

At-a-Glance: Fannie Mae Condo Project Review and Insurance Requirements

This At-a-Glance is designed to help lenders determine the appropriate level of project review and insurance requirements for loan transactions in condo projects. Step 1:

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Step 1: Determine a Condo Project Review Type

Subject Unit Type	Project and Transaction Characteristics	Review Type
Not applicable – see next column	<p>A condo project review is not required for the following transactions:</p> <ul style="list-style-type: none"> • Projects already approved through the Fannie Mae Property Eligibility Review Service (PERS) • High LTV refinance loans • Limited cash-out refinance with LTV ratio of 80% or less when Fannie Mae owns the mortgage being refinanced • Detached condo unit transactions • 2- to 4-unit projects 	<p>No review – see <i>Selling Guide</i> for specifics about each waiver.</p> <p>Lenders must still ensure compliance with all Fannie Mae requirements for property eligibility, appraisal standards, insurance, and lien priority.</p>
Attached Unit	<p>Established projects with the following transaction characteristics:</p> <ul style="list-style-type: none"> • Primary residence with LTV/CLTV/HCLTV ratio of 90% or less • Second home with LTV/CLTV/HCLTV ratio of 75% or less • Investor transactions with LTV/CLTV/HCLTV ratio of 75% or less • Not located in Florida (see below) 	Limited Review
	<p>Established projects in Florida with the following transaction characteristics:</p> <ul style="list-style-type: none"> • Primary residence with LTV/CLTV/HCLTV ratio of 75%/90%/90% or less • Second home with LTV/CLTV/HCLTV of 70%/75%/75% ratio or less • Investor transactions with LTV ratio of 70% or less 	Limited Review



Subject Unit Type	Project and Transaction Characteristics	Review Type
	All established projects not eligible for Limited Review All new projects (see exceptions requiring PERS approval below)	Full Review with or without Condo Project Manager (CPM), or Fannie Mae Review through the streamlined PERS submission (for established projects)
	The standard PERS submission MUST be used for the following project types: <ul style="list-style-type: none"> • New or newly converted condo projects consisting of attached units in Florida • Newly converted non-gut rehabilitation projects consisting of five or more attached units • Any new project or any established project that contains manufactured homes with resale restrictions, community land trust, shared equity, and/or leaseholds. 	Fannie Mae PERS – standard and streamlined processes (See PERS Overview)

NOTE: The standard Fannie Mae PERS submission **may be used** for any attached unit in a new condo project while the streamlined PERS submission process **may be used** for any attached unit in an established condo project.



Step 2: Follow the Condo Project Review Type Requirements

	Limited Review	Full Review	Fannie Mae Project Eligibility Review Service (PERS)
Ineligible Project Types	Must not be a project type that is on the Ineligible Project Types list in B4-2.1-02, Ineligible Projects .		
Insurance Requirements*	Compliance with all applicable requirements in B7, Insurance is required (see page 4).		
Review Requirements	See B4-2.2-01, Limited Review for additional details.	Review may be completed manually or with the aid of CPM. Project must meet all applicable requirements in B4-2.2-02, Full Review for Attached Units in Condo Projects, and any applicable requirements for New and Newly Converted Condo Projects in B4-2.2-03 if the unit is in a new or newly converted project, including but not limited to the following: <ul style="list-style-type: none"> • Budget review • Common expense delinquencies • Ownership of amenities • Completion and legal document requirements for New Projects 	All review requirements under the Full Review option apply. Project must be entered into CPM. Lender must submit all required documents and forms for the PERS process – whether using the standard or streamlined submission process – as listed in B4-2.2-07, Project Eligibility Review Service (PERS) .
Review Expiration	<ul style="list-style-type: none"> • New projects - no more than 180 days prior to the Note Date. • Established projects – No more than 1 year prior to the Note Date. • PERS: See list of PERS approved projects for expiration dates. 		

*When a waiver of review is used as noted in Step 1 above, lenders are still required to validate insurance requirements are met. Lenders must still ensure compliance with all Fannie Mae requirements for property eligibility, appraisal standards, insurance and lien priority. See the applicable *Selling Guide* section for additional details related to the various requirements when a standard project review is waived.

NOTE: Requirements for units in PUD projects can be found in [B4-2.3-01, Eligibility Requirements for Units in PUD Projects](#). Full Review requirements for units in new and established co-op projects can be found in [B4-2.3-02, Co-op Project Eligibility](#). PERS requirements can be found in [B4-2.2-07, Project Eligibility Review Service \(PERS\)](#).



Step 3: Confirm the Condo Project Insurance Requirements**

	Limited Review or Waived Review	Full Review, Condo Project Manager, and PERS
Property Insurance Project Level	The homeowners' association (HOA) must maintain a master property insurance policy that provides coverage for the full insurable replacement cost of the project improvements including the units. If the legal documents allow individual policies to be held, condo projects may comply with single-family property insurance requirements (B7-3-03, Determining the Amount of Required Property Insurance Coverage).	
Property Insurance Unit Level (HO-6)	The borrower must maintain an HO-6 policy if the HOA's master property policy does not include coverage, or provides insufficient coverage, for a unit's interior improvements under the terms of this policy type. The coverage provided by the HO-6 policy must be sufficient to repair the condo unit to its condition at the time of loan origination.	
Flood Insurance	The HOA must obtain a Residential Condominium Building Association Policy (RCBAP) or equivalent private flood insurance coverage for the subject unit's building if it is located in a Special Flood Hazard Area (SFHA) and located in an attached building (B7-3-07, Flood Insurance Coverage Requirements). The policy must cover all of the common elements and property (including machinery and equipment that are part of the building), as well as each of the individual units in the building. Detached condo units, units in a two- to four-unit project, or high LTV refinance properties may be covered by an individual flood dwelling form.	
Liability Insurance	Not required	The HOA must maintain a Commercial General Liability policy with \$1,000,000 in coverage per occurrence for all common areas and elements, public ways, and other areas under the HOA's supervision. Commercial areas must also be covered.
Fidelity/Crime Insurance	Not required	The HOA must maintain a fidelity/crime policy covering anyone with access to association funds, including a management agent, except for projects that: <ul style="list-style-type: none"> • Have 20 units or less; or • Need no more than \$5,000 in required coverage (based on either the maximum funds held or three months of assessments, depending upon which method applies to the project). <p>NOTE: <i>In states that have statutory fidelity/crime insurance requirements, Fannie Mae accepts those requirements in place of its own.</i></p>

** Additional details on insurance requirements for condos and for units in PUD and co-op projects can be found in [B7, Insurance](#).

Questions? You can [Ask Poli](#) or contact the Project Standards team at project_standards@fanniemae.com.