

# CONDOMINIUM PROJECT CRITERIA



## All Condominium projects must meet the following guidelines:

- Must meet Fannie Mae or Freddie Mac Guidelines
- No single entity (the same individual, investor group, partnership, or corporation) may own more than 10% unit within the project
- No more than 15% of the total units in the project can be 30 or more days past due on the payment of condo/association fee payments
- No more than 33% of the project can be insured by PMI.

## When determining condo project acceptability, PMI expects the lender will:

- Determine that the project meets standard Agency guidelines and the criteria detailed below
- provide supporting documentation for the determination

## Supporting Documentation can be, but is not limited to the following:

- HOA Questionnaire - can be used to determine investor concentration, commercial usage, single entity ownership and project delinquency levels.
- Budget/Balance Sheet - utilized when a budget analysis is required (all projects except those that receive a Limited or Streamlined Review option from DU or LP.
- Appraisal - used to determine project characteristics, ownership, pre-sale levels, marketability, and completion levels
- Other documents deemed necessary by the lender

## Site Condominiums:

- Attached must follow PMI Condominium Eligibility Criteria
- Detached follow single family guidelines

## DU LIMITED OR LP STREAMLINED REVIEW RECOMMENDATION

- Maximum 90% LTV
- Established projects only

## Review the appraisal to determine the following guidelines are met, no further documentation on the project is necessary:

- Must be 100% complete including all common areas and the HOA has been turned over to unit owners
- Maximum 30% investor (non-owner occupied) concentration
- No more than 20% commercial usage
- **Ineligible for Limited/Streamlined review:**
  - Projects up to ten units
  - Additional ineligible projects detailed below

## PROJECTS UP TO 10 UNITS

- Maximum 97% LTV
- Must be 100% complete with all common areas complete and HOA turned over to unit owners
- HOA must have a binding arbitration agreement
- No commercial usage
- Maximum Investor Concentration, as follows:
  - 9-10 Unit Property - Three units
  - 6-8 Unit Property - Two units
  - 4-5 Unit Property - One units
  - 2-3 Unit Property - None
- Complete Budget Review
  - Must be adequate; and
  - Must provide for funding for replacement reserves and deferred maintenance of at least 10%; and
  - Must provide adequate funding for insurance deductible amounts
- **Ineligible for up to 10 units:**
  - Limited or Streamlined Review
  - Additional ineligible projects detailed below

## INELIGIBLE:

- Projects that are ineligible to Fannie Mae or Freddie Mac
- Attached properties located in Florida
- Projects with pending lawsuits that impact the safety, structural soundness, habitability or functional use of the project
- Projects with outstanding environmental issues
- Any project or building that is owned by several owners as tenants-in-common
- Condotels
- Kiddie condos (condominiums purchased for student occupancy)
- Timeshare, fractional or incremental ownership
- Manufactured housing site condominiums
- Multi-dwelling unit condominiums

## ALL OTHER ESTABLISHED PROJECTS

- Maximum 97% LTV
- Must be 100% complete including all common areas and the HOA has been turned over to unit owners
- Maximum 30% investor (non-owner occupied) concentration
- No more than 20% commercial usage
- Complete Budget Review
  - Must be adequate; and
  - Must provide for funding for replacement reserves and deferred maintenance of at least 10%; and
  - Must provide adequate funding for insurance deductible amounts
- **Ineligible:**
  - Detailed below

## NEW PROJECTS

- Maximum 97% LTV
- Must be 90% complete including all common areas and the HOA has been turned over to unit owners
- Pre-sale requirement: at least 70% of the total units in the project or subject legal phase must have been conveyed or be under a bona fide contract for purchase to owner-occupant primary residence or second home purchasers
- No more than 20% commercial usage
- Individual units must be available for immediate occupancy at the time of the loan closing
- Complete Budget Review
  - Must be adequate; and
  - Must provide for funding for replacement reserves and deferred maintenance of at least 10%; and
  - Must provide adequate funding for insurance deductible amounts
- **Ineligible new projects:**
  - Projects in Distressed Markets
  - Additional ineligible projects detailed below

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Project Requirements	DU LIMITED OR LP STREAMLINED	ESTABLISHED PROJECT	PROJECT -UP TO 10 UNITS	NEW PROJECT
LTV	Maximum 90%	Maximum 97%	Maximum 97%	Maximum 97%
Established Project	✓	✓	✓	N/A
Required Completion	100%	100%	100%	90% complete
Common areas complete and HOA turned over to unit owners	✓	✓	✓	✓
Meet Fannie Mae or Freddie Mac Guidelines	✓	✓	✓	✓
Maximum 30% investor	✓	✓	Maximum Investor Concentration, as follows: (non-owner occupied) concentration <ul style="list-style-type: none"> <li>■ 9-10 Unit Property - Three units</li> <li>■ 6-8 Unit Property - Two units</li> <li>■ 4-5 Unit Property - One units</li> <li>■ 2-3 Unit Property - None</li> </ul>	✓
Presale requirement	N/A	N/A	N/A	70%
No more than 20% commercial usage	✓	✓	None	✓
No single entity owns more than 10% of project	✓	✓	N/A	✓
No more than 15% of the units are 1 month delinquent	✓	✓	✓	✓
Budget Analysis <ul style="list-style-type: none"> <li>■ Must be Adequate</li> <li>■ 10% for deferred &amp; capital expenditures</li> <li>■ Insurance Deductibles</li> </ul>	Not required	✓	✓	✓
Ineligible	<ul style="list-style-type: none"> <li>■ Projects up to ten units</li> <li>■ PMI ineligible projects</li> </ul>	<ul style="list-style-type: none"> <li>■ PMI ineligible projects</li> </ul>	<ul style="list-style-type: none"> <li>■ Limited or Streamlined Review</li> <li>■ PMI ineligible projects</li> </ul>	<ul style="list-style-type: none"> <li>■ Projects in Distressed Markets</li> <li>■ PMI ineligible projects</li> </ul>

## PMI Ineligible Projects

- Projects that are ineligible to Fannie Mae or Freddie Mac
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- Any project or building that is owned by several owners as tenants-in-common
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