



Condominium Project Review Standard

revision 11/22/2010

Requirements for underwriting condo in-house:

- Established projects (5 or more units)
 - Condo types of Q, S, and T. (Fannie Mae condo codes)
 - Fannie Mae 1028 (new projects only)
 - At least 3 units need to be closed before we lend.
 - Refer to this website: <https://www.efanniemae.com/sf/refmaterials/approvedprojects/>
 - 60% owner-occupied ratio
- Condo conversion
 - Only if it's been over 3 years since conversion.

Conditional Requirements:

- HOA (cannot have more than 15% delinquency)
- Fidelity Bonds for complex that has 20 or more units. (To calculate the insurance needed, [HOA dues multiply 3 multiply # of units in projects])
- Master/blanket insurance policy: units < 100 requires \$2Million and units > 100 requires \$3Million
- Budget to show that they have a minimum of 10% of reserve based on overall expense.
- Flood Insurance (if applicable)

Underwriting exceptions to be underwritten by our investors:

- Complex less than 5 units:
 - Owner Occupied Only
 - Arbitration Agreement
 - Meter needs to be separated
- For any other condos that you fill may work that does not fit our requirements, Christina or Mai needs o review the appraisal.
- No condo hotels or coops allowed.

Definition:

Established Project: A condominium project is considered an established project when all of the following criteria are met:

- All units, amenities, and common areas in the project are completed and not subject to any additional phasing or additions; and
- At least 90 percent of the total units in the project have been conveyed (sold and closed) to unit purchasers other than the developer; and
- The unit owners control the homeowners association

New Project: A condominium project is considered a new project when any of the following criteria are met:

- All units, amenities, and common areas in the project are not fully completed, or are subject to additional phasing or annexation; or
- Fewer than 90 percent of the total number of units in the project have been conveyed (sold and closed) to unit purchases other than the developer; or
- The developer has not turned control of the homeowners association over to the unit owners.