



Ineligible Project Characteristics for Condos

Fannie Mae will not purchase or securitize mortgages secured by units in condo projects with certain characteristics. These ineligible characteristics are highlighted in the overview below. **For full information concerning ineligible project characteristics, refer to [Selling Guide B4-2.1-03, Ineligible Projects](#), including:**

- **Specific policy requirements and guidance on the application of these requirements; and**
- **Allowable flexibilities or exceptions to these requirements.**

Project Type	Ineligible Characteristics
Unallowable Concessions	New projects where the seller is offering sale or financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement.
Mandatory Memberships	Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable.
Recreational Leases – Updated 10/07/2020	Projects subject to recreational leases are not eligible.
Hotel/Motel Projects – Updated 10/07/2020 with expanded list of ineligible criteria and added common red flags	Projects that are managed and operated as a hotel, motel, or resort, or that are primarily transient in nature even though the units are individually owned.
Split Ownership Arrangements	Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property, including timeshare, fractional, or segmented ownership projects.
Non-Real Estate	Projects with property that is not real estate, such as houseboat projects.
Continuing Care Facilities	Any project that is owned or operated as a continuing care facility.
Non-Incidental Business Arrangements	Projects with non-incidental business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club.



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Live-Work Projects	Projects that do not meet the requirements for live-work projects.
Litigation – Updated 10/07/2020	Projects in which the HOA or co-op corporation is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. These requirements also apply to pre-litigation activities (such as but not limited to, arbitration or mediation) that are reasonably expected to proceed to formal litigation.
Priority Liens	Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae's priority lien limitations.
Single-Entity Ownership	Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: <ul style="list-style-type: none">▪ Projects with 5 to 20 units – 2 units▪ Projects with 21 or more units – 20%
Multi-Dwelling Units	Multi-dwelling projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan).
Nonresidential/ Commercial Space	The total space that is used for nonresidential or commercial purposes may not exceed 35%.

Learn More | Fact sheets, FAQs, training, and other reference materials to assist lenders in determining project eligibility can be found in the [Selling Guide](#) and on our website on the [Condo, Co-op, and PUD Eligibility page](#).