



## IMPORTANT UPDATE BULLETIN 55-11222021

**Issued to:** All Channels

**Date:** 11-22-2021

**Subject:** Fannie Mae Temporary Condo Project Eligibility Requirements

**Effective:** Immediately

Fannie Mae has announced temporary condominium project eligibility requirements in response to recent events concerning projects with significant deferred maintenance. GHMC has updated its condominium project eligibility requirements for Conventional loans submitted to Fannie Mae's Desktop Underwriter (DU) system accordingly.

The following updates are applicable to all new DU condominium conventional loan submissions received on or after Monday, November 22<sup>nd</sup>.

- **Loans underwritten prior to November 22<sup>nd</sup> must be funded/purchased by Friday, December 10<sup>th</sup>, 2021 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:
Condo Project Addendum	The new <b>Condo Project Addendum</b> ( <i>posted in the Resource Center – Forms-&gt;Condo Forms</i> ) must be fully completed, or other satisfactory documentation provided by a party to the transaction with all the same information, must be provided.
Review for Significant Deferred Maintenance and/or Unsafe Conditions	<p>GHMC Underwriter to review the <b>Condo Project Addendum</b> or documentation provided and appraisal (if applicable) to determine if any of the following additional documentation may be necessary.</p> <ul style="list-style-type: none"> <li>• The project's HOA meeting minutes for the most recent 6 months, or as applicable based on the HOA meeting schedule.</li> <li>• The most recent budget for the project.</li> <li>• Any available inspection, engineering, or other certification reports completed in the past five years to identify deferred maintenance.</li> </ul> <p><b>Note:</b> These requirements do not apply to routine maintenance or repairs to maintain and preserve the condition of the project.</p>

Review for Special Assessments	<p>GHMC Underwriter to review the <b>Condo Project Addendum</b> or documentation provided and appraisal (if applicable) if any special assessments exist:</p> <ul style="list-style-type: none"> <li>• Obtain documentation to support there is no negative impact to the financial stability, viability, condition, and marketability of the project; and</li> <li>• The borrower must be qualified with any outstanding special assessment payment.</li> </ul> <p>If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed prior to closing.</p> <p>If the underwriter or the appraiser is unable to determine that there is no adverse impact, the project is ineligible.</p>
CPM Status "Unavailable"	CPM status must be checked, regardless of review or transaction type. CPM status of "unavailable" is ineligible.
Appraisal Review	<p>Appraisers are <b>required</b> to enter any special assessment applicable to the subject property in the Special Assessment field located in the Subject section of the appraisal report. This must be expressed as an annual amount.</p> <ul style="list-style-type: none"> <li>• If there is <b>more than one</b> special assessment, appraisers should enter the annualized sum of all special assessments.</li> <li>• If there are <b>no special assessments</b> applicable to the subject property, the appraiser must enter <b>0. Leaving the field blank is not a substitute for 0, the special assessment field must indicate 0.</b></li> </ul> <p>Appraisers are expected to state the following in the body of the report:</p> <ul style="list-style-type: none"> <li>• The outstanding balance of any special assessment.</li> <li>• The payment plan, including duration.</li> <li>• What the assessment is being used for.</li> </ul> <p>If the special assessment does not apply to the subject unit, or if the unit owner has already paid the special assessment for their unit, appraisers should still evaluate if the special assessment is related to significant deferred maintenance which could have an impact on the overall value and marketability of the subject unit.</p>
Appraisal Waivers	PIW's are acceptable; however, a full appraisal may be required to determine project eligibility if upon review of the Condo Project Addendum or documentation provided, eligibility is still not able to be determined.
Reserves Study	<ul style="list-style-type: none"> <li>• No longer permitted in lieu of meeting the 10% replacement reserve requirements.</li> <li>• No longer a requirement for condo projects in the state of Florida that are less than 40 years old.</li> </ul>

For additional information, please review the Fannie Mae issued Lender Letter dated October 13, 2021: [Fannie Mae Lender Letter 2021-14](#).

The new Condo Project Addendum form is posted in the Resource Center's Forms – Condo Forms sub-folder.

Please contact your Account Executive for assistance.

We appreciate your business!