

REQUIREMENTS FOR FULL REVIEW OF ESTABLISHED, NEW CONSTRUCTION AND GUT REHAB CONVERSIONS CONVENTIONAL LOANS

To qualify, a project must meet the following criteria:

1.

All new construction and new conversion projects located in Florida and all new non-gut rehabs conversions, must be submitted to Fannie Mae for project approval known as PERS. A New non-gut rehab conversion will require documentation that the project was renovated to the shell and new mechanical equipment installed.
2.

In order to be considered an Established project (FNMA Type S), a project must be complete with no additional phasing, control turned over to the unit owners from the Developer and 90% of the units must be conveyed (closed). Fannie Mae will consider a project as established with less than 90% of the units sold to unit purchasers if Developer has no more than 20% of the total units held back for rentals as long as these units' fees are current and there are no special assessments. Freddie Mac requires at least 75% conveyed. All other projects would be classified as FNMA Type R/FHLMC New.
3.

All units, common elements, and facilities within the project, or legal phase must be 100% complete.
4.

The condominium documents must comply with the Legal Guidelines for Type R/New projects. This is determined through a review of the constituent documents.
5.

For new projects, at least 50% of units in the project or subject legal phase, together with all prior legal phases, must be conveyed or under contract to principal residence or second home buyers.
6.

For established condominiums, at least 50% of the total units must have been conveyed as a principal residence or second home. However, this requirement shall not apply to primary or second home loans.
7.

No single entity, other than units owned by developer still for sale, may own more than 25% of the units for Freddie loans or 20% of the units for Fannie loans. If a project consists of 5-20 units, no one can own more than 2 units.
8.

The fidelity, hazard (including confirmation of wind), liability and flood insurance requirements must be met.
9.

If the master or blanket insurance policy **does not provide coverage for the interior of the unit**, the borrower will be required to obtain a **“walls in” coverage policy** (commonly known as HO-6 insurance policy).
10.

The condominium must be well managed. No more than 15% of the unit owners can be more than 60 days delinquent. The budget must be adequate and provide for funding of replacement reserves for capital expenditure and deferred maintenance in the amount of at least 10% of the budget.
11.

No more than 35% of the total square footage of the project can be used for non-residential purposes.
12.

The units in the project must be owned fee simple or leasehold. If the project is located on leased land, any approval will be subject to a review of the lease by an attorney retained by the lender.
13.

All facilities and amenities related to the project must be owned by the unit owners or the homeowner's association and not subject to a recreational lease. No mandatory club membership fees are allowed unless amenities are owned exclusively by the HOA or Master Association.
14.

Projects with special assessments and/or loans will require separate documentation which shall include the reason for the special assessment or loan, the total amount assessed and total amount per unit, repayment terms, documentation to support no negative impact to the financial stability, viability, condition and marketability of the project.

CHECKLIST OF ITEMS

➤ **DEPENDING ON VOLUME AND COMPLEXITY**, this review may take several business days. We strive to respond as quickly as possible, and may request further information, as circumstances dictate.

Condominium Questionnaire

Current Annual Budget

First 4 pages of Declaration (CCR's)

1076 Addendum

*Additional items as requested

Appraisal of subject unit

Balance sheet within past 90 days

Insurance certificate for applicable types

DU/LP Findings or 1008

*Items requested on a case-by-case basis could include Meeting Minutes, Reserve Study, etc.

New Construction or New Gut Rehab conversions ONLY.

Declaration of Condominium including amendments and Bylaws for subject and Master Assoc.

Site Plan

Presale Form

Master Association current budget

Insurance for Master Association

