entity, and may not be a project with fragmented or segmented ownership, or a project with fractured interest.</li> <li>If there is a common entrance to the retail/commercial and residential units, a majority of the retail/commercial unit owners and a majority of the residential unit owners must both agree to pay any expenses to upgrade or renovate the common space.</li> <li>The regularly scheduled homeowners association assessments must be sufficient to maintain an adequate budget and reserves to successfully manage the project. Operating reserves of at least three months of operating expenses are required.</li> <li>The project management must not manage a rental program for the residential unit owners.</li> <li>The retail or commercial entities are consistent with the residential nature of the project, are acceptable to the residential market purchasers and do not pose an environmental concern.</li> <li>The retail/commercial unit owners must pay all expenses related to the retail or commercial use. Residential unit owners must not be required to pay for renovation of the retail or commercial space except when the renovation is for the whole building and is agreed to by a majority of the retail or commercial unit owners and a majority of the residential unit owners.</li> <li>The commercial or retail owners must carry appropriate commercial insurance paid for solely by the retail or commercial unit owners.</li> </ul>
<b>Project Documents</b>	<ul style="list-style-type: none"> <li>The Project Documents must explicitly address the retail and commercial use in the project.</li> <li>The Project Documents must explicitly describe the relationship between the residential unit owners and the retail or commercial owners, including the voting rights of the two. The retail/commercial unit owners must not have the right to override the residential unit owners when the issue involves the residential units.</li> <li>The Project Documents must explicitly identify the Common Elements and Amenities that are reserved for the residential unit owners, including parking facilities for the residential unit owners.</li> <li>The Project Documents must explicitly address how assessments are allocated between the residential and retail/commercial owners.</li> </ul>
<b>2- TO 4-UNIT PROJECTS</b>	
<b>Definition</b>	<ul style="list-style-type: none"> <li>A condominium project that is comprised of at least two but no more than four 1-unit dwellings that are each separately owned with separate legal descriptions.</li> </ul>

<b>Owner Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>All but one unit in the condominium project have been conveyed to purchasers other than the developer who occupy their unit as a primary residence or second home.</li> </ul>
<b>Project Completion</b>	<ul style="list-style-type: none"> <li>All condominium units and common elements including amenities in any master association are complete.</li> </ul>
<b>Seller Warranties</b>	<ul style="list-style-type: none"> <li>The Condominium Project meets the definition of a 2- to 4-Unit Condominium Project.</li> <li>There are no manufactured homes in the project.</li> <li>The Condominium Project is not a New or Newly-Converted attached Condominium Project located in Florida</li> <li>Note: Condominium Unit Mortgages secured by an attached unit located in a New or Newly-Converted Condominium Project located in Florida are eligible for sale only if the project is approved through the Fannie Mae PERS process. Refer to Section 42.9 (a) for additional information.</li> <li>The general Condominium Project warranties of Guide Section 42.2, General Condominium Project warranties are met.</li> <li>The Seller is not required to warrant the additional Seller warranties in Section 42.11: <i>Additional Seller Condominium Project Warranties</i>.</li> </ul>

**DELIVERY REQUIREMENTS**

<b>Eligible Executions</b>	<ul style="list-style-type: none"> <li>Servicing-released fixed-rate Cash*</li> <li>Servicing-retained fixed rate Cash and WAC ARM Cash</li> <li>Fixed-rate Guarantor</li> <li>WAC ARM Guarantor</li> <li>MultiLender Swap</li> </ul> <p>*See our selling system 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.</p>
----------------------------	--

<b>Delivery Fees</b>	<ul style="list-style-type: none"> <li>Postsettlement delivery fees apply, including special delivery fees for certain California Condominium Unit Mortgages. See Guide Exhibit 19 for details or visit Guide Exhibit 19 online at <a href="http://www.freddiemac.com/singlefamily/pdf/ex19.pdf">http://www.freddiemac.com/singlefamily/pdf/ex19.pdf</a></li> </ul>
----------------------	---

<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>The Seller must deliver all mortgage data required by Form 11 or Form 13SF as applicable and complete certain fields of these forms as follows:</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Field Title</th> <th colspan="2">Completion Instructions</th> </tr> </thead> <tbody> <tr> <td>Property Type</td> <td colspan="2">Insert "1"</td> </tr> <tr> <td>Condo/PUD Name</td> <td colspan="2">Insert the name of the condominium</td> </tr> <tr> <td rowspan="6">Condo/PUD Class</td> <th colspan="2">Project or Review Type</th> </tr> <tr> <td>New Condominium Project</td> <td>1</td> </tr> <tr> <td>Established Condominium Project</td> <td>2</td> </tr> <tr> <td>2- to 4-unit Condominium Project</td> <td>2</td> </tr> <tr> <td>Streamlined review</td> <td>3</td> </tr> <tr> <td>Reciprocal review</td> <td>3</td> </tr> <tr> <td>Detached Condominium Project</td> <td>3</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>For California Condominium Unit Mortgages only (see Guide Section 42.12 for additional information): <ul style="list-style-type: none"> <li>SCC: 257 – for mortgages with partially prefunded earthquake insurance deductibles</li> <li>SCC: 259 – for mortgages with adequately prefunded earthquake insurance deductibles</li> <li>SCC: 261 – for mortgages evaluated; earthquake insurance not necessary</li> </ul> </li> <li>For Condominium Unit Mortgage evaluated using the streamlined review process described in Section 42.4, Sellers must deliver SCC H10 per Section 17.22(b).</li> <li>When delivering mortgages secured by a Condominium Unit Mortgage in a project approved through the Fannie Mae PERS process, Sellers must deliver SCC H09. <ul style="list-style-type: none"> <li>For Condominium Unit Mortgages sold to Freddie Mac under the Florida Condominium Effort, Sellers must deliver SCC H24 and the 9-digit Freddie Mac loan number for the existing mortgage.</li> </ul> </li> <li>Delivery requirements for other Condominium Unit Mortgages are based on the mortgage product type originated.</li> </ul>	Field Title	Completion Instructions		Property Type	Insert "1"		Condo/PUD Name	Insert the name of the condominium		Condo/PUD Class	Project or Review Type		New Condominium Project	1	Established Condominium Project	2	2- to 4-unit Condominium Project	2	Streamlined review	3	Reciprocal review	3	Detached Condominium Project	3
Field Title	Completion Instructions																								
Property Type	Insert "1"																								
Condo/PUD Name	Insert the name of the condominium																								
Condo/PUD Class	Project or Review Type																								
	New Condominium Project	1																							
	Established Condominium Project	2																							
	2- to 4-unit Condominium Project	2																							
	Streamlined review	3																							
	Reciprocal review	3																							
Detached Condominium Project	3																								

<b>Pooling Requirements</b>	<ul style="list-style-type: none"> <li>There are no special pooling requirements for Condominium Unit Mortgages.</li> <li>Refer to Guide Chapter 13 for general pooling requirements for fixed-rate and balloon/reset mortgages sold under the Fixed-rate Guarantor or MultiLender Swap executions. Refer to Guide Chapter A13 for general pooling requirements for ARMs under the WAC ARM Guarantor execution.</li> </ul>
-----------------------------	--

**RECIPROCAL REVIEWS: WARRANTIES**

<b>Fannie Mae-Accepted Condominium Projects</b>	<ul style="list-style-type: none"> <li>Except for mortgages secured by units in Projects that receive Fannie Mae Special Approval designation, mortgages are eligible if as of Settlement Date: <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 for 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 acceptance.</li> <li>Seller makes the Freddie Mac warranties required for the project type.</li> <li>Seller is not aware of any circumstances that would make the project ineligible for Fannie Mae acceptance.</li> </ul> </li> <li>For additional requirements for Established Condominium Projects in Florida, see Guide Section 42.9.</li> </ul>
---	--

<b>Fannie Mae Project Eligibility Review Service (PERS)</b>	<ul style="list-style-type: none"> <li>Mortgages secured by condominium units in attached New and attached Newly-Converted condominium projects in Florida are only eligible for sale to Freddie Mac if the project is approved through PERS (see Guide Section 42.9(a)).</li> </ul>
---	--

<b>Fannie Mae Special Approval Designation = Not Eligible for Sale</b>	<ul style="list-style-type: none"> <li>Condominium Unit Mortgages secured by units in Fannie Mae-accepted projects that receive Fannie Mae Special Approval Designations are not eligible for sale to Freddie Mac.</li> </ul>
--	---

<b>FHA-Approved Project Review for Condominiums</b>	<ul style="list-style-type: none"><li>• FHA condominium project approval can only be used to determine project eligibility for Mortgages secured by 1-unit residential dwellings if the Mortgages are:<ul style="list-style-type: none"><li>▪ FHA Mortgages</li><li>▪ VA Mortgages</li><li>▪ Section 502 Guaranteed Rural Housing (GRH) Mortgages</li><li>▪ HUD Guaranteed Section 184 Native American Mortgages</li></ul></li><li>• See Guide Section 42.9(b) for additional required Seller warranties.</li></ul>
---	---

***Learn more about Condominium Unit Mortgages and project review options***

- Review Chapter 42 of the *Single Family Seller/Service Guide*
- Contact your Freddie Mac representative or call (800) FREDDIE
- Visit our website: <http://www.freddiemac.com/>