



**To:** All Customers **From:** Underwriting  
**Date:** 04/20/20 – Updated 01/22/21 **Memo#:** 20048  
**Subject:** **Conventional Condo Approval Updates due to COVID-19**

Please refer to the [COVID Tolerances Extended- Conventional](#) announcement for the most recent information.

Effective immediately, due to the ongoing impact of COVID-19, interim condominium guidance for Conventional transactions meeting Fannie Mae and Freddie Mac express tolerances are being implemented. Any future announcements by the agencies pertaining to condominiums will be assessed and updated within this memo. Only the tolerances expressed below will be accepted by Flagstar Bank as alternatives to the requirements listed in the [Conventional Condominium Guidelines](#).

These temporary flexibilities are effective for all loans in process and remain in place for loans with applications dates on or before January 31, 2021 for both Conventional Non-Delegated and Delegated loan transactions.

For transactions with a LTV greater than 80%, the mortgage insurance company must confirm tolerance to use one of the temporary flexibilities or they may apply additional requirements beyond those listed below.

**LIMITED CASH-OUT PROJECT REVIEW WAIVER**

Fannie Mae and Freddie Mac have expanded the tolerances for Principal Residences only. Second Homes and Investment properties must meet standard condominium guideline requirements.

Limited Cash-Out Project Review Waiver Flexibilities		
Requirements	Fannie Mae	Freddie Mac
Current Loan	Fannie Mae must own	Freddie Mac must own
Occupancy	Owner occupied primary residence only	
LTV/CLTV/HCLTV	Maximum LTV 90% (CLTV/HCLTV may be higher)	Maximum LTV/CLTV/HCLTV 90%
Litigation	A project for which the homeowners association or developer, is a party to current litigation, arbitration, mediation or other dispute resolution process, and the reason for the dispute involves the safety, structural soundness or habitability of the project will remain ineligible. Refer to <i>Minor Litigation</i> section of the Conventional Condominium Guidelines for additional details.	
Project Type	Project is not a condo hotel or motel, houseboat, or a timeshare or segmented ownership project	
Insurance	Project has the required project-related property and flood coverage	Complies will all applicable property insurance
Title	Complies with all title insurance requirements	

Delivery Requirements	Project Code "V"	Classification "Exempt from Review"
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### **PROJECT DOCUMENTS USED IN CONDOMINIUM PROJECT REVIEWS**

When an Established Condominium Project review is used, the budget from the 2019 fiscal year may be utilized when the current year's budget has not yet been ratified due to issues related to COVID-19 (HOA is delayed in ratifying 2020 budget because they cannot meet to vote on a new budget). This flexibility may not be used for New Condominium Project reviews. All other applicable requirements must be met, including requirements relating to delinquent Homeowners Association assessments.

Other sources of Condominium Project data to complete project reviews including, but not limited to, appraisals, MLS records, plat map/site surveys, public records, State laws or local ordinances, tax searches, or project documents obtained through vendor products may be utilized when the documents are not readily available from the HOA or project manager due to COVID-19. All alternative documentation is subject to acceptance by Flagstar Condo Review on Non-Delegated loan transactions requiring project review.