

## Bulletin 21-70

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### Fannie Mae Temporary Condominium Project Review Policy

Fannie Mae [Lender Letter 2021-14](#), dated October 13, 2021, announced updated eligibility guidance on condominium projects.

This updated guidance was issued by Fannie Mae to address condo projects with aging infrastructure and signs of significant deferred maintenance in the aftermath of the collapse of the Champlain South Tower in Florida earlier this year.

**Important Note:** While Freddie Mac has not yet issued similar policy, **Homebridge is also applying the below policy to Freddie Mac transactions**, in anticipation of Freddie Mac updating its policy to align with Fannie Mae

#### Significant Deferred Maintenance/Unsafe Conditions: Projects with 5 or more Attached Units

- Fannie Mae will **no longer** purchase loans secured by a condo in a project with five (5) or more attached units, **regardless** of the type of project review or review waiver, with the following:
  - Significant deferred maintenance, **or**
  - A directive from a regulatory authority or inspection agency for the project to make repairs due to unsafe conditions, **or**
  - A project that has failed to obtain an acceptable certificate of occupancy or pass local regulatory inspections or recertifications
- Fannie Mae stated that **significant deferred maintenance** includes deficiencies that meet **one or more of the following criteria**:
  - Full or partial evacuation of the building to complete repairs is required for more than 7 days or for an unknown timeframe, **or**
  - The project has deficiencies, defects, substantial damage, or deferred maintenance that:
    - Is severe enough to affect the safety, soundness, structural integrity, or habitability of the project, **and/or**
    - The project needs substantial repairs and rehabilitation, including many major components, **and/or**
    - Impedes the safe and sound functioning of one or more of the building's major structural or mechanical elements (e.g. foundation, roof, load bearing structures, electrical system, HVAC, or plumbing)
- Projects will **remain ineligible** until the required repairs have been made and the repairs documented. Acceptable documentation, showing repairs have been completed in a manner that resolves the building's safety, soundness, structural integrity, or habitability concerns, includes:
  - An engineering or inspection report, **or**
  - Certificate of occupancy (must be a current CO; not the original CO), **or**
  - Other substantially similar documentation

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### Special Assessments: Projects with 5 or more Attached Units

- If the project has any current or planned special assessment, even if paid in full for the subject unit, Homebridge must review the assessment for acceptability. The following documentation is required and must be retained in the loan file:
  - The reason for the special assessment, **and**
  - The total amount assessed and the repayment terms, **and**
  - Documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project, **and**
  - Documentation the borrower was qualified with any outstanding special assessment payment
- Additionally, the following applies:
  - The financial documents, confirming the association has the ability to fund any repairs, must be obtained
  - If the special assessment is related to safety, soundness, structural integrity, or habitability, all related repairs must be fully completed, or the project is **ineligible**
  - If the appraiser is unable to determine that there is no adverse impact, the project is **ineligible**

### Reserve Requirements: Full Reviews Only

A reserve study in lieu of the condo project meeting the 10% budget reserve requirement is **no longer** eligible.

### Fannie Mae Limited Review and Freddie Mac Streamline Review Questionnaires

Homebridge has updated the Fannie Mae Limited Review **and** the Freddie Mac Streamlined Review Questionnaires (for use when an appraisal waiver is offered by DU or LPA) and posted them on the Homebridge website on the Forms page under the Condo Specific section. The prior versions of the forms, Fannie Mae Limited Review dated September 30, 2020 and Freddie Mac Streamlined Review dated November 23, 2020, are acceptable for transactions CTC through Friday, December 10, 2021

The updated versions of the Questionnaires, dated November 16, 2021, will be required for transactions that are CTC December 13, 2021 and later.

### Fannie Mae and Freddie Mac Full Review Questionnaires

The Fannie Mae and Freddie Mac Full Review Questionnaires have also been updated and posted on the Homebridge website Forms page. Brokers should begin using the applicable updated version, dated November 16, 2021, effective immediately. Homebridge will accept the **prior** version of the Full Review Questionnaires, dated November 23, 2020 through Friday, December 10, 2021.

The updated version of the Fannie Mae or Freddie Mac Full Review Questionnaire, as applicable, **will be required** effective Monday, December 13, 2021

The Fannie Mae and Freddie Mac guidelines have been updated with this information and posted on the Homebridge website at [www.HomebridgeWholesale.com](http://www.HomebridgeWholesale.com)

If you have any questions, please contact your Account Executive