

At a Glance: Fannie Mae Condo Project Review and Insurance Requirements®

This At-A-Glance is designed to help lenders determine the appropriate level of project review and insurance requirements for loan transactions in condo projects.

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Step 1: Determine a Condo Project Review Type

Subject Unit Type	Project and Transaction Characteristics	Review Type
Not applicable – see next column	<p>A condo project review is not required for the following transactions:</p> <ul style="list-style-type: none"> Projects already approved through the Fannie Mae Property Eligibility Review Service (PERS) DU® Refi Plus™/Refi Plus loans Limited cash-out refi with LTV of 80% or less when Fannie Mae owns the mortgage being refinanced Projects meeting Fannie Mae’s definition of a site condo 	No review – see Selling Guide for specifics about each waiver and for insurance review requirements
Detached Unit, including detached units located in a project with a mix of attached and detached units	New or established projects	Limited Review
Attached Unit	<p>Established projects with the following transaction characteristics:</p> <ul style="list-style-type: none"> Primary residence with LTV/CLTV/HCLTV of 90% or less Second home with LTV/CLTV/HCLTV of 75% or less Not located in Florida (see below) 	Limited Review
Attached Unit	<p>Established projects in Florida with the following transaction characteristics:</p> <ul style="list-style-type: none"> Primary residence with LTV/CLTV/HCLTV of 75%/90%/90% or less Second home with LTV/CLTV/HCLTV of 70%/75%/75% or less 	Limited Review
Attached Unit	<p>All established projects not eligible for Limited Review All new projects (see exceptions requiring PERS approval below)</p>	<p>Full Review (manual option or Condo Project Manager [CPM]), or Fannie Mae Review through the streamlined PERS submission (for established projects)</p>



Subject Unit Type	Project and Transaction Characteristics	Review Type
The standard PERS submission MUST be used for the following project types: <ul style="list-style-type: none">• New or newly converted condo projects consisting of attached units in Florida• Newly converted non-gut rehabilitation projects consisting of more than four attached units• Any condo project that contains manufactured homes		Fannie Mae Property Eligibility Review Service (PERS) – standard and streamlined processes View PERS Overview

NOTE: *The standard Fannie Mae Project Eligibility Review Service (PERS) submission **may be used** for any attached unit in a new condo project while the streamlined PERS submission process **may be used** for any attached unit in an established condo project.*



Step 2: Follow the Condo Project Review Type Requirements

	Limited Review	Full Review and Condo Project Manager™ (CPM™)	Fannie Mae Project Eligibility Review Service (PERS)
Ineligible Project Types	Must not be a project type that is on the Ineligible Project Types list in <i>Selling Guide</i> B4-2.1-02, Ineligible Projects .		
Property Requirements	Compliance with all applicable requirements in <i>Selling Guide</i> B4-1, Appraisal Requirements is required.		
Insurance Requirements*	Compliance with all applicable requirements in <i>Selling Guide</i> B7, Insurance is required (see page 3).		
Review Requirements	<p>If the subject unit is a detached unit, the unit must be 100% complete.</p> <p>See <i>Selling Guide</i> B4-2.2-01, Limited Review for additional details.</p>	<p>Review may be completed manually or with the aid of CPM.</p> <p>Project must meet all applicable requirements in <i>Selling Guide</i> B4-2.2-02, Full Review for Attached Units in Condo Projects, and any applicable requirements for New and Newly Converted Condo Projects in <i>Selling Guide</i> B4-2.2-03 if the unit is in a new or newly converted project, including but not limited to the following:</p> <ul style="list-style-type: none"> • Budget review • Common expense delinquencies • Ownership of amenities • Completion and legal document requirements for New Projects 	<p>All review requirements under the Full Review option apply.</p> <p>Project must be entered into CPM.</p> <p>Lender must submit all required documents and forms for the PERS process – whether using the standard or streamlined submission process – as listed in <i>Selling Guide</i> B4-2.2-07, Project Eligibility Review Service (PERS)</p>
Review Expiration	<p>No more than 180 days prior to the Note Date.</p> <p>PERS: See list of PERS approved projects for expiration dates.</p>		

*When a waiver of review is used as noted in Step 1 above, lenders are still required to validate insurance requirements are met. See the applicable *Selling Guide* section for additional details related to the various requirements when a standard project review is waived.

NOTE: Requirements for units in PUD projects can be found in *Selling Guide* [B4-2.3-01, Eligibility Requirements for Units in PUD Projects](#). Full Review requirements for units in new and established co-op projects can be found in *Selling Guide* [B4-2.3-02, Co-op Project Eligibility](#). PERS requirements can be found in *Selling Guide* [B4-2.2-07, Project Eligibility Review Service \(PERS\)](#).



Step 3: Confirm the Condo Project Insurance Requirements**

	Limited Review or Waived Review	Full Review, Condo Project Manager, and PERS
Property Insurance Project Level	The homeowners' association (HOA) must maintain a master property insurance policy that provides coverage for the full insurable replacement cost of the project improvements including the units. Detached condos may follow single-family property insurance requirements (<i>Selling Guide B7-3-03, Determining the Amount of Required Property Insurance Coverage</i> .) if the legal documents allow individual policies to be held.	
Property Insurance Unit Level (HO-6)	The borrower must maintain an HO-6 policy if the HOA's master property policy does not include unit interior improvements under the terms of this policy type. The coverage provided by the HO-6 policy must be sufficient to repair the condo unit to its condition at the time of loan origination.	
Flood Insurance	The HOA must obtain a Residential Condominium Building Association Policy (RCBAP) or equivalent private flood insurance coverage for the subject unit's building if it is located in a Special Flood Hazard Area (SFHA) (<i>Selling Guide B7-3-07, Flood Insurance Coverage Requirements</i>). The policy must cover all of the common elements and property (including machinery and equipment that are part of the building), as well as each of the individual units in the building.	
Liability Insurance	Not required	The HOA must maintain a Commercial General Liability policy with \$1,000,000 in coverage for all common areas and elements, public ways, and other areas under the HOA's supervision. Commercial areas must also be covered.
Fidelity/Crime Insurance	Not required	<p>The HOA must maintain a fidelity/crime policy covering anyone with access to association funds, including a management agent, except for projects that:</p> <ul style="list-style-type: none"> • Have 20 units or less; or • Need no more than \$5,000 in required coverage (based on either the maximum funds held or three months of assessments, depending upon which method applies to the project). <p>NOTE: <i>In states that have statutory fidelity/crime insurance requirements, Fannie Mae accepts those requirements in place of its own.</i></p>

** Additional details on insurance requirements for condos and for units in PUD and co-op projects can be found in *Selling Guide B7, Insurance*.

For questions, contact the Project Standards team at project_standards@fanniemae.com.