



Announcement 15-19

Date: April 16, 2015

Topic: FHLMC 2015-4: Condo Requirements and Reserve Verification Requirement

Condos

In light of recent market trends and lender inquiries, Freddie Mac revised certain condo requirements. Effective immediately, PennyMac is aligning with Freddie Mac's revisions, which include:

- Non-incident commercial (or non-residential) project space now allowed up to 25% of the total square footage of the project,
- Projects consisting of 5-20 units now allow for a single-investor to own up to 2 units, and
- Established and New condo project warranty types now allow up to 15% of the project's units with assessments past due 60 or more days.

Reserve Verification

Effective with all submissions to Loan Prospector (LP) on or after July 19, 2015, Freddie Mac is enhancing LP to calculate required reserves for the subject property. As a result, lenders will need to verify the reserves required by LP, instead of verifying all reserves entered into LP.

Note: LP is unable to calculate the total required reserves, and lenders will need to verify additional reserves per Freddie Mac's guidelines, when:

- The subject property is a primary residence and the borrower's current primary residence is being converted to a second home or an investment property, or is pending sale and the sale will not close before the subject note date, or
- The subject property is a second home or an investment property and the borrower owns, or is obligated on, other financed second homes and/or investment properties. Lenders will need to determine and verify the additionally required reserves per Freddie Mac's requirements.

Please see Freddie Mac's [Asset and Reserves Feedback Messages](#) for the actual LP messaging changes.

Please contact your Sales Representative with any questions.