



Condo Guidelines

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Pinnacle Capital Mortgage



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Condo & PUD Guidelines



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Condo Definitions: a form of ownership



- **Condominium:** A title to a unit of real property which is **ownership in the airspace**. The owner of the condo also **owns an undivided interest with owners of other units in the common area**, which are managed by a homeowners' association (HOA). *An apartment the owner owns vs. rents.*
- **Attached Condominium:** Owner does not maintain exterior of the unit. Typically, has extensive common areas and amenities shared with other owners.
- **Site Condominium/Detached Condo:** Also known as lot line condo. Owner has more control over exterior of unit and is not attached to adjacent units. Typically, has fewer common areas and amenities.
- **PUD:** Owner owns the lot and dwelling **and** owns an undivided interest with the other owners in the common areas. Common areas usually less extensive than Condo.
- **How can you tell?** Prelim (**legal description**), Appraisal, CC&Rs will declare under what legal structure the project was developed (condo vs. PUD).



Legal Description Examples:



Example of condominium legal description:

Parcel 1:

An undivided 1/124% interest as tenants in common in and to all of the following real property:

Common area, as shown on the map of tract no. 1056, Westwood Village condominiums, filed for record on July 12, 1987 in volume 16 of maps, "cities and towns", at page 20. All of the common area located on said lot phase one and phase two described in the condominium plan of Westwood Village Condominiums, filed for record on July 1, 1987, in the office of the county recorder of Monterey County, California, in volume 16 of maps.

For a PUD the title report will show "Lot..."

Example of PUD legal description:

Lot 7 as shown and designated upon the Map entitled "Foothill Oaks Unit No. 7, a planned unit development, Tract No. 854, filed in the Office of the County Recorder of Sonoma County on May 24, 1990 in Book 457 of Maps at pages 33 through 39.

See example CC&R language following:

3. It was the further intention of the Declarant to sell and convey to the Owners residential Lots improved by Townhouse structures originally constructed by Declarant, subject to the protective covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes between Declarant and such Owners which are set forth in the original Declaration which were in furtherance of a general plan for the subdivision, development, sale and use of the Properties as a "planned development" as that term is defined in Section 11003 of the California Business and Professions Code. Finally, it was the intention of Declarant that the Common Facilities within the Properties be owned and maintained by the Association, and reserved exclusively for the use and enjoyment of the Members of the Association, their tenants, lessees, guests and invitees all subject to the terms and conditions of this Declaration, the Articles and the Bylaws.

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Site and Detached Condos



- Treated as a Single Family Residence- *for the most part*
- No Condo Questionnaire required
- Site or Detached Condo Warranty to be completed by underwriter-see below

Project Type: Type Q (Limited Review Established)

Yes No 1) Does the project contain manufactured housing?

If you answered "Yes" to the question above, **STOP HERE!** The project does not qualify under this warranty type.

Yes No 2) The property is covered by the following type of hazard insurance:

Single-family dwelling coverage. (If the unit consists of the entire structure as well as the site and the air space.)

The project's master insurance policy (If the unit consists only of the air space for the unit, and the improvements and site are considered to be common areas or limited common areas.)

Yes No 3) Did the appraiser comment on the appraisal report?

Note: For properties in new subdivisions or for units in new (or recently converted) condominium or PUD projects, the appraiser must compare the subject property to other properties in its general market area as well as to properties within the subject subdivision or project. The appraiser must also comment on, and reflect in the appraisal report, any effects that the buyers resistance to the condominium form of ownership has on the market value of the subject property.

Yes No 4) Association Litigation: The HOA is NOT currently part to Litigation



Condos: 2-4 Units, Established & New



- **Use Full Lender Review Process for 2-4 Units**
- **Request PCM Full Review Conventional Condo Questionnaire**
- **Underwriter to complete Condo Warranty Form for 2-4 Units**
 - Units and Common areas 100% complete
 - All but unit must be primary or 2nd home
 - No entity may own more than 1 unit
 - Only 1 unit can be not yet sold
 - If 1 unit is not yet sold, all sold units must be owner occupied
 - If all units are sold, only one unit can be non-owner occupied
- **Required documentation:**
 - Appraisal
 - Master Insurance Policy for the Project
 - Control of HOA: no requirements



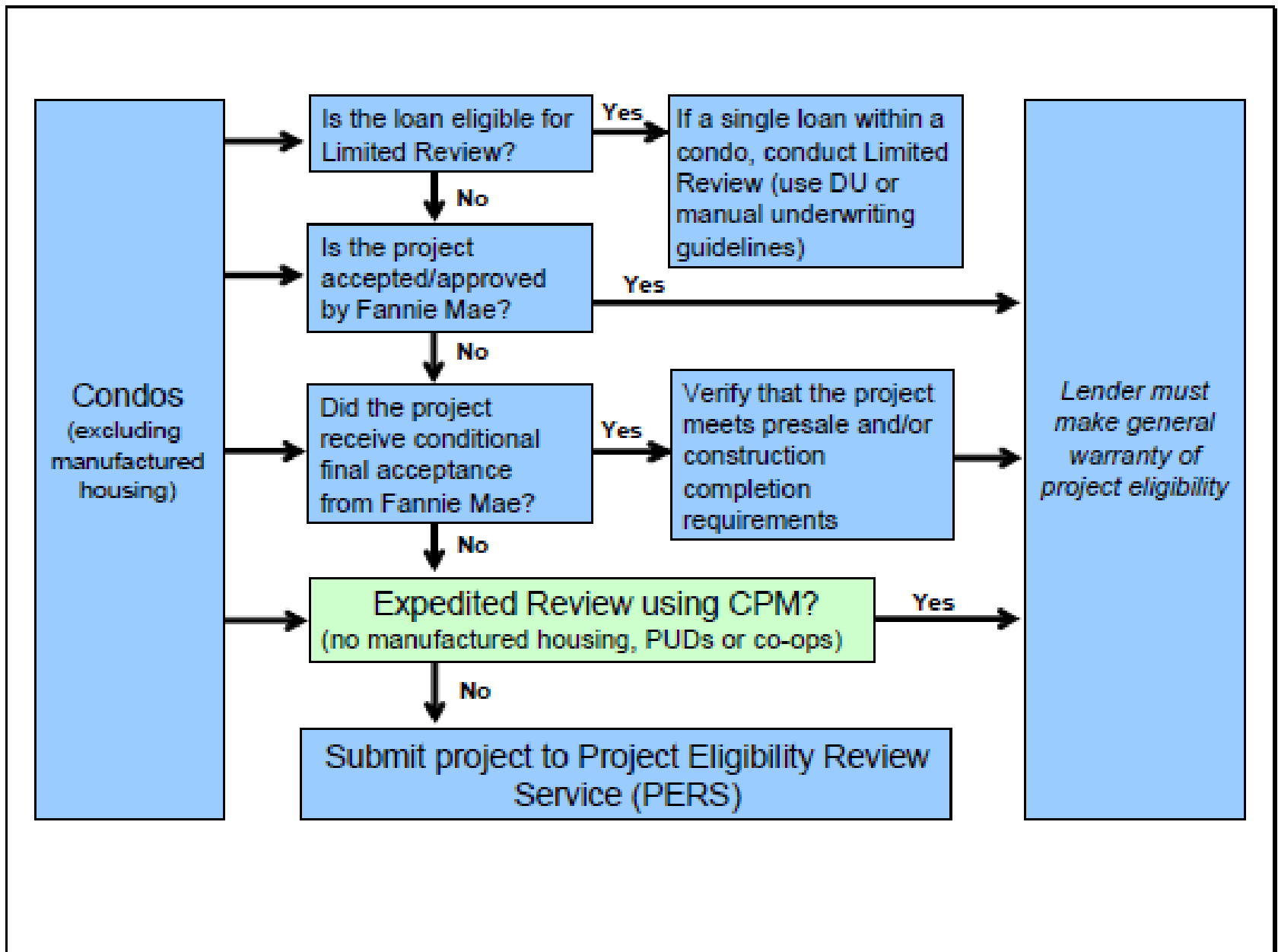
PUDs: Established or New



- **Treated as a Single Family Residence-** *for the most part*
- **No Condo Questionnaire or Warranty Form required**
 - Unit is 100% complete
 - No Pre-Sale Requirements
 - Control of HOA: must be handed over to owners on established PUD project
 - Control HOA: no requirement on New PUD project
 - 1 Million Dollar Master Insurance Policy required



FNMA Condo Project Approval Types: A decision Tree



FNMA Approved Projects



- Check FNMA Project Approval Status
 - <https://www.efanniemae.com/syndicated/documents/dps/condopud/CA.pdf>
- Underwriter must determine that the condo project is still eligible.
 - Does the PERS approval have any conditions to it? If not she is good. It probably is a **Type T condo** which is a Fannie Mae Reviewed project accepted via PERS. If approval is conditional, underwriter must contact FNMA to get conditions and warrant project meets them.

ST	Project Name	Phase/Bldg#	CITY	Conditional Approval Issued	Conditional Approval Expires	Approval (1028/PERS)	Approval (1028/PERS) Expires
CA	200 Second Street	Entire Project/	OAKLAND			1/5/2011	1/30/2012
CA	2030 NORTH PACIFIC	Entire Project/	SANTA CRUZ	5/26/2011	11/26/2011		
CA	333 WILTON	Entire Project/	LOS ANGELES			5/24/2011	5/24/2012
CA	631 Folsom Street (AKA BLU)	Entire Project/	SAN FRANCISCO			2/14/2011	2/14/2012
CA	710 E. Verdugo	Entire Project/	BURBANK			1/27/2011	1/27/2012
CA	817 Alfred	Phase 1/	WEST HOLLYWOOD			12/23/2010	12/28/2011



FNMA: Limited Review-requirements



- Established projects only (developer transferred control to unit owners)
- Unit & Common area 100% complete-no additional phasing
- **90% of the total units are sold and closed-attached units only**
- No litigation
- Attached units in **new Condo Projects** and attached units that are **investment properties** not eligible
- Maximum LTV/CLTV for attached units in established projects is 90% for principal residence with Approve recommendation in DU
- Limited Review process may be used to deliver more than one mortgage in a condo project-**however lender may not solicit these**
- **Intended to be used on a spot loan basis**



Limited Review: Documentation



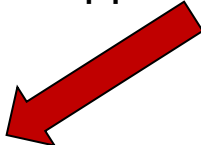
- **PCM Limited Review – Condo Questionnaire**
- **Underwriter to complete Condo Warranty Form for Limited Review**
- Underwriter to check Ineligible Projects Condo Warranty
- **Need DU “Limited Review” Approval in your findings**
- **Supporting Documents needed:**
 - Appraisal
 - Master Insurance Policy



CPM: Expedited Review Condo Project Manager

New!



- CPM is an automated condo project approval decision engine
- **Available only to FNMA Seller Servicers**
- **CPM approvals are good for one year and are lender specific**
- Some criteria relief is available with an Expedited Review approval:
 - Presale requirements
- Available for Established projects **and New Projects** 
 - New Projects will require an attorney's opinion letter
- Owner Occupied properties up to 90% max LTV/CLTV
- Investment properties or units less than 400 sq feet not allowed on CPM



CPM: Expedited Review Documentation



- **PCM Full Review-Condo Questionnaire**
- **Underwriter runs CPM on eFannieMae.com for Expedited Approval**
- **Underwriter completes Expedited Review Condo Warranty Form-coming soon!**
- **Underwriter checks ineligible condo project list**
- **Supporting Documentation Required:**
 - Appraisal
 - Budget
 - Control of HOA: turned over to unit owners
 - Master Insurance Policy for the Project



FNMA on CPM



Condo Project Manager™ (CPM™)

How it Works	Lenders enter project information into CPM, which applies automated business rules to determine if a project is eligible under Fannie Mae's guidelines.
Types of Projects Eligible	New and established projects, except the following, which must be submitted to PERS: <ul style="list-style-type: none">• all new and newly converted condo projects consisting of attached units in Florida• all newly converted, non-gut rehabilitation projects• new and newly converted projects with one or more units with less than 400 square feet
Process	Lenders access CPM through eFannieMae.com ; lenders answer eligibility questions in CPM based on obtaining and reviewing project level information.
Cost	No cost to lenders
Timeframe	CPM will issue an immediate response once the lender has entered all required information into CPM.
Length of Approval	CPM certification is valid for six months for new projects, and one year for established projects; lenders may recertify the project by updating the project data in CPM as needed.
Project Approval Availability	CPM approval is lender specific; each lender must obtain its own CPM certification.



FNMA: Full Lender Review



- **Established projects only** (attached) 5 plus units
- All the requirements of the Limited Review
- Underwriter to complete the Full Lender Review Warranty Form
- **Underwriter to review the budget and warrant it is adequate**
 - Provides for funding of replacement reserves for capital expenditures and deferred maintenance (at least 10% of the budget and provides adequate funding for insurance deductible amounts)
- **Legal Document Review*see next slide** must be completed by the HOA, if not completed the HOA can supply an Attorney's Opinion Letter
- No entity owns more than 10%
- Units must be separately metered

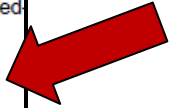


Legal Document Review



Q#33 of our Full Review Condo Questionnaire must be completed by HOA or they must provide an attorney's opinion letter. **PCM will not review legal documents.**

LEGAL DOCUMENT REQUIREMENTS	
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No
33) The condominium association and association documents meet Fannie Mae's legal and compliance requirements as follows:	
a) Are created in accordance to state law and other applicable laws and regulations?	
b) If there is a right of first refusal, it does not adversely impact the rights of the mortgagees or its assignees to: Foreclose or take title to a unit OR Accept a deed or assignment in lieu of foreclosure OR Sell or Lease a unit acquired by the mortgagee or its assignee	
c) Can only be amended with respect to items that have a materially adverse impact to mortgagee with the approval of 51% of the mortgagees?	
d) Can only be terminated for substantial destruction or condemnation without mortgagee approval or with other cause and 51% mortgagee approval?	
e) May provide for implied mortgagee approval when a mortgagee fails to respond after 60 days written notice provided notice was delivered by certified or registered mail with a return receipt requested.	
f) Provide for notification under the following circumstances: Condemnation or casualty loss, 60 day delinquency for the association assessment on a mortgaged unit, lapse-cancellation or material change to the master insurance policy, any action that requires consent of a specified % of mortgagees.	
g) Do not grant any party priority over the first mortgagee regarding the insurance proceeds or condemnation awards.	
h) State that the mortgagee is not responsible for more than six months unpaid dues when a unit is obtained through foreclosure or deed in-lieu.	
34) In lieu of a response to any of the specific items in question #28, <u>an attorney's opinion letter is attached</u> which was prepared by a qualified attorney in accordance with Fannie Mae's legal review requirements.	



Full Review: Documentation



- PCM Full Review Condo Questionnaire
- Appraisal
- Current Budget
- Master Insurance Policy
- Fidelity Bond if over 20 units
- Minutes from last 2 HOA's meetings



PERS Approval Project Eligibility Review Service



Project Eligibility Review Service (PERS)

How it Works	Lenders submit projects to Fannie Mae's Project Standards Team on a voluntary basis. Note: The following must be submitted: <ul style="list-style-type: none"> • all new and newly converted condo projects consisting of attached units in Florida • all newly converted, non-gut rehabilitation projects • new and newly converted projects with one or more units with less than 400 square feet
Types of Projects Eligible	New or established, but lenders primarily submit new projects
Process	Lenders submit project file electronically to PERS_Projects@FannieMae.com
Cost	<ul style="list-style-type: none"> • First submission: \$1,200.00 plus \$30.00 per unit • Subsequent phases: the cost is the greater of \$600.00 or \$30.00 per unit <p>Note: <i>In Florida, where PERS is mandatory for new projects, the cost is \$30.00 per unit, and the \$1,200 fee is waived.</i></p> <ul style="list-style-type: none"> • Billing: Lenders are billed monthly
Timeframe	A response is issued in approximately 10-15 days from receipt of complete package.
Length of Approval	<ul style="list-style-type: none"> • Conditional Approval is valid for six months • Final Approval is valid for one year
Project Approval Availability	Approved projects are posted on eFannieMae.com and available to all lenders.



Advantages of PERS approval



- Projects may be eligible for additional approval flexibility, including:
 - More flex on presale compared to the 90% under Lender Full Review-a lower presale requirement can be established by FNMA via PERS
 - Obtain approval on projects more than 20% commercial space
 - Obtain approval based on legal, marketing, or construction phases
- FNMA's approval is accepted by many investors, including FHLMC
- Any lender that sells loans to FNMA can accept the PERS approval
- When approved, the project will be listed on eFannieMae.com under the PERS-approved projects: the list will be available to all lenders



Submission for PERS approval to pers_projects@efanniemae.com

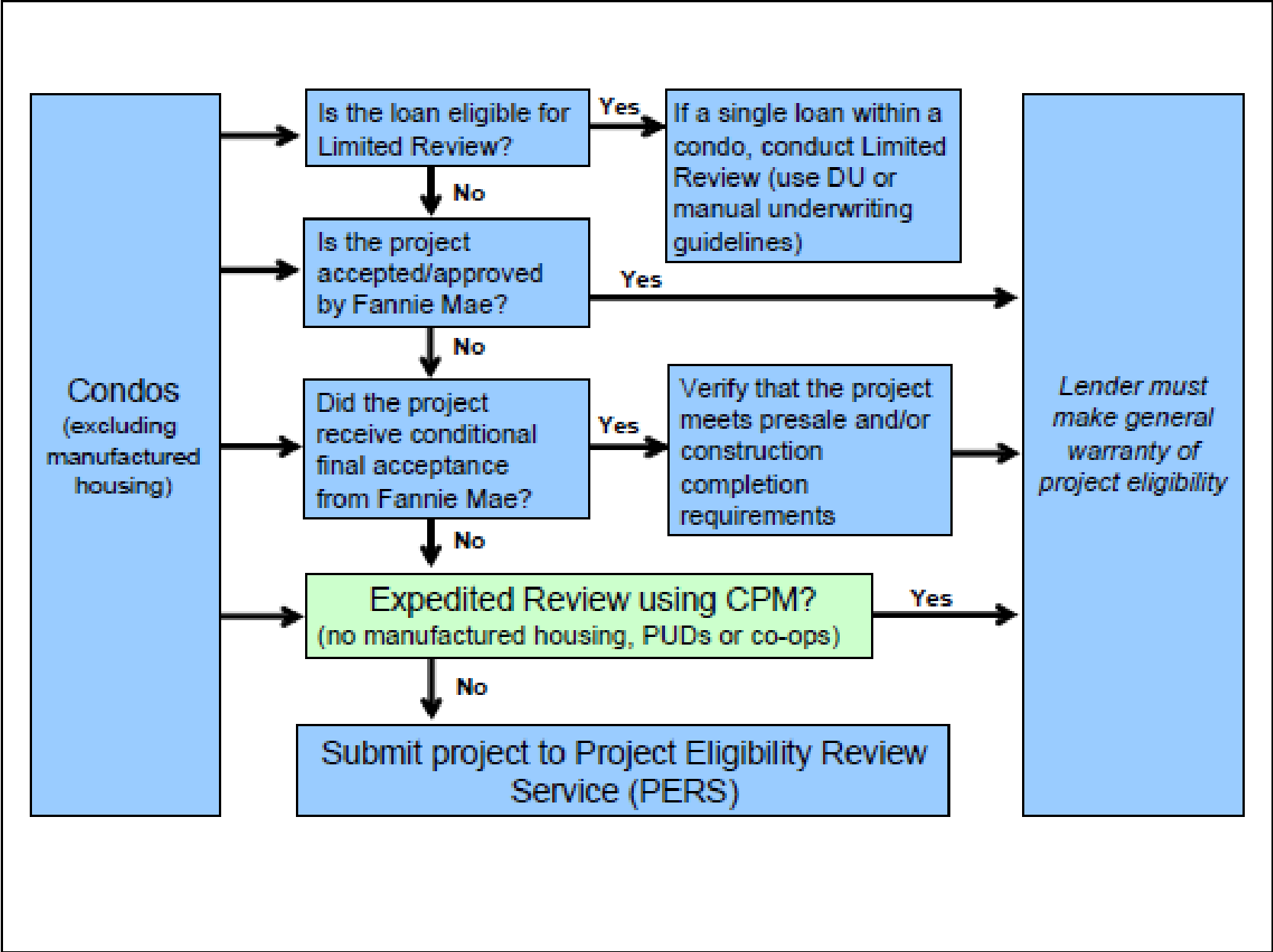


1. Form 1026, Application for Project Approval – *Provides detailed information on the project, developer(s), marketing company, and management company*
2. Form 1029, Warranty of Project Presales – *Provides detailed information on units sold and occupancy information on the transactions*
3. Form 1054, Warranty of Condominium Project Legal Documents – *Provides opinion on the conformity of the legal documents to our guidelines*
4. Form 1051, Project Development / Master Association Plan – *Provides information on the community if it is a part of a Master Association*
5. Form 1081, Final Certification of Substantial Project Completion – *Provides status of construction; construction of the project, legal phase, or construction phase as originally submitted must be substantially complete to obtain Fannie Mae approval*
6. Form 1071, Statement of Insurance and Fidelity Coverage – *Provides detailed information on the insurances carried by the homeowners' association (HOA)*
7. Form 1073A, Analysis of Annual Income and Expenses—Operating Budget (or complete copy of actual budget) – *Provides a breakdown of the income and anticipated expenses for the HOA, and the funds that will be allocated to long-term reserves*
8. Form 1030, PERS Document Checklist

Refer to [FNMA Announcement 08-34](#) for more information and [Related FAQs](#)



FNMA Condo Project Approval Decision Tree-Attached Condos



FNMA Condo Insurance Requirements



Condo Insurance Requirements

- Insurance Policy should be reviewed by the Underwriter as part of the project review. Refer to Condo-PUD Guidelines Matrix for additional information.
- **HO-6 "Walls-In" Condominium Insurance:** "Walls-In" insurance coverage is required on all condominium loans (Conventional & FHA), where the master or Blanket HOA policy does not provide replacement coverage for any affixed improvements that the borrower makes to the unit (cabinets, flooring, countertops, plumbing fixtures, etc).
 - **HO-6 "Walls-In" Insurance Requirements:**
 - All Conforming condominium loans must include an HO-6 insurance policy if the master HOA policy does not provide coverage for the interior of the unit.
 - HO-6 insurance must be impounded on all Conforming condominium loans (per standard LTV insurance impound requirements of 80% or 90%, depending on state) with applications taken on or after August 9, 2010.
 - An acceptable Individual Contents and Liability Policy with HO-6 "Walls-In" coverage in an amount that is no less than 20% of the condominium unit's appraised value and a maximum 5% insurance policy deductible.
 - HO-6 insurance requirements apply to the following Conforming loan programs: Standard Conforming, Conforming High Balance, DU Refi Plus, HomePath and My Community.
 - **HO-6 Insurance to be included in Monthly Housing Payment Calculation**
 - Whether the HO-6 insurance is impounded or not, the payment **must be** included in the monthly housing payment calculation, and subsequently the debt to income ratios.

Purchase

- Policy must be paid in full for 12 months

Refinance

- Initial policy must have been paid in full
- The amount of the initial premium should be listed on the GFE and marked "POC"
- Policy must have at least 3 months remaining at the time of closing



FNMA Condo Liability & Fidelity Bond Coverage requirements



- **CALIFORNIA Liability Insurance Requirements**

- \$2,000,000 Coverage minimum per any single occurrence (California projects with 100 or few units)
- \$3,000,000 Coverage minimum per any single occurrence (California projects with greater than 100 units)
- Additional liability coverage may be in the form of an “umbrella” or “additional liability”
- Additional CA liability requirements do not apply to attached PUDs

- **Fidelity Bond Insurance Requirements**

- Required on **all** projects over 20 units
- Coverage \geq no less than the max amount of funds in custody of HOA at any one time, OR an amount equal to 3 months HOA assessments, if financial controls are in place (separate accounts for reserves and operating budget)



FHA Condo Approval



- **HRAP HUD Review Approval Process**
 - PCM can lend if HRAP approval is in place
 - PCM underwriter must warrant project meets HUD guidelines using our FHA Condo Warranty Form
- **DELRAP Direct Endorsement Lender Review Approval Process**
 - PCM can lend if a DELRAP approval is in place as a **Subsequent User**
 - PCM underwriter must warrant the project meets HUD guidelines using our FHA Condo Warranty form
- **Getting a Condo Project HRAP approved**
 - Submit direct to HUD for Project Approval
 - <http://www.hud.gov/offices/hsg/sfh/condo/>
 - Use a third party Project Approval Company
 - <http://www.CondoApprovalsLLC.com> Liz Bayer 415.383.3111
 - <http://www.projectapprovals.com>



FHA Condo Requirements



Requirements:

- 50% presold
- 50% owner occupied
- FHA Concentration 30% or less
- No more than 10% owned by any one investor
- No more than 15% of units more than 30 days delinquent (including REO)
- Any pending litigation or special assessments must be reviewed carefully
- No more than 25% of floor space can be commercial use.
- Need budget to show at least 10% allocated to reserves
- Master insurance must show 100% cost replacement and liability coverage for all common elements
- H0-6 walls in coverage with 20% of appraised value and max of 5% deductible
- Fidelity coverage for any projects over 20 units (HOA dues x3 #units + reserves)



FHA Condo Documentation



Required Documentation:

- **HRAP/DELRAP** approval in HUD condo approval lookup:
 - <https://entp.hud.gov/idapp/html/condlook.cfm>
- **FHA Condo Questionnaire** completed in full
- **FHA Warranty Form** to be completed by underwriter
- **Master insurance and HO-6** coverage policy
- **Budget**
- **Documentation to show FHA concentration**
- **Note:** if there is any doubt about stability of HOA, last 2 HOA meeting minutes may be requested



VA Condo Approval



- **VIP Condo/PUD Customized Condo Report**
 - VA No Longer approves or reviews PUDs
 - <https://vip.vba.va.gov/portal/VBAH/VBAHome/condopudsearch>
 - No Condo Questionnaire
 - No VA Condo Warranty Form
- **Getting a condo project approved by VA-refer to Lenders Handbook Chapter 16-A.05**
 - http://www.benefits.va.gov/warms/pam26_7.asp



PCM Condo Reference Tools



- Located in [Sharepoint](#)/Underwriting & Compliance/Condo Guidelines and Warranty Forms
- **Condo and PUD Matrix Reference Sheet**
- **3 Condo Questionnaires (to be completed by the HOA)**
 1. Conventional Full Review
 2. Conventional Limited Review
 3. FHA
- **8 Condo Warranty Forms (to be completed by the underwriter)**
 1. Ineligible Projects
 2. 2-4 Unit
 3. Detached and Site
 4. Established Project
 5. FHA
 6. Homepath
 7. Limited Review
 8. Expedited Review (CPM) *Coming soon!*



CLASSIFICATION & TYPE (Must Be Complete On 1008)		DEFINITION	PRE-SALE	DOCUMENTATION & REQUIREMENTS
PUD	E	<ul style="list-style-type: none"> Established Attached: Unit is 100% complete 	None	<ul style="list-style-type: none"> Appraisal Control Of HOA: Homeowners Association turned over to unit owners \$1 million Master Insurance Policy for the Project (applies to attached type E PUDs only)
PUD	F	<ul style="list-style-type: none"> New or proposed Attached: Unit is 100% complete 	None	<ul style="list-style-type: none"> Appraisal Control Of HOA: No requirements \$1 million Master Insurance Policy for the Project (applies to attached type F PUDs only)
LIMITED REVIEWS:				
ATTACHED ESTABLISHED CONDO PROJECTS	Q	<ul style="list-style-type: none"> Established Unit & Common are 100% complete No Additional phasing or annexation 	<ul style="list-style-type: none"> Must meet the requirements of "established" project 	<ul style="list-style-type: none"> Appraisal PCM Condo Questionnaire Master Insurance Policy for the Project DU Approve/Eligible & Limited Review Response Ineligible if Lender has targeted project with marketing Completed Conversions do not require Engineer's Report
SITE CONDOS: NEW	P	<ul style="list-style-type: none"> New or proposed 	None	<ul style="list-style-type: none"> Appraisal Master Insurance Policy for the Project Subject Unit must be a 100% complete detached dwelling Control Of HOA: No requirements
SITE CONDOS: ESTABLISHED	Q	<ul style="list-style-type: none"> Established 		
FULL REVIEWS:				
ESTABLISHED <u>AND</u> NEW 2-4 UNITS PROJECTS	Est-S	<ul style="list-style-type: none"> Units & Common are 100% complete 	<ul style="list-style-type: none"> All but 1 unit must be primary or 2nd home No entity may own more than 1 unit 	<ul style="list-style-type: none"> Appraisal Master Insurance Policy for the Project Control Of HOA: No requirements
ESTABLISHED PROJECTS <u>≥</u> 5 UNITS	S	<ul style="list-style-type: none"> No Additional phasing or annexation Established Conversions must be completed 	<ul style="list-style-type: none"> 90% of project sold If subject is non-owner, 51% of project must be primary or 2nd home. 	<ul style="list-style-type: none"> Appraisal Master Insurance Policy for the Project PCM Condo Questionnaire Legal Document Review per Warranty Form Current Budget Conversions in the last 3 years require an Engineers Report Control Of HOA: Homeowners Association turned over to unit owners
FHA REVIEWS:				
FHA APPROVED PROJECTS	Refer to FHA condo information below			
OTHER REVIEW TYPES:				
FNMA PERS REVIEW	T	<ul style="list-style-type: none"> New or proposed 	Determined by FNMA	<ul style="list-style-type: none"> FNMA Forms: 1026, 1029, 1054, 1051, 1081, 1071, 1073A, 1030 Review fee must be paid in advance Refer to FNMA Announcement 08-34 for more information



CONDO WARRANTY INELIGIBLE PROJECTS

- Projects that are managed and operated as a hotel or motel, even though the units are individually owned
- Projects that include registration services and offer rentals of units on a daily basis
- Projects with names that include the words “hotel” or “motel”
- Projects that restrict the owner’s ability to occupy the unit
- Projects with mandatory rental pooling agreements that require unit owners to either rent their units or give a management firm control over the occupancy of the units.

Note: These formal agreements between the developer, homeowners’ association, and/or the individual unit owners, obligate the unit owner to rent the property on a seasonal, monthly, weekly, or daily basis. In many cases, the agreements include blackout dates, continuous occupancy limitations, and other such use restrictions. In return, the unit owner receives a share of the revenue generated from the rental of the unit.
- Projects with non-incidentual business operations owned or operated by the homeowners’ association such as, but not limited to, a restaurant, a spa, a health club, etc.
- Investment securities (i.e., projects that have documents on file with the Securities and Exchange Commission, or projects where unit ownership is characterized or promoted as an investment opportunity)
- Common interest apartments or community apartment projects are projects or buildings that are owned by several owners as tenants-in-common or by a homeowners’ association in which individuals have an undivided interest in a residential apartment building and land, and have the right of exclusive occupancy of a specific apartment in the building

- Timeshare or segmented ownership projects
- Houseboat projects
- New projects where the seller is offering sale/financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA or principal and interest payment abatements, and/or contributions not disclosed on the HUD-1 Settlement Statement.
- Projects where more than 20% of the total space is used for nonresidential purposes
- Projects where a single entity (the same individual, investor group, partnership, or corporation) owns more than 10% of the total units in the project
- Multi-dwelling unit condos or co-ops—projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan)
- Condo or co-op projects that represent a legal, but non-conforming, use of the land, if zoning regulations prohibit rebuilding the improvements to current density in the event of their partial or full destruction
- A tax-sheltered syndicate's leasing to a co-op or "leasing" co-ops—projects that involve the leasing of the land and the improvements to the co-op corporation, even if the co-op corporation owns part of the building
- Co-op projects that are subject to leasehold estates
- Limited equity co-ops—projects in which the co-op corporation places a limit on the amount of return that can be received when stock or shares are sold
- Co-op projects with units that are subject to resale restrictions or located on land owned by community land trusts
- Co-op projects in which the developer or sponsor has an ownership interest or other rights in the project real estate or facilities other than the interest or rights it has in relation to unsold units
- Any project for which the homeowners' association or co-op corporation is named as a party to current litigation or, any project for which the project sponsor or developer is named as a party to current litigation that relates to the project, if the project has not been turned over to the association or corporation.