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1. Overview

Primary Capital Mortgage (PCM) applies prudent underwriting to all condominium approval requests per the content set forth in this guide. When not specifically stated herein, or where conflicts exist between this guide and the FNMA Selling Guide, the guidelines in the Selling Guide will prevail. All reviews will be made in compliance with all federal, state, and local laws including, but not limited to, the Fair Housing Act, and the Equal Credit Opportunity Act.

Note: see Non-Agency Underwriting Guide for non-warrantable condominium specific additional requirements

2. Qualification

- Regardless of approval method, the maximum PCM exposure in any one complex is 10%
- Maximum loan amounts are subject to program eligibility parameters
- Required documentation for PCM review must be submitted through the Account Executive or Mortgage Loan Originator
  - Project Reviews will not be processed by the PCM Condo Committee until 100% of the required documentation is submitted
- Documentation requirements for each level of review are outlined in the following sections
- LTV’s in excess of 80% are subject to full review and approval by a PCM approved Mortgage Insurance (MI) company
  - Loans that do not receive MI approval will be limited to a maximum of 80% LTV
2.1 Lender Full review

- The project must meet the following to be eligible for a full lender review

<table>
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<tr>
<th>Project Type</th>
<th>Eligibility Criteria</th>
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| Established Project    | - At least 90% of the total units in the project have been conveyed to the unit purchasers;  
  - The project is 100% complete, including all units and common areas;  
  - The project is not subject to additional phasing or annexation; AND  
  - Control of the homeowner’s association has been turned over to the unit owners.                                                                                                                                                                                                                                                                                                                                 |
| New Project            | - Fewer than 90% of the total units in the project have been conveyed to the unit purchasers;  
  - The project is not fully completed, such as proposed construction, new construction, or the proposed or incomplete conversion of an existing building to a condo;  
  - The project is newly converted; OR  
  - The project is subject to additional phasing or annexation.                                                                                                                                                                                                                                                                                                                                                        |
| Two-to-Four Unit Project| Additional eligibility requirements apply for two-to-four unit projects:  
  - No single entity may own more than one unit within the project;  
  - All units, common elements, and facilities within the project, including those that are owned by any master association, must be 100% complete;  
  - All but one unit in the project must have been conveyed to owner-occupant principal residence or second home purchasers; AND  
  - The units in the project must be owned as fee simple, and the unit owners must be the sole owners of, and have rights to the use of, the project’s facilities, common elements, and limited common elements.                                                                                                                                                                                                 |

- Required documentation
  - PCM Condo Questionnaire (Full Form required for all three property types)
  - Current Operating Budget with reserve account
  - Condominium Project Insurance Declarations (including Flood, if applicable)
    - Master or blanket policies that cover multiple unaffiliated projects are ineligible
  - New projects, as described above will also need the following
    - Appraisal on subject property
    - Either an Attorney Opinion Letter (prepared by an active real estate attorney) confirming the condominium’s legal documents meet the requirements of Chapter B4-2.2-13 of the FNMA Selling Guide; OR
    - Condominium legal documents
      - Condominium Project Articles of Incorporation
      - Condominium Project Bylaws
      - Covenants, Conditions and Restrictions (CC&Rs)
  - Eligibility to be determined by FNMA Condo Project Manager (CPM) which will be completed by PCM
  - Final approval will be issued by the PCM Condo Committee
    - Approval is valid for six (6) months and must not expire prior to note date
2.2 Lender Limited Review

- The project must meet the following to be eligible for a Limited Lender Review
  - Must be an established project as defined by in the table in Section 2.1 of this guide; AND
  - LTV must meet applicable Agency guidelines; AND
  - The project is not an ineligible project as defined by FNMA or FHLMC; AND
  - Limited or Streamlined Review eligibility message received through DU as indicated in the property section of the Findings Report or LP Accept Findings

- Required documentation
  - PCM Condo Questionnaire (Short Form)
  - Condominium Project Insurance Declarations (including Flood, if applicable)
    - Master or blanket policies that cover multiple unaffiliated projects are ineligible

- Final approval will be issued by the assigned PCM Underwriter

2.3 FNMA Approved Projects

- Projects that have been approved by Fannie Mae are acceptable with limited documentation
  - Projects that have a Special Approval Designation (SAD), Project Eligibility Waiver (PEW), or Florida Special Condominium Approval are ineligible

- Required Documentation
  - Evidence of unexpired Fannie Mae approval issued through PERS (Project Eligibility Review Service).
    Approvals may be printed from the Fannie Mae website at https://www.fanniemae.com/singlefamily/project-eligibility?from=hp
    - Projects with a “Conditional Approval” are ineligible
    - The approval must be active as of the date of the note
    - PCM must be able to reasonably determine that there are no circumstances that would make the project ineligible for acceptance by Fannie Mae

3. Insurance Requirements

- Project insurance requirements must meet all requirements of Fannie Mae/Freddie Mac as outlined in their specific Selling Guide. For complete requirements, refer to the following sections of the selling guides:
  - FNMA Chapters B-2.1-05, B7-3-04 and B7-3-07
  - FHLMC Chapter 58.1, 58.2(c), 58.3, 58.4 and 58.5
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