First Colony WHOLESALE

REQUIREMENTS FOR A LIMITED OR STREAMLINE REVIEW

To qualify, a project must meet the following criteria:

1. In order to be considered an Established project (FNMA Type S), a project must be complete with no additional phasing, control of the project must have been 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 the 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.
2. All units, common elements, and facilities within the project, or legal phase, must be 100% complete.
3. 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 person/entity can own more than 2 units.
4. The fidelity, hazard (including confirmation of wind), liability and flood insurance requirements must be met.
5. 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).
6. 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 provides for funding of replacement reserves for capital expenditure and deferred maintenance in the amount of at least 10% of the budget.
7. No more than 35% of the total square footage of the project can be used for non-residential purposes.
8. The units in the project must be owned fee simple or in a leasehold. If the project is held as a leasehold, any approval will be subject to a review of the lease by an attorney retained by the lender.
9. 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 allowed unless amenities are owned exclusively by the HOA or Master Association.
10. 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

_______ DU/LP Findings or 1008

_______ 1076 Addendum

_______ *Additional items as requested

_______ Appraisal of subject unit

_______ Balance sheet within past 90 days

_______ Insurance certificate for applicable types

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