

BULLETIN
FNMA Condo Guidelines Changes
2/19/09

Effective with loan applications taken on or after March 1, 2009, Fannie Mae is making the following changes to Condominium Project guidelines:

1. **Hazard Insurance:** Borrowers are required to obtain a “walls-in” hazard insurance coverage policy (commonly known as HO-6 policy) unless it can be documented that the master insurance policy of the HOA covers the interior of the unit. The HO-6 policy must provide coverage in the amount of at least 20% of the appraised value and the maximum deductible is 5%. Evidence of this insurance must be provided to 1st Advantage.
2. **Fidelity Bond/Fidelity Insurance:** Fidelity Bond insurance will now be required for ALL condominium projects with 20 or more units.
3. **Presale Requirements:** Fannie Mae is increasing the pre-sale requirement for new or newly converted projects to at least 70% sold or under contract to primary residence/2nd home purchasers. However, 1st Advantage uses CPM (Condo Project Manager) to approve projects for FNMA. CPM will continue to allow for more flexible presale requirements (to determine eligibility for a specific project, all required documents for full review must be submitted).
4. **Delinquent HOA Dues:** No more than 15% of the total units in a project can be 30 days or more past due on the payment of their HOA dues.
5. **Additional Ineligible Projects:** loans in projects with these characteristics are now NOT eligible for delivery to Fannie Mae:
 - A. Projects where more than 20 percent of the total space is used for non-residential purposes.
 - B. Projects where a single entity (the same individual, investor group, partnership, or corporation) owns more than 10 percent of the total units in the project.
 - C. New projects where the seller is offering sale/financing structures in excess of Fannie Mae’s eligibility policies—including, but not limited to, builder/developer contributions, sales concessions, HOA or principal/interest payment abatements, and/or contributions not disclosed on the HUD-1 Settlement Statement.

Effective immediately:

Condominiums located in Florida: Fannie Mae now requires direct approval of all new and newly converted projects located in Florida. 1st Advantage will not be accommodating these requests. 1st Advantage will continue to accept condominiums in Florida that are eligible for Limited Review with maximum LTV of 75% for primary residences and 70% for 2nd homes.

These changes are reflected in the documents posted under **Resources—Condo Review** on the website.

**For questions, please contact your
AE or Underwriter**



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