

Expedited Review Questions For Property Type: New Conversion and 5 + Projects

The following questions have been created to assist loan processors delegate the effort of collecting data to enter into Condo Project Manager ("CPM"). THE QUESTIONS ARE NOT INTENDED TO SUBSTITUTE FOR A CPM SUBMISSION and completion of this document will not result in acceptance of a condominium project. The questions are provided without any warranty, express or implied, as to their legal effect and completeness. The questions should be used as a guide. Please use at your own risk.

Guide Eligibility Questions

- | | | |
|---|-----|----|
| Is the project a condominium hotel? | Yes | No |
| Is the project a timeshare or a segmented ownership project? | Yes | No |
| Is the project a houseboat project? | Yes | No |
| Is the condo a multi-dwelling unit condominium (in which ownership of multiple units is evidenced by a single deed and mortgage)? | Yes | No |
| Does the condominium represent a legal, but nonconforming use of the land (if zoning regulations prohibit rebuilding to current density in the event of destruction)? | Yes | No |
| Is the project an Investment Security? | Yes | No |
| Is the project a common interest apartment or community apartment project? | Yes | No |
| Does the project have any non-incidentual business operation owned or operated by the Homeowners Association? | Yes | No |

Answering **Yes** to the above questions will result in Guide Ineligibility

Expedite Eligibility Questions

- | | | |
|--|-----|----|
| Is the project a cooperative? | Yes | No |
| Is the project a planned unit development (PUD)? | Yes | No |
| Is the project a manufactured housing project? | Yes | No |
| Is the project the subject of current litigation in which the homeowners association or developer, if the project has not been turned over to the HOA, is named as a party to the litigation? You may also answer NO to this question if the association or developer is named solely as the plaintiff in either a foreclosure action or as a plaintiff for past due association dues. | Yes | No |
| Does the project contain any commercial space? You may answer NO if : (1) the commercial space comprises no more than 20% of the total space, AND (2) the commercial use is compatible with the residential nature of the property. | Yes | No |

Answering **Yes** to the questions marked in **red** will result in a finding of Expedited Ineligible.

Project Risk Concentration

Is the project a conversion that is not a gut rehabilitation ?
(Gut rehabilitation refers to the renovation of a property down to the shell with replacement of all HVAC and electronic components.)

Yes No

Is the project a gut rehabilitation conversion?

Yes No

Does the entire project have more than 200 units?

Yes No

Is the project built on a leasehold estate?

Yes No

In what year was the project built? _____

What year was the project converted? _____
(Applicable if the project is a conversion)

Presale and Investor Concentration

Subject Phase

Of Units _____

Of Units Complete _____

Units for Sale _____

Of Units Sold _____

Of Units Rented (Investor) _____

of Owner-Occupied Units
(Principle Residences and Second Homes) _____

Entire Project

Of Phases _____

Of Units _____

Of Units for Sale _____

Of Units Sold _____

Of Units Rented (Investor) _____

of Owner-Occupied Units
(Principle Residences and Second Homes) _____

(Optional) Cumulative Total Unit Count

of units in current phase + # of units in all previous phases _____
(for example, if project has 5 phases of 100 units each, and the current phase is phase 3, then the cumulative number of units would be 300.)

Leasehold (Applicable if the project is built on a leasehold estate)

Does project comply with our Fannie Mae leasehold guidelines at Part VII, Section 102.03? Yes No

Single Investor Concentration

Does any single entity own more than 10% of the total units in the entire project? (If the project has fewer than 10 units, does any single entity own more than 1 unit?) Yes No

Completion

Are all units associated with the entire project (or the subject phase, if this certification is for a phase only) complete? Yes No

Are common areas and recreational facilities associated with the entire project (or the subject phase, if this certification is for a phase only) complete; OR, if not, do you have a bond letter or completion assurance for the incomplete common areas or recreational facilities? Yes No

Note: The unit owners must have the sole ownership interest in, and rights to the use of, the project's facilities, common elements, and limited common elements once control is turned over to the unit owners.

Insurance (Lender must ensure that the project's insurance meets all requirements set forth in Part XII, Chapter 7 of the Selling Guide)

Is hazard insurance in place to cover 100% of the insurable replacement cost of the project improvements, including the individual units? (The deductible amount must not exceed 5% of the policy's face amount.)

Yes No

Is liability insurance in place providing at least \$1 million of coverage for bodily injury and property damage per occurrence?

Yes No

Is flood insurance (if required) in place providing coverage at least equal to the lesser of 100% of the insurable value of each building, including all common elements and property or the maximum coverage available under the National Flood Insurance Program? **Answer YES** if the project is **not** in a flood zone.

(**Answer NO** if the maximum deductible is more than the maximum deductible available under the National Flood Insurance Program – currently \$25,000 for a project and \$5,000 for one-to-four family units).

Yes No

If the project has 21 or more units, is fidelity insurance in place covering the maximum amount of funds that will be in the custody of the owners' association or management company at any time? If the project has 20 or fewer units, fidelity insurance is not required and you may answer yes to this question.

Yes No

Appraisal

According to the appraisal report for the subject project, are the values:

Increasing
Stable
Declining

According to the appraisal report for the subject project, demand/supply is:

Shortage
In Balance
Over Supply

According to appraisal report for the subject project, the marketing time is:

Under 3 Months
3-6 Months
Over 6 Months

Non-gut Rehabilitation Conversion (Applicable if the project is a conversion that is not a gut rehabilitation)

Does the project comply with the Fannie Mae *legal guidelines* referenced in Part XII of the Selling Guide?

Yes No

Is the operating budget consistent with projects of similar size and characteristics, and does it provide for adequate replacement reserves based on the project's size, age, remaining life of the major common element components (such as new roof or sidewalks), and on the quality and replacement cost of those components?

Yes No

Do the project's individual units have separate utility meters, or do the project's plans provide for the ready adoption of individual unit utility metering?

Yes No

Have all environmental conditions, which may have been identified by the lender through the performance of its project underwriting and/or due diligence, been determined to be acceptable?

Yes No

Does the project have an architect's or engineer's report that comments favorably on sound transmission, the structural integrity of the project, and the condition of the major project components, such as the heating and cooling systems, plumbing, electrical systems, elevators, boilers, roofs, etc?

Yes No

Has all rehabilitation work involved in the condominium conversion been completed?

Yes No

200+ Units (Applicable if the project has 200+ units)

Does the project comply with the Fannie Mae *legal guidelines* referenced in Part XII of the Selling Guide?

Yes No

Is the operating budget consistent with projects of similar size and characteristics, and does it provide for adequate replacement reserves based on the project's size, age, remaining life of the major common element components (such as new roof or sidewalks), and on the quality and replacement cost of those components?

Yes No

Have all environmental conditions, which may have been identified by the lender through the performance of its project underwriting and/or due diligence, been determined to be acceptable?

Yes No

Signature: _____

Date: _____