



CONDO PROJECT REVIEW SUMMARY OF CHANGES

Elimination of Limited Reviews for New Projects and changes to LTV/CLTV and occupancy requirements for Limited Reviews for established projects:

1. Only established projects will be eligible for Limited Review (project must be 90% AND turned over to Homeowners)
2. Max LTV/CLTV for Limited Review will be 90% for primary residence.
3. Investment properties will not longer be eligible for Limited Review

These changes will be implemented with release of new version of DU 5.7 the weekend of December 15, 2007.

Changes to CPM (Condo Property Manager) Expedited Review/Lender Full Review

1. All projects not meeting Limited Review requirements will need to be run through CPM.
2. **Budgets** must be reviewed for all projects.
3. Must confirm that no more that 15% of dues are more than one month delinquent.
4. Lenders must rep/warrant that project meets legal requirements – this will require **review of project's legal docs**: declarations, bylaws, articles of incorporation.
5. All Conversions (new or within last 3 years) will require **architect's/ engineer's report**.

Elimination of Fannie Mae approval of Projects

Effective immediately, Fannie Mae will no longer be approving condominium projects – “1028” and “1027” (except for projects consisting of Manufactured Homes).

IN SUMMARY, WHAT THIS MEANS:

1. More condo projects will now require FULL REVIEW which will mean a condo questionnaire will be required. Condo Association Budget, Project's Legal Documents (declarations, by-laws, articles of incorporation), and Architect's/Engineer's Report (for recent conversions) will also be required.
2. Loans run through LP need to be treated as “manual underwrite” in determining eligibility for Limited Review.

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