



IMPORTANT UPDATE BULLETIN 02-01102022

Issued to: All Channels
Date: January 10, 2022
Subject: Freddie Mac Temporary Condo Project Eligibility Requirements
Effective: Immediately

Freddie Mac has announced temporary condominium project eligibility requirements in response to recent events concerning projects with significant deferred maintenance in alignment with Fannie Mae's requirements announced in October 2021. GHMC has updated its condominium project eligibility requirements for Conventional loans submitted to Freddie Mac's Loan Product Advisor (LPA) system accordingly.

The following updates are applicable to all new LPA condominium conventional loan submissions received on or after Monday, January 10th.

- **Loans underwritten prior to January 10th must be funded/purchased by Friday, February 4th, 2022 or will be subject to the new project requirements.**

All attached condominium projects with five (5) or more units are subject to the following new guidelines in addition to all existing project requirements:

Topic	New Requirements:
Agency Condominium Questionnaire (Form 476)	<p>This form* must be fully completed, or an alternative form with all the same information, for the following:</p> <ul style="list-style-type: none">• Streamlined Review• Established Project Full Review• New Project Full Review• Reciprocal Project Review• Project Review Not Required – Freddie Mac owned no cash out refinance <p><i>*Posted in the Resource Center – Forms->Condo Forms->Condo Project Questionnaire (1076/476).</i></p>

<p>Critical Repairs and Significant Deferred Maintenance</p>	<p>Review the Agency Condominium Questionnaire (Form 476) or alternative form provided and appraisal (if applicable) to determine if a project is in need of critical repairs, or if there is any significant deferred maintenance or unsafe conditions disclosed which would render the project as ineligible. It may be necessary to request additional documentation such as:</p> <ul style="list-style-type: none"> • The project's HOA meeting minutes • The most recent budget for the project • Reserves Studies • List of any repairs provided by the HOA or management company • Any available inspection, engineering or other certification reports completed in the past five years to identify deferred maintenance, or similar documentation. <p>Note: These requirements do not apply to routine maintenance or repairs to maintain and preserve the condition of the project.</p>
<p>Special Assessments</p>	<p>Review the Agency Condominium Questionnaire (Form 476) or alternative form provided and appraisal (if applicable). Any current special assessment, even if paid in full, must be reviewed for eligibility. If any special assessments exist, the following must be determined:</p> <ul style="list-style-type: none"> • The reason for the special assessment • The total amount assessed • For current special assessments, determine the total amount is an appropriate allocation, or for planned special assessments, there is adequate cash flow to fund, the reason for the special assessment, and • For current special assessments, the amount budgeted to be collected year-to-date (YTD) has been collected. <p>To determine the amount budgeted for collection YTD has actually been collected:</p> <ul style="list-style-type: none"> • Obtain and review an income statement or a substantially similar document which has YTD budgeted and actual amounts for the special assessment. <ul style="list-style-type: none"> ○ The document should be dated within 90 days of the project review date, and ○ Any shortfall between the budgeted and actual YTD amounts for the special assessment must not be more than 5% <p>Calculation: Step 1: Actual YTD amount collected divided by the budgeted YTD Step 2: 1 minus the result of Step 1</p> <p>Note: The result must not be greater than 5%.</p> <p>Example 1: HOA dues are paid twice a year and it is July. Annual Budgeted Amount: \$20,000 Amount collected by end of June must be \$10,000 Actual YTD Amount Collected: \$8,000</p> <p>Step 1: \$8,000 divided by \$10,000 = .80 Step 2: 1 minus .80 = .20 (20%)</p> <p>This would not be eligible as the amount exceeds 5%</p> <p>Example 2: HOA dues are paid twice a year and it is July. Annual Budgeted Amount: \$20,000 Amount Collected by the end of June must be \$10,000 Actual YTD Amount Collected: \$9,500</p> <p>Step 1: \$9,500 divided by \$10,000 = .95</p>

	<p>Step 2: $1 \text{ minus } .95 = .05$ (5%)</p> <p>This would be eligible as the amount does not exceed 5%</p> <ul style="list-style-type: none">• The borrower must be qualified with any outstanding special assessment payment.• If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed prior to closing.• If the Underwriter or Appraiser is unable to determine that there is no adverse impact, the project is ineligible.
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For additional information, please review Freddie Mac Bulletin 2021-38 issued on December 15, 2021: [Freddie Mac Bulletin 2021-38](#).

The **Condominium Project Questionnaire Addendum** has been incorporated into the Condo Project Questionnaire (1076/476) and is posted in the Resource Center's Forms – Condo Forms sub-folder.

UPDATE: The Condo Project Addendum (Fannie Mae DU only form) referenced in GHMC Bulletin #55-11222021 has been replaced with the new Condo Project Questionnaire (1076/476) and is required for applicable condominiums for both Fannie Mae and Freddie Mac Conventional loans effective immediately.

Please contact your Account Executive for assistance.

We appreciate your business!