

Announcement # 19-62

Date: November 25, 2019

Topic: Conforming Condo Project Warranty Documentation

Lenders that sell mortgage loans secured by units in a condo project are expected to have staff that are knowledgeable about and qualified to evaluate the specific risks presented by these properties.

As a reminder, in addition to selecting the appropriate warranty type, lenders must include all documentation that evidences the project meets condo eligibility requirements. See below for a table reflecting the basic documents that are expected to be in the loan file, based on warranty type:

Review Type	Documentation
Limited or Streamline	<ul style="list-style-type: none"> • Loan documentation* indicating warranty type • HOA Questionnaire • Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in the blanket policy
Full or Established Review	<ul style="list-style-type: none"> • Loan documentation* indicating warranty type • HOA Questionnaire • Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in the blanket policy • Liability Policy • Fidelity/Crime Policy, for all projects with 21 or more units • Budget with adequate reserves • Provide any additional documentation that is required if the project is a New Condo
PERS Approval	Loan documentation* with warranty type and unexpired verification of Final PERS approval
CPM	<ul style="list-style-type: none"> • Loan documentation* with warranty type and unexpired CPM Certification number • HOA Questionnaire • Blanket/Master Policy with the HOA as the named insured, in addition to interior coverage, if not included in the blanket policy • Liability Policy • Fidelity/Crime Policy, for all projects with 21 or more units • Budget with adequate reserves



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Reciprocal Project Review (Freddie Mac only)	<ul style="list-style-type: none">• Loan documentation* with warranty type and unexpired CPM Certification number or verification of Final PERS approval• Follow the documentation requirements for either PERS or CPM approval above
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*Loan documentation includes but is not limited to: uniform underwriting and transmittal summary (1008), lender created warranty form, and other documents that can correctly identify the warranty type used by the lender.

Note: The lender remains responsible for ensuring the condo project warranty is documented as applicable. Selecting the appropriate warranty type on the loan documentation* indicates the lender has reviewed the condo project and the project meets all applicable requirements.

Please contact your Sales Representative with any questions.