



# 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 a sequential process to follow for an efficient and effective workflow. 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 for established projects.
- Established condominium projects.
- New condominium projects.
- 2- to 4-unit condominium projects.
- Detached condominium projects.
- Reciprocal project reviews.

## 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 offer flexibility and simplicity to your processes.
- Reciprocal reviews provide you with added flexibilities to capture additional market share.

**ORIGINATION & UNDERWRITING REQUIREMENTS**

**Condominium Project Review and General Condominium Project Eligibility Requirements**

- See *Single-Family Seller/Servicer Guide* (Guide) Section 5701.2 (a), *Condominium Project Review Requirements*, for an overview on the sequential process for Freddie Mac's condominium project review and eligibility requirements.
- Freddie Mac's Condominium Project eligibility requirements have two components (except for detached condominium projects — see Guide Section 5701.7 (b) for eligibility requirements for this type of project):
  - 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 particular project review types in either Guide Section 5701.4, *Streamlined Reviews*, 5701.5, *Established Condominium Projects*, 5701.6, *New Condominium Projects*, 5701.7, *Other Condominium Projects*, or 5701.9, *Reciprocal Project Reviews*.
- The Seller must review and determine that a condominium project meets Freddie Mac requirements within 180 days prior to the note date, and deliver the Condominium Unit Mortgage no later than 120 days after the note date.
- Seller must retain all documentation related to the review of the condominium project and must be able to provide Freddie Mac 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\*:
  - A project required to be registered with the U.S. Securities and Exchange Commission (SEC) or any state securities agency; investment deemed to be an investment security (Effective 08/31/17).
  - Condominium hotels. See Guide Section 5701.3 and 5701.10 for additional details.
  - Project with multi-dwelling units.
  - Project with excessive or non-residential commercial space.
  - Tenancy-in Common apartment project.
  - Timeshare project or project with segmented ownership.
  - Houseboat project.
  - Project that is a legal nonconforming use.
  - Project in litigation.
  - New Project sold with excessive Seller contributions.
  - Project with excessive single investor concentration.
  - Continuing Care Retirement Community.
  - Manufactured homes (except when approved through the Fannie Mae Project Eligibility Service).
  - New condominium projects in Florida (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 (Effective 08/31/17).
- \*Not applicable to detached condominium projects.
- See Guide Section 5701.3 for additional details.

**Streamlined Review**

- 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 eligibility requirements in Guide Section 5701.2.
- Maximum LTV/TLTV/HTLTV ratios:

Streamlined Review for Condominium Units in Established Condominium Projects Not Located in Florida*	
Occupancy Type	Maximum LTV/TLTV/HTLTV
Primary Residence	90%
Second Home	75%
Investment Property	Not eligible

\*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 requirements for any of the other project review types in Guide Sections 5701.5, 5701.6, 5701.7, and 5701.9 are not applicable.**

**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;
- At least 90 percent of the total units have been conveyed to the unit purchasers other than the developer; and
- The unit owners control the homeowners association (HOA).

**Note: If the requirements for established condominium projects in Guide Section 5701.5 are met, then the requirements for any of the other project review types in Guide Sections 5701.4, 5701.6, 5701.7 and 5701.9 are not applicable.**

**Eligibility Requirements**

- The project meets the definition of an established condominium project.
- The project meets the general condominium project eligibility requirements in Guide Section 5701.2.
- All units, common elements, and amenities must be complete.
- There are no manufactured homes in the project.

	<ul style="list-style-type: none"> <li>• If the borrower occupies the unit as a primary residence or second home, there is no owner-occupancy requirement for the condominium project.</li> <li>• If the unit is used as an investment property, at least 50 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> <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 Guide Section 5701.5(d) for more information.</li> <li>• No more than 15 percent of the total number of units in a project are 60 or more days delinquent on the payment of their HOA assessments.</li> </ul>
<b>NEW CONDOMINIUM PROJECTS</b>	
<b>Definition</b>	<p>A New Condominium Project is a condominium project in which:</p> <ul style="list-style-type: none"> <li>• The project (all units, common elements and amenities) and related facilities owned by any Master Association are not complete, or subject to additional phasing;</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 HOA over to the unit owners.</li> </ul> <p><b>Note: If the requirements for new cprojects in Guide Section 5701.6 are met, then the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5, 5701.7, and 5701.9 are not applicable.</b></p>
<b>Owner Occupancy Requirements</b>	<ul style="list-style-type: none"> <li>• At least 70 percent of the units in the project (or at least 70 percent of the sum of the subject legal phase and prior legal phases) 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>• Legal phases are defined by the project documents. Construction phases developed for the convenience of the developer are not necessarily legal phases.</li> <li>• For the purpose of calculating owner-occupancy for this project review process, a project consisting of one building cannot have more than one legal phase and any one building in a condominium project comprised of multiple buildings cannot be subject to more than one legal phase.</li> </ul>
<b>Project Completion</b>	<p>Subject legal phase (or the subject building) and any prior legal phases in which units have been offered for sale are substantially complete. "Substantially complete" indicates that the common elements are complete and the units are complete subject to the selection of buyer preference items.</p>
<b>Project Budget Requirements</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• See Guide Section 5701.6(d) for additional details.</li> </ul>
<b>Delinquent Assessments for New Condominium Projects</b>	<p>No more than 15 percent of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments.</p>
<b>Other Project Eligibility Requirements</b>	<p>See Guide Section 5701.6 for other eligibility requirements for new condominium projects.</p>
<b>DETACHED CONDOMINIUM PROJECTS</b>	
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• Detached condominium projects must meet the project review requirements in Section 5701.2(a) and the eligibility requirements in Section 5701.7(b):</li> <li>• A detached condominium project is defined as a condominium project comprised solely of detached, 1-unit dwellings.</li> <li>• The detached condominium project must not include manufactured homes.</li> <li>• If the condominium project is on a leasehold estate, the lease must comply with the requirements of Chapter 5704.</li> <li>• The condominium project must have insurance that complies with the applicable requirements of Chapter 8202.</li> <li>• The condominium unit must be covered by a title insurance policy that complies with the requirements of Chapter 4702.</li> </ul> <p><b>Note: If the requirements for other condominium projects in Guide Section 5701.7 are met, then the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5 5701.6, and 5701.9 are not applicable.</b></p>
<b>2- TO 4-UNIT PROJECTS</b>	
<b>Eligibility Requirements</b>	<ul style="list-style-type: none"> <li>• The project must meet the general condominium project eligibility requirements in Guide Section 5701.2.</li> <li>• A 2- to 4-unit condominium project is defined as a 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> <li>• All condominium units and common elements in the project and in any Master Association must be complete.</li> <li>• All but one unit in the condominium project must have been conveyed to purchasers (other than the developer) who</li> </ul>

	<p>occupy their units as a primary residence or second home.</p> <p><b>Note: If the requirements for other condominium projects in Guide Section 5701.7 are met, then the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5 5701.6, and 5701.9 are not applicable.</b></p>
<b>DELIVERY REQUIREMENTS</b>	
<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 <i>Selling System Availability Matrix</i> 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>	Postsettlement delivery fees apply. See Guide Exhibit 19 for details or visit Guide Exhibit 19 online at <a href="http://FreddieMac.com/singlefamily/pdf/ex19.pdf">FreddieMac.com/singlefamily/pdf/ex19.pdf</a>
<b>Delivery Requirements</b>	<ul style="list-style-type: none"> <li>• See Guide Section 6302.20 for special delivery instructions for Condominium Unit Mortgages.</li> <li>• Refer to Guide Section 5701.12 for guidance on completing Form 1077, <i>Uniform Underwriting and Transmittal Summary</i>, to ensure entries correspond to the ULDD Data Point valid values to be delivered.</li> </ul>
<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 6202 for Freddie Mac disclosure and pooling requirements.</li> </ul>
<b>RECIPROCAL PROJECT REVIEWS</b>	
<b>Fannie Mae-approved and certified projects</b>	<p>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 Fannie Mae "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:</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 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 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).</li> <li>• The condominium project complies with the project eligibility requirements of Guide Section 5701.2(b).</li> <li>• See Section 5701.9 for additional requirements.</li> </ul> <p>*<i>Condo Project Manager and CPM are trademarks of Fannie Mae.</i></p> <p><b>Note: If the requirements for other condominium projects in Guide Section 5701.9 are met, then the requirements for any of the other project review types in Guide Sections 5701.4, 5701.5 5701.6, and 5701.7 are not applicable.</b></p>
<b>Fannie Mae Condominium Project Manager (CPM)</b>	<p>For mortgages that are approved through CPM and secured by condominium units located in attached established condominium projects in Florida, the Seller warrants that:</p> <ul style="list-style-type: none"> <li>• The LTV/ TLTV/ HLT TV ratio is 75 percent or less for a primary residence.</li> <li>• The LTV/TLTV/HLT TV ratio is 70 percent or less for a second home.</li> <li>• The property is not an investment property.</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 condominium projects in Florida 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>
<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 5701.9(b) for additional Seller requirements.</li> </ul>

**Learn more about Condominium Unit Mortgages and project review types.**

- Review Guide Chapter 5701 of the in its entirety for specific requirements.
- Contact your Freddie Mac representative or call the Customer Support Contact Center (800-FREDDIE).
- Visit [FreddieMac.com](http://FreddieMac.com).