Agency Standards Revisions

***Note:** Truist specific overlays are underlined.*

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR23-065 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr>
<td>Review Requirements for Condo Eligibility</td>
<td>Correspondent Section 1.06 Condominium and PUD Approval Requirements</td>
<td>• Standard Agency (non-AUS & DU)
• Agency Plus (DU)
• Agency Plus Select (DU)
• HomeReady® (non-AUS & DU)
• Texas Section 50(a)(6) Mortgages (non-AUS & DU)</td>
<td>
Agency / Temporary Requirements for Agency Condominium Loans

Non-AUS
In response to concerns about aging infrastructure and projects with significant deferred maintenance, Fannie Mae issued temporary requirements that impact the eligibility of certain condominium projects. They are designed to protect borrowers from physically unsafe or financially unstable projects, and to prudently manage risk for Fannie Mae, lenders, and investors.

Specifically, these requirements address the following, and more:
• Significant deferred maintenance and unsafe conditions
• Special assessments
• Reserve requirements

See Fannie Mae Lender Letter LL-2021-14 for specific details on the temporary requirements.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS standards.
<hr>
Agency / Waiver of Project Review (Fannie Mae) / Exempt from Review (Freddie Mac)

Non-AUS
• **Transactions Eligible for a Waiver of Project Review**
  • Fannie Mae does not require a thorough project review for the project types and transactions described in the following table.
<table>
<tr><th>Project or Transaction Type</th><th>Requirements</th></tr>
<tr><td>Detached condo unit</td><td>A detached condo is defined as any condo unit that is completely detached from other condo units in the project. The unit may share no adjoining walls, ceilings, floors, or other attached architectural elements (such as breezeways or garages) with any neighboring unit. A detached condo unit may be in a project consisting solely of detached units or in a development containing a mixture of attached and detached units. Site condos in which the unit owner owns the detached condo unit and the land upon which the unit is built are a type of detached condo. The waiver of project review applies for new and established projects.</td></tr>
<tr><td>Unit in a two- to four-unit condo project</td><td>Project review is waived for new and established condo projects that consist of no more than four units.</td></tr>
<tr><td>Unit in a PUD project</td><td>See “Eligibility Requirements for Units in PUD Projects” for the requirements that apply.</td></tr>
</table>
</td>
<td>
***Note:** This “Temporary Requirements for Agency Condominium Loans” subtopic is being removed in its entirety.*

~~**Agency / Temporary Requirements for Agency Condominium Loans**~~

~~**Non-AUS**~~
~~In response to concerns about aging infrastructure and projects with significant deferred maintenance, Fannie Mae issued temporary requirements that impact the eligibility of certain condominium projects. They are designed to protect borrowers from physically unsafe or financially unstable projects, and to prudently manage risk for Fannie Mae, lenders, and investors.~~

~~Specifically, these requirements address the following, and more:~~
~~• Significant deferred maintenance and unsafe conditions~~
~~• Special assessments~~
~~• Reserve requirements~~

~~See Fannie Mae Lender Letter LL-2021-14 for specific details on the temporary requirements.~~

~~**Fannie Mae DU**~~
~~Follow DU requirements, which are the same as non-AUS standards.~~
<hr>
Agency / Waiver of Project Review (Fannie Mae) / Exempt from Review (Freddie Mac)

Non-AUS
• **Transactions Eligible for a Waiver of Project Review**
  • Fannie Mae does not require a thorough project review for the project types and transactions described in the following table.
<table>
<tr><th>Project or Transaction Type</th><th>Requirements</th></tr>
<tr><td>Detached condo unit</td><td>A detached condo is defined as any condo unit that is completely detached from other condo units in the project. The unit may share no adjoining walls, ceilings, floors, or other attached architectural elements (such as breezeways or garages) with any neighboring unit. A detached condo unit may be in a project consisting solely of detached units or in a development containing a mixture of attached and detached units. Site condos in which the unit owner owns the detached condo unit and the land upon which the unit is built are a type of detached condo. The waiver of project review applies for new and established projects.</td></tr>
<tr><td>Unit in a two- to four-unit condo project</td><td>Project review is waived for new and established condo projects that consist of no more than four units.</td></tr>
<tr><td>Unit in a PUD project</td><td>See “Eligibility Requirements for Units in PUD Projects” for the requirements that apply.</td></tr>
</table>
</td>
</tr>
</table>

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR23-065 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td>
<td>
<table><tr><td>Fannie Mae to Fannie Mae limited cash-out refinance</td><td>Project review is waived for units in condo projects for Fannie Mae-owned loans that are refinanced as a limited cash-out refinance with a maximum loan-to-value ratio of 80% (TLTV or HTLTV ratios may be higher).</td></tr></table>

Requirements that Apply When the Project Review is Waived

The following requirements apply, in addition to those noted above, when a project review is waived:

property eligibility requirements;
the project is not a condo hotel or motel, houseboat project, or a timeshare or segmented ownership project;
priority of common expense assessments;
when an appraisal of the property is obtained, it must meet all applicable appraisal requirements (described in the eligible first mortgage product description and Section 1.07: Appraisal Standard of the Correspondent Seller Guide); and
insurance requirements (described in Section 2.01: Agency Loan Standard of the Correspondent Seller Guide, as applicable.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS standards.
<hr>
Agency / Ineligible Projects / List of Ineligible Project Characteristics

Non-AUS

Mortgage loans that are secured by units in certain condo projects are not eligible if those projects have characteristics that make the project ineligible. Such characteristics are described in the table below, with additional details provided in the sections that follow. All eligible projects must be created and remain in full compliance with state law and all other applicable laws and regulations of the jurisdiction in which the project is located.

Note: If a lender determines that a project does not meet all project eligibility requirements but believes that the project has merit and warrants additional consideration, the lender may request an exception. See “Projects with Special Considerations and Project Eligibility Waivers” subsequently presented for additional information.

<table>
<tr><th>Ineligible Condo Project Characteristics</th></tr>
<tr><td>Timeshare, fractional, or segmented ownership projects.</td></tr>
<tr><td>New projects where the seller is offering sale or financing structures in excess of Fannie Mae’s eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA</td></tr>
</table>
</td>
<td>
<table><tr><td>Fannie Mae to Fannie Mae limited cash-out refinance</td><td>Project review is waived for units in condo projects for Fannie Mae-owned loans that are refinanced as a limited cash-out refinance with a maximum loan-to-value ratio of 80% (TLTV or HTLTV ratios may be higher).</td></tr></table>

Requirements that Apply When the Project Review is Waived

The following requirements apply, in addition to those noted above, when a project review is waived:

property eligibility requirements;
the project is not in Condo Project Manager (CPM) with a status of "Unavailable";
the project is not a condo hotel or motel, houseboat project, or a timeshare or segmented ownership project;
priority of common expense assessments;
when an appraisal of the property is obtained, it must meet all applicable appraisal requirements (described in the eligible first mortgage product description and Section 1.07: Appraisal Standard of the Correspondent Seller Guide); <s>and</s>
insurance requirements (described in Section 2.01: Agency Loan Standard of the Correspondent Seller Guide, as applicable); and
there are no unaddressed critical repairs outstanding or projects with evacuation orders (described in the Agency “Ineligible Projects” subtopic subsequently presented in this document) if the loan is a Fannie Mae to Fannie Mae limited cash-out refinance.

Fannie Mae DU
Follow DU requirements, which are the same as non-AUS requirements.
<hr>
Agency / Ineligible Projects / List of Ineligible Project Characteristics

Non-AUS

Mortgage loans that are secured by units in certain condo projects are not eligible if those projects have characteristics that make the project ineligible. Such characteristics are described in the table below, with additional details provided in the sections that follow. All eligible projects must be created and remain in full compliance with state law and all other applicable laws and regulations of the jurisdiction in which the project is located. Loans secured by units in projects with a status of "Unavailable" in Condo Project Manager (CPM) are ineligible for purchase.

Note: If a lender determines that a project does not meet all project eligibility requirements but believes that the project has merit and warrants additional consideration, the lender may request an exception. See “Projects with Special Considerations and Project Eligibility Waivers” subsequently presented for additional information.

<table>
<tr><th>Ineligible Condo Project Characteristics</th></tr>
<tr><td>Timeshare, fractional, or segmented ownership projects.</td></tr>
<tr><td>New projects where the seller is offering sale or financing structures in excess of Fannie Mae’s eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA</td></tr>
</table>
</td></tr>
</table>

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)
			assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement.	assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement.
			Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae's priority lien limitations. (See "Priority of Common Expense Assessments" subsequently presented for additional detail.)	Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae's priority lien limitations. (See "Priority of Common Expense Assessments" subsequently presented for additional detail.)
			Projects that are managed and operated as a hotel or motel, even though the units are individually owned. (See "Projects that Operate as Hotels or Motels" below for additional detail.)	Projects that are managed and operated as a hotel or motel, even though the units are individually owned. (See "Projects that Operate as Hotels or Motels" below for additional detail.)
			Tenancy in Common Apartment Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property. (See Tenancy in Common Apartment Projects Subject to Split Ownership Arrangements" below for additional detail.)	Tenancy in Common Apartment Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property. (See "Tenancy in Common Apartment Projects Subject to Split Ownership Arrangements" below for additional detail.)
			Multi-dwelling unit projects that permit an owner to hold title to more than one dwelling unit, with ownership of all of his or her owned units evidenced by a single deed and financed by a single mortgage (See "Condominium Projects that Contain Multi-Dwelling Unit Condos" below for additional detail.)	Multi-dwelling unit projects that permit an owner to hold title to more than one dwelling unit, with ownership of all of their owned units evidenced by a single deed and financed by a single mortgage (See "Condominium Projects that Contain Multi-Dwelling Unit Condos" below for additional detail.)
			Projects with property that is not real estate, such as houseboat projects. (See "Projects with Property that is not Real Estate" below for additional detail.)	Projects with property that is not real estate, such as houseboat projects. (See "Projects with Property that is not Real Estate" below for additional detail.)
			Any project that is owned or operated as a continuing care facility. (See "Projects that Operate as a Continuing Care Community or Facility/Continuing Care Retirement Community (CCRC)" below for additional detail.) **Truist Note:** Also known as "Continuing Care Retirement Community" (CCRC) or "Life-Care Facilities"	Any project that is owned or operated as a continuing care facility. (See "Projects that Operate as a Continuing Care Community or Facility/Continuing Care Retirement Community (CCRC)" below for additional detail.) **Truist Note:** Also known as "Continuing Care Retirement Community" (CCRC) or "Life-Care Facilities"
			Projects with non-incidental business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club. (See "Non-Incidental Business Arrangements" below for additional detail and exceptions to this requirement.)	Projects with non-incidental business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club. (See "Non-Incidental Business Arrangements" below for additional detail and exceptions to this requirement.)
			Projects where the total space that is used for nonresidential or commercial purposes exceeds 35% (See "Commercial Space and Mixed-Use Allocation" below for additional detail.)	Projects where the total space that is used for nonresidential or commercial purposes exceeds 35% (See "Commercial Space and Mixed-Use Allocation" below for additional detail.)
			Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable. (See "Recreational Leases and Mandatory Memberships" below for additional information.)	Projects with mandatory upfront or periodic membership fees for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder). Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association are acceptable. (See "Recreational Leases and Mandatory Memberships" below for additional information.)
			Projects that do not meet the requirements for live-work projects. (See "Live-Work Projects" below for additional detail.)	Projects that do not meet the requirements for live-work projects. (See "Live-Work Projects" below for additional detail.)
			Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. (See "Litigation or Pre-litigation Activity" below for additional detail.)	Projects in which the HOA is named as a party to pending litigation, or for which the project sponsor or developer is named as a party to pending litigation that relates to the safety, structural soundness, habitability, or functional use of the project. (See "Litigation or Pre-litigation Activity" below for additional detail.)
			Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: • projects with 5 to 20 units – 2 units • projects with 21 or more units – 20% (See "Single-Entity Ownership" below for additional detail.)	Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than the following total number of units in the project: • projects with 5 to 20 units – 2 units • projects with 21 or more units – 20% (See "Single-Entity Ownership" below for additional detail.)

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR23-065</u> for the Applicable Effective Dates of These Revisions)

			Note: The single-entity ownership limits above also apply to the number of units owned and rented by the HOA.
			<u>All Manufactured Home Condominium Units are ineligible</u>
			Projects that have a Condo Project Manager™ (CPM™) status of "Unavailable".
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements.
			
			--- 	
			Agency / Ineligible Projects / Additional Details on Ineligible Characteristics
			
			There is currently no "Projects in Need of Critical Repairs" section.
				Note: The single-entity ownership limits above also apply to the number of units owned and rented by the HOA.
				<u>All Manufactured Home Condominium Units are ineligible</u>
				Projects with five or more attached units in need of critical repairs, including material deficiencies and significant deferred maintenance. (See "Projects in Need of Critical Repairs" below for additional detail.)
				Projects that have a Condo Project Manager™ (CPM™) status of "Unavailable".
				
				Fannie Mae DU
				Follow DU requirements, which are the same as non-AUS requirements.
				
				--- 	
				Agency / Ineligible Projects / Additional Details on Ineligible Characteristics
				
				Projects in Need of Critical Repairs
				
				Non-AUS
				• Projects with five or more attached units in need of critical repairs are those needing repairs or replacements that significantly impact the safety, soundness, structural integrity or habitability of the project's building(s), or the financial viability or marketability of the project. Critical repairs include conditions such as:
				    • material deficiencies, which if left uncorrected, have the potential to result in or contribute to critical element or system failure within one year;
				    • any mold, water intrusions or potentially damaging leaks to the project's building(s);
				    • advanced physical deterioration;
				    • any project that failed to pass state, county, or other jurisdictional mandatory inspections or certifications specific to structural safety, soundness, and habitability; or
				    • any unfunded repairs costing more than $10,000 per unit that should be undertaken within the next 12 months (does not include repairs made by the unit owner or repairs funded through a special assessment).
				• Examples of some items to consider include, but are not limited to, sea walls, elevators, waterproofing, stairwells, balconies, foundation, electrical systems, parking structures or other load-bearing structures.
				• If damage or deferred maintenance is isolated to one or a few units and does not affect the overall safety, soundness, structural integrity, or habitability of the project, then these requirements do not apply.
				• Routine repairs are not considered to be critical and include work that is:
				    • preventative in nature or part of normal capital replacements (for example, focused on keeping the project fully functioning and serviceable); and
				    • accomplished within the project's normal operating budget or through special assessments that are within requirements.
				• A project with an evacuation order due to an unsafe condition, either for a partial or total evacuation of the project's building(s), is ineligible until the unsafe condition has been remediated and the building(s) is deemed safe for occupancy.
				
				• **Special Assessments**
				    • Special assessments may be current or planned. Lenders must obtain and review the following information for each special assessment to determine if it addresses a critical repair:

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)
				• what is the purpose of the special assessment, • when was the special assessment approved and is it planned (approved by the unit owners, but not yet initiated by the board) or already being executed, • what was the original amount of the special assessment and the remaining amount to be collected, and • when is the expected date the special assessment will be paid in full. • If the special assessment is associated with a critical repair and the issue is not remediated, the project is ineligible. • **Inspection Reports** • If a structural and/or mechanical inspection was completed within 3 years of the lender's project review date, the lender must obtain and review the inspection report. The report cannot indicate that any critical repairs are needed, no evacuation orders are in effect, and no regulatory actions are required. • If the inspection report indicates there are unaddressed critical repairs, the project is ineligible until the required repairs have been completed and documented accordingly. The lender must review an engineer's report or substantially similar document to determine if the repairs completed have resolved the safety, soundness, structural integrity, or habitability concerns of the project. • **Documentation** • Lenders may need to review a combination of documents to determine if a project meets Fannie Mae's physical condition requirements. Lenders are responsible for determining which documents are needed to ensure compliance with the requirements outlined in this document. Some examples of this documentation include, but are not limited to: • HOA board meeting minutes, • engineer report(s), • structural and/or mechanical inspection reports, • reserve studies, • a list of necessary repairs provided by the HOA or the project's management company, • a list of special assessments provided by the HOA or the project's management company, and • other substantially similar documentation. **Fannie Mae DU** Follow DU requirements, which are the same as non-AUS requirements.
			Agency / Limited Review Process (Fannie Mae) / Streamlined Reviews (Freddie Mac) **Non-AUS** • **Unit and Project Type Eligible for Limited Review** • To be eligible for a Limited Review, the unit securing the mortgage must be an attached unit in an established condo project. • Transactions Eligible for a Limited Review • The following table describes the transactions that are eligible for a Limited Review.	**Agency / Limited Review Process (Fannie Mae) / Streamlined Reviews (Freddie Mac)** **Non-AUS** • **Unit and Project Type Eligible for Limited Review** • To be eligible for a Limited Review, the unit securing the mortgage must be an attached unit in an established condo project. • **Transactions Eligible for a Limited Review** • The following table describes the transactions that are eligible for a Limited Review.

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR23-065 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td>
<td>
<table>
<tr><th colspan="2">Limited Review Eligible Transactions
Attached Units in Established Condo Projects
(For Projects Outside of Florida)</th></tr>
<tr><th>Occupancy Type</th><th>Maximum LTV, TLTV, and HTLTV Ratios</th></tr>
<tr><td>Primary residence</td><td>90%</td></tr>
<tr><td>Second home</td><td>75%</td></tr>
<tr><td>Investment property</td><td>75%</td></tr>
</table>

Note: Attached units in established projects located in Florida are subject to more restrictive LTV ratio requirements under the Limited Review process. See the “Florida-Specific Condo Project Considerations” subtopic subsequently presented for additional information.

• **Limited Review Eligibility Requirements**

• In completing a Limited Review, the lender must ensure that the project and subject unit meet the eligibility requirements described in the following table.

<table>
<tr><th>✓</th><th>Limited Review Eligibility Requirements</th></tr>
<tr><td></td><td>The project meets the requirements applicable to all properties in a condo project described in the “Requirements Applicable to All Properties in a Condo Project” subsection previously presented.</td></tr>
<tr><td></td><td>The project is not an ineligible project. See the “Ineligible Projects” section above for additional information.</td></tr>
<tr><td></td><td>The project does not consist of manufactured homes</td></tr>
</table>

• If the project and loan transaction are eligible for and meet all of the eligibility requirements of the Limited Review process, the lender is not required to validate that the project also meets the eligibility requirements of another project review type. However, if the LTV, TLTV, or HTLTV ratios exceed the limits above, or in the event the lender becomes aware of a circumstance that would cause the project or transaction to be ineligible under a Limited Review, the lender must use one of the other project review methods to determine project eligibility and the project must meet all of the eligibility requirements of that selected alternate project review type.

Fannie Mae DU

Follow DU requirements, which are the same as non-AUS standards.
</td>
<td>
<table>
<tr><th colspan="2">Limited Review Eligible Transactions
Attached Units in Established Condo Projects
(For Projects Outside of Florida)</th></tr>
<tr><th>Occupancy Type</th><th>Maximum LTV, TLTV, and HTLTV Ratios</th></tr>
<tr><td>Primary Residence</td><td>90%</td></tr>
<tr><td>~~Second home~~</td><td>~~75%~~</td></tr>
<tr><td>~~Investment property~~</td><td>~~75%~~</td></tr>
</table>

Note: Attached units in established projects located in Florida are subject to more restrictive LTV ratio requirements under the Limited Review process. See the “Florida-Specific Condo Project Considerations” subtopic subsequently presented for additional information.

• **Limited Review Eligibility Requirements**

• In completing a Limited Review, the lender must ensure that the project and subject unit meet the eligibility requirements described in the following table.

<table>
<tr><th>✓</th><th>Limited Review Eligibility Requirements</th></tr>
<tr><td></td><td>The project meets the requirements applicable to all properties in a condo project described in the “Requirements Applicable to All Properties in a Condo Project” subtopic previously presented.</td></tr>
<tr><td></td><td>The project is not an ineligible project. See the Agency “Ineligible Projects” subtopic previously presented in this document for additional information.</td></tr>
<tr><td></td><td>The project does not consist of manufactured homes</td></tr>
<tr><td></td><td>No more than 15% of the total number of units in the project are 60 days or more past due in the payment of each special assessment.</td></tr>
</table>

• If the project and loan transaction are eligible for and meet all of the eligibility requirements of the Limited Review process, the lender is not required to validate that the project also meets the eligibility requirements of another project review type. However, if the LTV, TLTV, or HTLTV ratios exceed the limits above, or in the event the lender becomes aware of a circumstance that would cause the project or transaction to be ineligible under a Limited Review, the lender must use one of the other project review methods to determine project eligibility and the project must meet all of the eligibility requirements of that selected alternate project review type.

Fannie Mae DU

Follow DU requirements, which are the same as non-AUS requirements, except as follows:

• **Transactions Eligible for a Limited Review**

• The following table describes the transactions that are eligible for a Limited Review.

<table>
<tr><th colspan="2">Limited Review Eligible Transactions
Attached Units in Established Condo Projects
(For Projects Outside of Florida)</th></tr>
<tr><th>Occupancy Type</th><th>Maximum LTV, TLTV, and HTLTV Ratios</th></tr>
<tr><td>Primary Residence</td><td>90%</td></tr>
<tr><td>Second Home</td><td>75%</td></tr>
<tr><td>Investment Property</td><td>75%</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR23-065 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td><td></td><td>Note: Attached units in established projects located in Florida are subject to more restrictive LTV ratio requirements under the Limited Review process. See the "Florida-Specific Condo Project Considerations" subtopic subsequently presented for additional information.</td></tr>
<tr><td></td><td></td><td></td><td>
Agency / Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)

Non-AUS
Note: Below is an EXCERPT only of the requirements from the above referenced section.

Overview
The Full Review process is a method for the review of new and established condo projects. Lenders performing a Full Review must ensure that the project meets all applicable eligibility requirements.
Unit and Project Types Eligible for Full Review
A Full Review may be performed when the unit securing the mortgage is an attached unit located in one of the following project types:
an established condo project, or
a new or newly converted condo project.
Note: These projects may also be reviewed by Fannie Mae through the PERS process.
Condo Project Manager (CPM)

Lenders must use Condo Project Manager (CPM) to assist in their Full Review of a condo project. CPM is a Web-based tool designed to facilitate the lender's review of the project to determine if it meets project eligibility requirements. The lender must document the loan file with the CPM decision by including the unexpired CPM Certification in the file.
CPM Certifications are based solely on the data that the lender enters into CPM. The lender is responsible for reviewing the applicable project documentation to obtain the information needed to complete the project review and enter the data into CPM. The lender is also responsible for ensuring that all data entered into CPM is correct and that the project meets all applicable Fannie Mae eligibility requirements.
CPM is available on Fannie Mae's website.

CPM Status Designations
The table below describes the status designations that are available in CPM for each project.
<table>
<tr><th>Status Designation</th><th>Definition</th></tr>
<tr><td>Certified by Lender</td><td>Loans in the project are eligible for delivery by the certifying lender prior to the expiration date.</td></tr>
<tr><td>Approved by Fannie Mae</td><td>Project has been approved by Fannie Mae, and loans may be delivered with a valid and unexpired approval by any lender. This status may include projects approved through the PERS or other Fannie Mae approval processes.</td></tr>
<tr><td>Conditional Approval</td><td>Project has been approved by Fannie Mae through the PERS process subject to certain conditions being met. Loans in this project cannot be delivered until an Approved by Fannie Mae status has been issued.</td></tr>
</table>

</td><td>
Agency / Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)

Non-AUS
Note: Below is an EXCERPT only of the requirements from the above referenced section.

Overview
The Full Review process is a method for the review of new and established condo projects. Lenders performing a Full Review must ensure that the project meets all applicable eligibility requirements.
Unit and Project Types Eligible for Full Review
A Full Review may be performed when the unit securing the loan is an attached unit located in one of the following project types:
an established condo project, or
a new or newly converted condo project.
Note: These projects may also be reviewed by Fannie Mae through the PERS process.
Condo Project Manager (CPM)

Lenders must use CPM to assist in their Full Review of a condo project. CPM is a Web-based tool designed to facilitate the lender's review of the project to determine if it meets Fannie Mae's project eligibility requirements. The lender must document the loan file with the CPM decision by including the unexpired CPM Certification in the file.
CPM certifications are based solely on the data that the lender enters into CPM. The lender is responsible for reviewing the applicable project documentation to obtain the information needed to complete the project review and enter the data into CPM. The lender is also responsible for ensuring that all data entered into CPM is correct and that the project meets all applicable Fannie Mae eligibility requirements.
CPM is available on Fannie Mae's website.

CPM Status Designations
The table below describes the status designations that are available in CPM for each project.
<table>
<tr><th>Status Designation</th><th>Definition</th></tr>
<tr><td>Certified by Lender</td><td>Loans in the project are eligible for delivery by the certifying lender prior to the expiration date.</td></tr>
<tr><td>Approved by Fannie Mae</td><td>Project has been approved by Fannie Mae, and loans may be delivered with a valid and unexpired approval by any lender. This status may include projects approved through the PERS or other Fannie Mae approval processes.</td></tr>
<tr><td>Conditional Approval</td><td>Project has been approved by Fannie Mae through the PERS process subject to certain conditions being met. Loans in this project cannot be delivered until an Approved by Fannie Mae status has been issued.</td></tr>
</table>

</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Impacted Document</th><th>Impacted Products</th><th>Current Standards</th><th>Revised Standards
(See COR23-065 for the Applicable Effective Dates of These Revisions)</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>No Fannie Mae Review</td><td>Lender can certify the project or subject legal phase based on requirements outlined in this document.</td></tr>
<tr><td>Unavailable</td><td>Project has been determined by Fannie Mae to be ineligible.</td></tr>
<tr><td>Guide Ineligible</td><td>Based on information entered in CPM by the lender, loans in this project are not eligible for delivery.</td></tr>
<tr><td>Incomplete Certification</td><td>Project has been entered into CPM, but the lender’s certification process has not been completed. The required information must be entered into CPM for the lender to determine the project’s eligibility.</td></tr>
</table>

• CPM Delivery Restrictions Notifications
  ◦ Project transaction eligibility or other loan-level restrictions will display in CPM. When CPM displays a delivery restriction for a specific project, lenders may only deliver loans that comply with the stated restrictions.
  ◦ For example, loans in some projects may be limited to certain occupancy types (such as primary residences only) or there may be limits on the LTV ratios.

• Additional Obligations of the Lender for Projects Approved by Fannie Mae
  ◦ If the Correspondent Lender with delegated projects underwriting authority or the Truist Condominium Department becomes aware of any information that could impact the eligibility status reflected in CPM (such as, significant deferred maintenance, major litigation, etc.), they must notify Fannie Mae’s CPM Management team with the relevant data and information. Fannie Mae will evaluate the new information and its impact on eligibility. Before closing a loan secured by a unit in such a project, the lender must confirm that the project retains its approved status. Notification must occur as soon as practicable but no later than five business days after becoming aware of such information.
  ◦ Fannie Mae reserves the right to change a project eligibility status designation if information acquired after approval or certification has an impact on a previously issued eligibility determination.

Note: Lenders are responsible for verifying and documenting that the project meets the applicable insurance requirements. Fannie Mae does not review insurance policies as part of the review process.

Reference: See the “Property and Flood Insurance” topic outlined in Section 2.01 Agency Loan Standard of the Correspondent Seller Guide for the applicable insurance requirements.

• Full Review Eligibility Requirements
  ◦ When determining the eligibility of a condo project on the basis of a Full Review, lenders must ensure the condo project meets the eligibility requirements described in the following table.

<table>
<tr><th>✓</th><th>Full Review Eligibility Requirements</th></tr>
<tr><td></td><td>The project meets the requirements applicable to all properties in a condo project described in the “Requirements Applicable to All Properties in a Condo Project” subsection previously presented.</td></tr>
<tr><td></td><td>The project must not be an ineligible project. See the “Ineligible Projects” section above for additional information.</td></tr>
<tr><td></td><td>The project must not be a manufactured housing project.</td></tr>
</table>
</td><td>
<table>
<tr><td>No Fannie Mae Review</td><td>Lender can certify the project or subject legal phase based on requirements outlined in this document.</td></tr>
<tr><td>Unavailable</td><td>Project has been determined by Fannie Mae to be ineligible. Loans for units in this project are not eligible for delivery.</td></tr>
<tr><td>Guide Ineligible</td><td>Based on information entered in CPM by the lender, loans in this project are not eligible for delivery.</td></tr>
<tr><td>Incomplete Certification</td><td>Project has been entered into CPM, but the lender’s certification process has not been completed. The required information must be entered into CPM for the lender to determine the project’s eligibility.</td></tr>
</table>

• CPM Delivery Restrictions Notifications
  ◦ Project transaction eligibility or other loan-level restrictions will display in CPM. When CPM displays a delivery restriction for a specific project, lenders may only deliver loans that comply with the stated restrictions.
  ◦ For example, loans in some projects may be limited to certain occupancy types (such as primary residences only) or there may be limits on the LTV ratios.

• Additional Obligations of the Lender for Projects Approved by Fannie Mae
  ◦ If the Correspondent Lender with delegated projects underwriting authority or the Truist Condominium Department becomes aware of any information that could impact the eligibility status reflected in CPM (such as, significant deferred maintenance, major litigation, etc.), they must notify Fannie Mae’s CPM Management team with the relevant data and information. Fannie Mae will evaluate the new information and its impact on eligibility. Before closing a loan secured by a unit in such a project, the lender must confirm that the project retains its approved status. Notification must occur as soon as practicable but no later than five business days after becoming aware of such information.
  ◦ Fannie Mae reserves the right to change a project eligibility status designation if information acquired after approval or certification has an impact on a previously issued eligibility determination.

Note: Lenders are responsible for verifying and documenting that the project meets the applicable insurance requirements. Fannie Mae does not review insurance policies as part of the review process.

Reference: See the “Property and Flood Insurance” topic outlined in Section 2.01 Agency Loan Standard of the Correspondent Seller Guide for the applicable insurance requirements.

• Full Review Eligibility Requirements
  ◦ When determining the eligibility of a condo project on the basis of a Full Review, lenders must ensure the condo project meets the eligibility requirements described in the following table.

<table>
<tr><th>✓</th><th>Full Review Eligibility Requirements</th></tr>
<tr><td></td><td>The project meets the requirements applicable to all properties in a condo project described in the “Requirements Applicable to All Properties in a Condo Project” subtopic previously presented.</td></tr>
<tr><td></td><td>The project must not be an ineligible project, as described in the Agency “Ineligible Projects” subtopic previously presented in this document.</td></tr>
<tr><td></td><td>The project must not be a manufactured housing project.</td></tr>
</table>
</td></tr>
</table>

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)
			No more than 15% of the total units in a project may be 60 days or more past due on common expense assessments (also known as HOA fees). For example, a 100–unit project may not have more than 15 units that are 60 days or more past due. This ratio is calculated by dividing the number of units with common expense assessments that are past due by 60 or more days by the total number of units in the project.	No more than 15% of the total units in a project are 60 days or more past due on common expense assessments (also known as HOA fees). For example, a 100–unit project may not have more than 15 units that are 60 days or more past due. This ratio is calculated by dividing the number of units with common expense assessments that are past due by 60 or more days by the total number of units in the project.
				No more than 15% of the total units in a project are 60 days or more past due in the payment of each special assessment.
			Lenders must review the HOA projected budget to determine that it: • is adequate (that is, it includes allocations for line items pertinent to the type of condo project), and • provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is at least 10% of the budget. To determine whether the association has a minimum annual budgeted replacement reserve allocation of 10%, the lender must divide the annual budgeted replacement reserve allocation by the association's annual budgeted assessment income (which includes regular common expense fees). The following types of income may be excluded from the reserve calculation: • incidental income on which the project does not rely for ongoing operations, maintenance, or capital improvements; • income collected for utilities that would typically be paid by individual unit owners, such as cable TV or Internet access; • income allocated to reserve accounts; and • special assessment income. The lender may use a reserve study in lieu of calculating the replacement reserve of 10% provided the following conditions are met: • the lender obtains a copy of an acceptable reserve study and retains the study and the lender's analysis of the study in the project approval file, • the study demonstrates that the project has adequate funded reserves that provide financial protection for the project equivalent to Fannie Mae's standard reserve requirements, • the study demonstrates that the project's funded reserves meet or exceed the recommendations included in the reserve study, and • the study meets Fannie Mae's requirements for replacement reserve studies listed at the end of this section.	Lenders must review the HOA projected budget to determine that it: • is adequate (that is, it includes allocations for line items pertinent to the type of condo project), and • provides for the funding of replacement reserves for capital expenditures and deferred maintenance that is at least 10% of the budget. To determine whether the association has a minimum annual budgeted replacement reserve allocation of 10%, the lender must divide the annual budgeted replacement reserve allocation by the association's annual budgeted assessment income (which includes regular common expense fees). The following types of income may be excluded from the reserve calculation: • incidental income on which the project does not rely for ongoing operations, maintenance, or capital improvements; • income collected for utilities that would typically be paid by individual unit owners, such as cable TV or Internet access; • income allocated to reserve accounts; and • special assessment income. The lender may use a reserve study in lieu of calculating the replacement reserve of 10% provided the following conditions are met: • the lender obtains a copy of an acceptable reserve study and retains the study and the lender's analysis of the study in the project approval file, • the study demonstrates that the project has adequate funded reserves that provide financial protection for the project equivalent to Fannie Mae's standard reserve requirements, • the study demonstrates that the project's funded reserves meet or exceed the recommendations included in the reserve study, and • the study meets Fannie Mae's requirements for replacement reserve studies listed at the end of this section.
			For projects in which the units are not separately metered for utilities, the lender must: • determine that having multiple units on a single meter is common and customary in the local market where the project is located, and • confirm that the project budget includes adequate funding for utility payments.	For projects in which the units are not separately metered for utilities, the lender must: • determine that having multiple units on a single meter is common and customary in the local market where the project is located, and

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)
			The project must be located on contiguous parcels of land. It is acceptable for a project to be divided by public or private streets. The structures within the project must be within a reasonable distance from each other. Common elements and facilities, such as recreational facilities and parking, must be consistent with the nature of the project and competitive in the marketplace. Unit owners in the project must have the sole ownership interest in, and rights to the use of the project's facilities, common elements, and limited common elements, except as noted below. Shared amenities are permitted only when two or more HOAs share amenities for the exclusive use of the unit owners. The associations must have an agreement in place governing the arrangement for shared amenities that includes the following: • a description of the shared amenities subject to the arrangement; • a description of the terms under which unit owners in the project may use the shared amenities; • provisions for the funding, management, and upkeep of the shared amenities; and • provisions to resolve conflicts between the associations over the amenities. Examples of shared amenities include, but are not limited to, clubhouses, recreational or fitness facilities, and swimming pools. The developer may not retain any ownership interest in any of the facilities related to the project. The amenities and facilities—including parking and recreational facilities—may not be subject to a lease between the unit owners or the HOA and another party. Parking amenities provided under commercial leases or parking permit arrangements with parties unrelated to the developer are acceptable. Fannie Mae permits the financing of a single or multiple parking space(s) with the mortgage provided that the parking space(s) and subject unit are included on one deed as evidenced on the legal description in the mortgage. In such cases, the LTV, TLTV, and HTLTV ratios are based on the combined value of the residential unit and the parking space(s). Phase I and II environmental hazard assessments are not required for condo projects unless the lender identifies an environmental problem through the performance of its project underwriting or due diligence. In the event that environmental problems are identified, the problems must be acceptable, as described in Fannie Mae's Exhibit E-2-02, Suggested Format for Phase I Environmental Hazard Assessments. If the project was a gut rehabilitation project, all rehabilitation work involved in a condo conversion must have been completed in a professional manner.	• confirm that the project budget includes adequate funding for utility payments. The project must be located on contiguous parcels of land. It is acceptable for a project to be divided by public or private streets. The structures within the project must be within a reasonable distance from each other. Common elements and facilities, such as recreational facilities and parking, must be consistent with the nature of the project and competitive in the marketplace. Unit owners in the project must have the sole ownership interest in, and rights to the use of the project's facilities, common elements, and limited common elements, except as noted below. Shared amenities are permitted only when two or more HOAs share amenities for the exclusive use of the unit owners. The associations must have an agreement in place governing the arrangement for shared amenities that includes the following: • a description of the shared amenities subject to the arrangement; • a description of the terms under which unit owners in the project may use the shared amenities; • provisions for the funding, management, and upkeep of the shared amenities; and • provisions to resolve conflicts between the associations over the amenities. Examples of shared amenities include, but are not limited to, clubhouses, recreational or fitness facilities, and swimming pools. The developer may not retain any ownership interest in any of the facilities related to the project. The amenities and facilities—including parking and recreational facilities—may not be subject to a lease between the unit owners or the HOA and another party. Parking amenities provided under commercial leases or parking permit arrangements with parties unrelated to the developer are acceptable. Fannie Mae permits the financing of a single or multiple parking space(s) with the mortgage provided that the parking space(s) and subject unit are included on one deed as evidenced on the legal description in the mortgage. In such cases, the LTV, TLTV, and HTLTV ratios are based on the combined value of the residential unit and the parking space(s). Phase I and II environmental hazard assessments are not required for condo projects unless the lender identifies an environmental problem through the performance of its project underwriting or due diligence. In the event that environmental problems are identified, the problems must be acceptable, as described in Fannie Mae's Exhibit E-2-02, Suggested Format for Phase I Environmental Hazard Assessments. If the project was a gut rehabilitation project, all rehabilitation work involved in a condo conversion must have been completed in a professional manner.

Agency Standards Revisions

***Note**: Truist specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)

			"Gut rehabilitation" refers to the renovation of a property down to the shell of the structure, including the replacement of all HVAC and electrical components (unless the HVAC and electrical components are up to current code).
			
			For a conversion that was legally created during the past three years, the architect's or engineer's report (or functional equivalent), that was originally obtained for the conversion must comment favorably on the structural integrity of the project and the condition and remaining useful life of the major project components, such as the heating and cooling systems, plumbing, electrical systems, elevators, boilers, roof, etc.
			
			Note: If the project is a newly converted non-gut rehabilitation project with more than four residential units, lenders must submit the project to Fannie Mae for review and approval. See "Project Eligibility Review Service (PERS)" for additional information.
			
			All other currently published requirements in this section remain the same.
			
			Fannie Mae DU
			Follow DU requirements, which are the same as non-AUS requirements, except as follows:
			• **CPM Delivery Restrictions Notifications**
			  • Project transaction eligibility or other loan-level restrictions will display in CPM. When CPM displays a delivery restriction for a specific project, lenders may only deliver loans that comply with the stated restrictions.
			  • For example, loans in some projects may be limited to certain occupancy types (such as primary residences only, or primary residences and second homes) or there may be limits on the LTV ratios.
			
			• **Full Review Eligibility Requirements**
			  • When determining the eligibility of a condo project on the basis of a Full Review, the following **additional** eligibility requirement applies:
			    • For investment property transactions in established projects, at least 50% of the total units in the project must be conveyed to primary residence or second home purchasers. This requirement does not apply if the subject mortgage is for a primary residence or second home.
			
			Financial institution-owned REO units that are for sale (not rented) are considered owner-occupied when calculating the 50% owner-occupancy ratio requirement.
			
			--- 	
			Agency / New Condominium Projects
			
			Non-AUS
			See the following Fannie Mae project review methods previously presented for new condominium project requirements:
			• Limited Review Process (Fannie Mae)
			• Full Review Process (Fannie Mae)
				"Gut rehabilitation" refers to the renovation of a property down to the shell of the structure, including the replacement of all HVAC and electrical components (unless the HVAC and electrical components are up to current code).
				
				For a conversion that was legally created during the past three years, the architect's or engineer's report (or functional equivalent), that was originally obtained for the conversion must comment favorably on the structural integrity of the project and the condition and remaining useful life of the major project components, such as the heating and cooling systems, plumbing, electrical systems, elevators, boilers, roof, etc.
				
				Note: If the project is a newly converted non-gut rehabilitation project with more than four residential units, lenders must submit the project to Fannie Mae for review and approval. See "Project Eligibility Review Service (PERS)" for additional information.
				
				All other currently published requirements in this section remain the same.
				
				Fannie Mae DU
				Follow DU requirements, which are the same as non-AUS requirements, except as follows:
				• **CPM Delivery Restrictions Notifications**
				  • Project transaction eligibility or other loan-level restrictions will display in CPM. When CPM displays a delivery restriction for a specific project, lenders may only deliver loans that comply with the stated restrictions.
				  • For example, loans in some projects may be limited to certain occupancy types (such as primary residences only, or primary residences and second homes) or there may be limits on the LTV ratios.
				
				• **Full Review Eligibility Requirements**
				  • When determining the eligibility of a condo project on the basis of a Full Review, the following **additional** eligibility requirement applies:
				    • For investment property transactions in established projects, at least 50% of the total units in the project must be conveyed to primary residence or second home purchasers. This requirement does not apply if the subject mortgage is for a primary residence or second home.
				
				Financial institution-owned REO units that are for sale (not rented) are considered owner-occupied when calculating the 50% owner-occupancy ratio requirement.
				
				--- 	
				Agency / New Condominium Projects
				
				Non-AUS
				See the following Fannie Mae project review methods previously presented for new condominium project requirements:
				• Waiver of Project Review (Fannie Mae)
				• Full Review Process (Fannie Mae)

Agency Standards Revisions

***Note**: Truist specific overlays are underlined.*

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See COR23-065 for the Applicable Effective Dates of These Revisions)
			Fannie Mae DU Follow DU requirements, which are the same as non-AUS standards.	**Fannie Mae DU** Follow DU requirements, which are the same as non-AUS standards.

			Agency / Projects with Special Considerations and Project Eligibility Waivers (Fannie Mae ONLY)
			
			• **Projects with Special Considerations**
			  ◦ Lenders may identify projects that merit special consideration even though the project characteristics do not meet all of the Fannie Mae eligibility requirements. In these instances, the Condominium Department or the lender can contact the Fannie Mae Project Standards team to discuss the possibility of accepting such projects. Exceptions to Fannie Mae eligibility and underwriting requirements are considered on a project-by-project basis.
			
			• **Project Eligibility Waivers**
			  ◦ If the Condominium Department or the lender believes that a specific eligibility requirement should be waived for a particular project with respect to a single loan, then the Condominium Department or the lender must:
			    ▪ first enter the project into CPM before requesting a waiver through the Credit Variance Administration System (CVAS), and
			    ▪ request a waiver from Fannie Mae through CVAS.
			  ◦ Fannie Mae's Project Standards team will determine if a single loan project eligibility waiver is warranted. Fannie Mae charges a nonrefundable $200 review fee for each waiver request. A higher review fee may be charged based on the complexity of the waiver review.
			
			Note: Project eligibility waivers are typically issued only for established projects, though Fannie Mae at its sole discretion reserves the right to allow this type of waiver for a unit in a new project on a case-by-case basis. New or newly converted projects must be reviewed for eligibility through an eligible lender review process or by Fannie Mae through the PERS submission process. Lenders must not request a project eligibility waiver for a unit in a new project to circumvent the required review for new projects.
				Agency / Projects with Special Considerations and Project Eligibility Waivers (Fannie Mae ONLY)
				
				• **Projects with Special Considerations**
				  ◦ Lenders may identify projects that merit special consideration even though the project characteristics do not meet all of the Fannie Mae eligibility requirements. In these instances, the Condominium Department or the lender can contact the Fannie Mae Project Standards team to discuss the possibility of accepting such projects. Exceptions to Fannie Mae eligibility and underwriting requirements are considered on a project-by-project basis.
				
				• **Project Eligibility Waivers**
				  ◦ If the Truist Condominium Department or the Correspondent Lender with delegated projects underwriting authority believes that a specific eligibility requirement should be waived for a particular project with respect to a single loan, then the Truist Condominium Department or the Correspondent Lender must:
				    ▪ first enter the project into CPM before requesting a waiver through the Credit Variance Administration System (CVAS), and
				    ▪ request a waiver from Fannie Mae through CVAS.
				  ◦ Fannie Mae's Project Standards team will determine if a single loan project eligibility waiver is warranted. Fannie Mae charges a nonrefundable $200 review fee for each waiver request. A higher review fee may be charged based on the complexity of the waiver review.
				
				Notes:
				• Project eligibility waivers are typically issued only for established projects, though Fannie Mae at its sole discretion reserves the right to allow this type of waiver for a unit in a new project on a case-by-case basis. New or newly converted projects must be reviewed for eligibility through an eligible lender review process or by Fannie Mae through the PERS submission process. Lenders must not request a project eligibility waiver for a unit in a new project to circumvent the required review for new projects.
				• Truist clarifies that Fannie Mae will not evaluate project eligibility waivers for project insurance policy deficiencies.