

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)
Projects in Need of Critical Repairs	Correspondent Section 1.06 Condo/PUD Approval Requirements Standard	<ul style="list-style-type: none"> Standard Agency (LPA) Agency Plus (LPA) Agency Plus Select (LPA) Home Possible® Mortgage (LPA) Texas Section 50 (a)(6) Mortgages (LPA) 	<p>Agency / Temporary Requirements for Agency Condominium Loans</p> <p>Freddie Mac LPA In response to concerns about aging infrastructure and projects in need of critical repairs, Freddie Mac is issuing temporary requirements regarding projects in need of critical repairs and projects with special assessments. They are designed to protect borrowers from physically unsafe or financially unstable projects, and to prudently manage project related risk for Freddie Mac, lenders, and investors.</p> <p>Specifically, these requirements address the following, and more:</p> <ul style="list-style-type: none"> Projects in need of critical repairs Special assessments Reserve requirement and additional reminders <p>See Freddie Mac Bulletin 2021-38 for specific details on the temporary requirements.</p>	<p><i>Note: This "Temporary Requirements for Agency Condominium Loans" subtopic is being removed in its entirety.</i></p> <p>Agency / Temporary Requirements for Agency Condominium Loans</p> <p>Freddie Mac LPA In response to concerns about aging infrastructure and projects in need of critical repairs, Freddie Mac is issuing temporary requirements regarding projects in need of critical repairs and projects with special assessments. They are designed to protect borrowers from physically unsafe or financially unstable projects, and to prudently manage project related risk for Freddie Mac, lenders, and investors.</p> <p>Specifically, these requirements address the following, and more:</p> <ul style="list-style-type: none"> Projects in need of critical repairs Special assessments Reserve requirement and additional reminders <p>See Freddie Mac Bulletin 2021-38 for specific details on the temporary requirements.</p>
			<p>Agency / Project Risk Overview</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Lender's Assessment of Project Risks <ul style="list-style-type: none"> Freddie Mac requires a condominium project review to address certain project risks including, but not limited to, the marketability and condition of the project, the marketability of the units within the project, the financial stability and viability of the project, project-level litigation, restrictions on unit owners' rights to occupy the unit, ownership and use of the common elements and amenities and the adequacy of insurance coverage to protect the project from damage and loss. <p>Notes:</p> <ul style="list-style-type: none"> Amenities are natural features or constructed improvements that enhance property or project attractiveness and owner enjoyment but are not essential to the property's or project's use by the owners. Common elements are all portions of a project other than the units or individual lots within: (1) a condominium project which are owned as tenants in common by the unit owners, and (2) a planned unit development which are owned by the homeowners association. Common elements are typically used by unit owners who share in the cost of maintenance and operation. Common elements are defined in the Project Documents, and may include but are not limited to parking, walkways, lighting, elevators, boilers, hallways, foyers, and legal ingress and egress to individual units. The term includes common areas and Limited Common Elements. Freddie Mac expects the lender to have staff that is experienced and knowledgeable about condominium project risks and to place as much emphasis on the adequacy of the property as collateral as it does on underwriting the borrower's creditworthiness. The quality of a mortgage secured by a unit in a condominium project can be impacted by the financial stability and viability of the particular project, among other project characteristics. The conclusion that a mortgage is acceptable to Freddie Mac must be based on the determination that the borrower is creditworthy and the mortgaged premises is adequate collateral for the mortgage transaction. If a lender determines that an established condominium project does not meet certain Freddie Mac 	<p>Agency / Project Risk Overview</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> Lender's Assessment of Project Risks <ul style="list-style-type: none"> Freddie Mac requires a condominium project review to address certain project risks including, but not limited to, the marketability and condition of the project, the marketability of the units within the project, the financial stability and viability of the project, project-level litigation, restrictions on unit owners' rights to occupy the unit, ownership and use of the common elements and amenities and the adequacy of insurance coverage to protect the project from damage and loss. <p>Notes:</p> <ul style="list-style-type: none"> Amenities are natural features or constructed improvements that enhance property or project attractiveness and owner enjoyment but are not essential to the property's or project's use by the owners. Common elements are all portions of a project other than the units or individual lots within: (1) a condominium project which are owned as tenants in common by the unit owners, and (2) a planned unit development which are owned by the homeowners association. Common elements are typically used by unit owners who share in the cost of maintenance and operation. Common elements are defined in the Project Documents, and may include but are not limited to parking, walkways, lighting, elevators, boilers, hallways, foyers, and legal ingress and egress to individual units. The term includes common areas and Limited Common Elements. Freddie Mac expects the lender to have staff that is experienced and knowledgeable about condominium project risks and to place as much emphasis on the adequacy of the property as collateral as it does on underwriting the borrower's creditworthiness. The quality of a mortgage secured by a unit in a condominium project can be impacted by the financial stability and viability of the particular project, among other project characteristics. The conclusion that a mortgage is acceptable to Freddie Mac must be based on the determination that the borrower is creditworthy and the mortgaged premises is adequate collateral for the mortgage transaction. If a lender determines that an established condominium project does not meet certain Freddie Mac

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			<p>project eligibility requirements and concludes that the mortgaged premises is still adequate collateral for the mortgage transaction, then the lender may request that Freddie Mac consider a waiver. See “Freddie Mac Condo Project Advisor®” (outlined below) for additional information.</p> <ul style="list-style-type: none"> • Condo Project Advisor - Project Waiver Request <ul style="list-style-type: none"> • Freddie Mac Condo Project Advisor®, accessible through Freddie Mac Loan Advisor®, allows authorized lenders to submit a request for single loan exceptions (referred to as a Project Waiver Request (PWR)) for established condominium projects that do not meet certain condominium project eligibility requirements. Approved PWRs are issued a Condo Project Advisor Feedback Certificate. <p>Note: The Condo Project Advisor Feedback Certificate is the printed or printable document returned by Condo Project Advisor that details the approval of a Project Waiver Request submission.</p> <ul style="list-style-type: none"> • General Eligibility <ul style="list-style-type: none"> • Established Condominium Project <ul style="list-style-type: none"> • To be eligible for a PWR, the condominium unit mortgage must be secured by a condominium unit in an Established Condominium Project. However, a condominium project that meets all other requirements for an Established Condominium Project, other than the 75% percentage conveyance to unit purchasers, may still be considered as an Established Condominium Project on a case-by-case basis if: <ul style="list-style-type: none"> • The developer retained more than 25% of the units for rental purposes; and • The developer has owned these units for a minimum of 10 years • Project Eligibility Categories <ul style="list-style-type: none"> • The condominium project must comply with the project eligibility requirements for Established Condominium Projects, subsequently detailed in the “Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)” subtopic, and all other applicable requirements outlined in this document, except for the following condominium project eligibility categories: <ul style="list-style-type: none"> • Delinquent assessments • Excessive commercial space • Pending litigation (includes ADR proceedings) <p>Note: An ADR (Alternative Dispute Resolution) process includes any process or procedure other than adjudication by a presiding judge in which a neutral third party participates to assist in the resolution of issues in controversy through processes such as early neutral evaluation, mediation, minitrial and arbitration.</p> <ul style="list-style-type: none"> • Owner occupancy (referred to as “Project Unit Occupancy” in Condo Project Advisor) • Reserves for capital expenditures and deferred maintenance • Excessive single investor concentration (referred to as “Single Entity Ownership” in Condo Project Advisor) • Project in which unit owners do not possess sole ownership of the common elements (referred to as “Leased Amenities” in Condo Project Advisor) <ul style="list-style-type: none"> • Submission Timing <ul style="list-style-type: none"> • The PWR may be submitted at any time during the loan origination process, but must be submitted prior to delivery of the related condominium unit mortgage to Truist. 	<p>project eligibility requirements and concludes that the mortgaged premises is still adequate collateral for the mortgage transaction, then the lender may request that Freddie Mac consider a waiver. See “Freddie Mac Condo Project Advisor®” (outlined below) for additional information.</p> <ul style="list-style-type: none"> • Project Repair Type <ul style="list-style-type: none"> • The lender should be familiar with the following definitions regarding project repairs: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #1a2b4d; color: white;"> <th style="width: 30%;">Repair Type</th> <th style="width: 70%;">Definition</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> Critical Repairs (includes material deficiencies and significant deferred maintenance) </td> <td style="vertical-align: top;"> Repairs and replacements that significantly impact the safety, soundness, structural integrity or habitability of the project's building(s) and/or that impact unit values, financial viability or marketability of the project. These include: <ul style="list-style-type: none"> • 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) that have not been repaired • Advanced physical deterioration • Any project that failed to pass state, county, or other jurisdictional mandatory inspections and/or certifications specific to structural soundness, safety, 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) <p style="margin-top: 10px;">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.</p> </td> </tr> <tr> <td style="vertical-align: top;"> Routine Repairs </td> <td style="vertical-align: top;"> These repairs are not considered to be critical and include work that is: <ul style="list-style-type: none"> • Preventative in nature or part of normal capital replacements </td> </tr> </tbody> </table>	Repair Type	Definition	Critical Repairs (includes material deficiencies and significant deferred maintenance)	Repairs and replacements that significantly impact the safety, soundness, structural integrity or habitability of the project's building(s) and/or that impact unit values, financial viability or marketability of the project. 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			<ul style="list-style-type: none"> • Mortgage Identification <ul style="list-style-type: none"> • An approved PWR is applicable to only the mortgage identified on the Condo Project Advisor Feedback Certificate and is not applicable to any other mortgage secured by a condominium unit located in the same condominium project. • Documentation Requirements for Mortgages with Approved PWRs <ul style="list-style-type: none"> • The Condo Project Advisor feedback certificate must be maintained in the applicable mortgage file. • Representations and Warranties <ul style="list-style-type: none"> • In connection with a mortgage with an approved PWR, Freddie Mac will accept the Condo Project Advisor Feedback Certificate, and will not exercise its remedies, including the issuance of repurchase requests, in connection with a breach of the lender’s selling representations and warranties related to the condominium project review and eligibility requirements identified on the Condo Project Advisor Feedback Certificate. The lender remains responsible for compliance with all other requirements of their Purchase Documents. • Special Feature Code (SFC) Requirement <ul style="list-style-type: none"> • Use SFC PWR to identify a condominium unit mortgage with an approved PWR obtained through the use of Freddie Mac’s Condo Project Advisor®. • Delivery Requirements <ul style="list-style-type: none"> • Condominium unit mortgages with approved PWRs, must be delivered to Freddie Mac within 120 days after the note date. If the condominium unit mortgage is not delivered within 120 days after the note date, the authorized lender must submit a new PWR and obtain a new Condo Project Advisor Feedback Certificate prior to delivery. • Condo Project Advisor – Project Assessment Request (PAR) <ul style="list-style-type: none"> • A condominium unit in a condominium project with Condo Project Advisor PAR findings is <u>not eligible</u>, regardless of status. 	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>(e.g., focused on keeping the project fully functioning and serviceable); and</p> <ul style="list-style-type: none"> • Accomplished within the project’s normal operating budget or through special assessments that are within requirements </div> <p>Reference: See Agency “Ineligible Projects” subsequently presented in this document for additional information related to projects in need of critical repairs.</p> <ul style="list-style-type: none"> • Condo Project Advisor - Project Waiver Request <ul style="list-style-type: none"> • Freddie Mac Condo Project Advisor®, accessible through Freddie Mac Loan Advisor®, allows authorized lenders to submit a request for single loan exceptions (referred to as a Project Waiver Request (PWR)) for established condominium projects that do not meet certain condominium project eligibility requirements. Approved PWRs are issued a Condo Project Advisor Feedback Certificate. <p>Note: The Condo Project Advisor Feedback Certificate is the printed or printable document returned by Condo Project Advisor that details the approval of a Project Waiver Request submission.</p> • General Eligibility <ul style="list-style-type: none"> • Established Condominium Project <ul style="list-style-type: none"> • To be eligible for a PWR, the condominium unit mortgage must be secured by a condominium unit in an Established Condominium Project. However, a condominium project that meets all other requirements for an Established Condominium Project, other than the 75% percentage conveyance to unit purchasers, may still be considered as an Established Condominium Project on a case-by-case basis if: <ul style="list-style-type: none"> • The developer retained more than 25% of the units for rental purposes; and • The developer has owned these units for a minimum of 10 years • Project Eligibility Categories <ul style="list-style-type: none"> • The condominium project must comply with the project eligibility requirements for Established Condominium Projects, subsequently detailed in the “Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)” subtopic, and all other applicable requirements outlined in this document, except for the following condominium project eligibility categories: <ul style="list-style-type: none"> • Delinquent assessments • Excessive commercial space • Pending litigation (includes ADR proceedings) <p>Note: An ADR (Alternative Dispute Resolution) process includes any process or procedure other than adjudication by a presiding judge in which a neutral third party participates to assist in the resolution of issues in controversy through processes such as early neutral evaluation, mediation, minitrial and arbitration.</p> • Owner occupancy (referred to as “Project Unit Occupancy” in Condo Project Advisor) • Reserves for capital expenditures and deferred maintenance

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Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR23-065</u> for the Applicable Effective Dates of These Revisions)
			<p>Agency / Project Review Methods/Types</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The lender must determine compliance with Freddie Mac's project review and eligibility requirements in this section. <ul style="list-style-type: none"> • Condominium Project Review Requirements 	<ul style="list-style-type: none"> • Excessive single investor concentration (referred to as "Single Entity Ownership" in Condo Project Advisor) • Project in which unit owners do not possess sole ownership of the common elements (referred to as "Leased Amenities" in Condo Project Advisor) • Submission Timing <ul style="list-style-type: none"> • The PWR may be submitted at any time during the loan origination process, but must be submitted prior to delivery of the related condominium unit mortgage to Truist. • Mortgage Identification <ul style="list-style-type: none"> • An approved PWR is applicable to only the mortgage identified on the Condo Project Advisor Feedback Certificate and is not applicable to any other mortgage secured by a condominium unit located in the same condominium project. • Documentation Requirements for Mortgages with Approved PWRs <ul style="list-style-type: none"> • The Condo Project Advisor feedback certificate must be maintained in the applicable mortgage file. • Representations and Warranties <ul style="list-style-type: none"> • In connection with a mortgage with an approved PWR, Freddie Mac will accept the Condo Project Advisor Feedback Certificate, and will not exercise its remedies, including the issuance of repurchase requests, in connection with a breach of the lender's selling representations and warranties related to the condominium project review and eligibility requirements identified on the Condo Project Advisor Feedback Certificate. The lender remains responsible for compliance with all other requirements of their Purchase Documents. • Special Feature Code (SFC) Requirement <ul style="list-style-type: none"> • Use SFC PWR to identify a condominium unit mortgage with an approved PWR obtained through the use of Freddie Mac's Condo Project Advisor®. • Delivery Requirements <ul style="list-style-type: none"> • Condominium unit mortgages with approved PWRs, must be delivered to Freddie Mac within 120 days after the note date. If the condominium unit mortgage is not delivered within 120 days after the note date, the authorized lender must submit a new PWR and obtain a new Condo Project Advisor Feedback Certificate prior to delivery. • Condo Project Advisor – Project Assessment Request (PAR) <ul style="list-style-type: none"> • A condominium unit in a condominium project with Condo Project Advisor PAR findings is <u>not eligible</u>, regardless of status. <p>Agency / Project Review Methods/Types</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • The lender must determine compliance with Freddie Mac's project review and eligibility requirements in this section. <ul style="list-style-type: none"> • Condominium Project Review Requirements

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			<ul style="list-style-type: none"> • Except for condominium unit mortgages delivered in accordance with the “Exempt from Review (Freddie Mac)” requirements subsequently presented in this document, the lender must ensure that: <ul style="list-style-type: none"> • The condominium unit mortgage, the condominium unit and the condominium project comply with project eligibility requirements for <i>one</i> of the following project review types: <ul style="list-style-type: none"> • Streamlined Reviews • Established Condominium Projects • New Condominium Projects • Reciprocal Project Reviews <p style="margin-left: 20px;">Truist Note: For additional information on each project review type, see the applicable project review type subtopic subsequently presented in this document.</p> • The project is not an ineligible project. See “Ineligible Projects” subsequently presented in this topic for additional information. <p style="margin-left: 20px;">Note: If the condominium unit mortgage complies with the requirements for “Reciprocal Project Reviews” subsequently presented in this document, then compliance with “Ineligible Projects” is not required.</p> • The lender reviews and determines that a condominium project complies with Freddie Mac’s “Expiration for Project Reviews” requirements subsequently presented in this document. • The condominium project remains in full compliance with the applicable state law, the requirements of the jurisdiction in which the condominium project is located, and with all other applicable laws and regulations governing the condominium project. <ul style="list-style-type: none"> • General Condominium Project Eligibility Requirements <ul style="list-style-type: none"> • The lender must also review and determine compliance with the following requirements: <ul style="list-style-type: none"> • The project must have insurance that complies with the applicable requirements (described in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i>). • The condominium unit must be covered by a title insurance policy that complies with all applicable requirements (described in Section 1.16: Title Insurance Standard of the <i>Correspondent Seller Guide</i>). • If a condominium project is on a leasehold estate, the lease must comply with all lease requirements (described in Section 2.01: Agency Loan Standard of the <i>Correspondent Seller Guide</i>). • The lender must deliver a condominium unit mortgage no later than 120 days after the note date. If the condominium unit mortgage is not delivered within 120 days after the note date, the lender must update the review and determination of the condominium project eligibility. • The lender must have policies and procedures in place, and must take appropriate steps to ensure that the condominium unit, the condominium unit mortgage and the condominium project comply with applicable requirements. • The lender must retain all documentation related to the review of the condominium project. Upon request, the lender must provide the project information and documentation to Freddie Mac. <ul style="list-style-type: none"> • Freddie Mac Right to Review 	<ul style="list-style-type: none"> • Except for condominium unit mortgages delivered in accordance with the “Exempt from Review (Freddie Mac)” requirements subsequently presented in this document, the lender must ensure that: <ul style="list-style-type: none"> • The condominium unit mortgage, the condominium unit and the condominium project comply with project eligibility requirements for <i>one</i> of the following project review types: <ul style="list-style-type: none"> • Streamlined Reviews • Established Condominium Projects • New Condominium Projects • Reciprocal Project Reviews <p style="margin-left: 20px;">Truist Note: For additional information on each project review type, see the applicable project review type subtopic subsequently presented in this document.</p> • The project is not an ineligible project. 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If the condominium unit mortgage is not delivered within 120 days after the note date, the lender must update the review and determination of the condominium project eligibility. • The lender must have policies and procedures in place, and must take appropriate steps to ensure that the condominium unit, the condominium unit mortgage and the condominium project comply with applicable requirements. • The lender must retain all documentation related to the review of the condominium project. Upon request, the lender must provide the project information and documentation to Freddie Mac. <ul style="list-style-type: none"> • Freddie Mac Right to Review

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Overview of Condominium Project Review and Eligibility Requirements and Project Review Types Below is a table illustrating an overview of Freddie Mac’s condominium project review and eligibility requirements and project review types: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th rowspan="2"></th> <th colspan="3" style="text-align: center;"><i>Lender Must Determine Compliance With</i></th> </tr> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: center;">Condominium Project Review Requirements <i>(outlined above in this section)</i></th> <th style="text-align: center;">General Condominium Project Eligibility Requirements <i>(outlined above in this section)</i></th> <th style="text-align: center;">Ineligible Projects <i>(Requirements subsequently presented in this document)</i></th> </tr> </thead> <tbody> <tr style="background-color: #2c3e50; color: white;"> <td colspan="4" style="text-align: center;"><i>Freddie Mac Project Review Types</i></td> </tr> <tr> <td>Streamlined Reviews¹</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>Established Condominium Projects</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>New Condominium Projects</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>Reciprocal Project Reviews – Fannie Mae Approved and Certified Projects</td> <td></td> <td style="text-align: center;">X</td> <td></td> </tr> <tr style="background-color: #2c3e50; color: white;"> <td colspan="4" style="text-align: center;"><i>If delivered in accordance with the “Exempt from Review (Freddie Mac)” requirements</i></td> </tr> <tr> <td>2- to -4 Unit Condominium Projects</td> <td></td> <td style="text-align: center;">X</td> <td>See footnote #2 below</td> </tr> <tr> <td>Detached Condominium Units</td> <td></td> <td style="text-align: center;">X</td> <td>See footnote #2 below</td> </tr> <tr> <td>Freddie Mac Owned “No Cash-Out” Refinance Condominium Unit Mortgage</td> <td></td> <td style="text-align: center;">X</td> <td>See footnote #2 below</td> </tr> <tr> <td colspan="4"> ¹ Condominium project must meet the definition of an established condominium project. ² Condominium project must not be a condominium hotel or similar type </td> </tr> </tbody> </table>		<i>Lender Must Determine Compliance With</i>			Condominium Project Review Requirements <i>(outlined above in this section)</i>	General Condominium Project Eligibility Requirements <i>(outlined above in this section)</i>	Ineligible Projects <i>(Requirements subsequently presented in this document)</i>	<i>Freddie Mac Project Review Types</i>				Streamlined Reviews ¹	X	X	X	Established Condominium Projects	X	X	X	New Condominium Projects	X	X	X	Reciprocal Project Reviews – Fannie Mae Approved and Certified Projects		X		<i>If delivered in accordance with the “Exempt from Review (Freddie Mac)” requirements</i>				2- to -4 Unit Condominium Projects		X	See footnote #2 below	Detached Condominium Units		X	See footnote #2 below	Freddie Mac Owned “No Cash-Out” Refinance Condominium Unit Mortgage		X	See footnote #2 below	¹ Condominium project must meet the definition of an established condominium project. ² Condominium project must not be a condominium hotel or similar type				<ul style="list-style-type: none"> Freddie Mac reserves the right to conduct its own review of the condominium project for condominium unit mortgages delivered to Freddie Mac. 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			<p>similar agreements that restrict the unit owner's ability to occupy the unit for living purposes such as blackout dates or occupancy limits on personal use) to assure an inventory of units for rent on a frequent basis, such as daily, weekly, monthly or seasonally</p> <ul style="list-style-type: none"> • Projects with revenue-sharing agreements between unit owners and the HOA, property management, and/or rental operator contracted by the HOA or property management • Projects with one or more of the following characteristics are considered a type of transient housing and are ineligible projects: <ul style="list-style-type: none"> • Projects and/or HOAs that are licensed (or have a designated licensed agent), have a permit to operate, or are registered, as a type of transient housing (e.g., vacation rental license, short term rental registrant, etc.) for the rental of non-HOA owned units • Condominium projects that are conversions of a hotel (or a conversion of a similar type of transient housing) unless the project was a gut rehabilitation and the resulting condominium units no longer have the characteristics of a hotel or similar type of transient housing • The HOA receives revenue from, or pays expenses for, hotel type services including but not limited to: <ul style="list-style-type: none"> • A registration desk (this includes a project's front desk also serving as the vacation rentals registration desk or an onsite rental operator's registration desk) • A rental registration website/hosting platform • Daily cleaning services • Porters/luggage service • Any central telephone service • Central key systems, or • Room service • The HOA charges a fee, paid by either the unit owner or the unit owner's transient renters, when a unit is rented on a transient basis. This includes any surcharge to unit owners who do not elect to rent their units through the HOA's and/or property management's preferred rental operator(s). This does not include any fees charged to reimburse the cost of the wear and tear to the project's facilities and/or amenities from the transient renters or any fees charged for reviewing the terms of the transient rental contract. • The HOA and/or its management agent, as rental operator or licensed agent, collects and remits required taxes to all applicable jurisdictions (city, county and state) such as transient, short term rental, and/or hotel 	<p>similar agreements that restrict the unit owner's ability to occupy the unit for living purposes such as blackout dates or occupancy limits on personal use) to assure an inventory of units for rent on a frequent basis, such as daily, weekly, monthly or seasonally</p> <ul style="list-style-type: none"> • Projects with revenue-sharing agreements between unit owners and the HOA, property management, and/or rental operator contracted by the HOA or property management • Projects with one or more of the following characteristics are considered a type of transient housing and are ineligible projects: <ul style="list-style-type: none"> • Projects and/or HOAs that are licensed (or have a designated licensed agent), have a permit to operate, or are registered, as a type of transient housing (e.g., vacation rental license, short term rental registrant, etc.) for the rental of non-HOA owned units • Condominium projects that are conversions of a hotel (or a conversion of a similar type of transient housing) unless the project was a gut rehabilitation and the resulting condominium units no longer have the characteristics of a hotel or similar type of transient housing • The HOA receives revenue from, or pays expenses for, hotel type services including but not limited to: <ul style="list-style-type: none"> • A registration desk (this includes a project's front desk also serving as the vacation rentals registration desk or an onsite rental operator's registration desk) • A rental registration website/hosting platform • Daily cleaning services • Porters/luggage service • Any central telephone service • Central key systems, or • Room service • The HOA charges a fee, paid by either the unit owner or the unit owner's transient renters, when a unit is rented on a transient basis. This includes any surcharge to unit owners who do not elect to rent their units through the HOA's and/or property management's preferred rental operator(s). This does not include any fees charged to reimburse the cost of the wear and tear to the project's facilities and/or amenities from the transient renters or any fees charged for reviewing the terms of the transient rental contract. • The HOA and/or its management agent, as rental operator or licensed agent, collects and remits required taxes to all applicable jurisdictions (city, county and state) such as transient, short term rental, and/or hotel

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			<p>occupancy taxes as well as sales taxes, excise taxes, etc.</p> <ul style="list-style-type: none"> The HOA provides a designated space (e.g., an HOA-owned unit, an area in the project's lobby or other common elements area, etc.) for the operation of an on-site rental operator free of charge to that rental operator Unit owners are required through the project documents or other contractual agreement to use a specific rental agency(ies) for their transient rentals The entity that manages the condominium project also manages its transient rentals. This does not include an entity that has independent divisions for property management and for transient rentals management, the property management division manages the condominium project, and unit owners are not mandated to contract with its transient rentals division. Residential units have restrictions on interior decorating that are imposed by the HOA or its management agent Condominium projects with short-term rentals may be eligible if the lender fully analyzes all the characteristics of the project and related information to determine if the project is not a condominium hotel or transient housing as described above. As required in the "General Condominium Project Eligibility Requirements" (outlined in the "Project Review Methods/Types" subsection previously presented in this document), the lender must retain, and provide upon request, documentation to support its analysis that the condominium project is not a condominium hotel or similar type of transient housing as described above. Such documentation may include, but is not limited to, project documents (e.g., by-laws, project budgets and financial statements), offering statements (or their equivalent) and marketing materials, web sites, contracts for sale and appraisal reports. 	<p>occupancy taxes as well as sales taxes, excise taxes, etc.</p> <ul style="list-style-type: none"> The HOA provides a designated space (e.g., an HOA-owned unit, an area in the project's lobby or other common elements area, etc.) for the operation of an on-site rental operator free of charge to that rental operator Unit owners are required through the project documents or other contractual agreement to use a specific rental agency(ies) for their transient rentals The entity that manages the condominium project also manages its transient rentals. This does not include an entity that has independent divisions for property management and for transient rentals management, the property management division manages the condominium project, and unit owners are not mandated to contract with its transient rentals division. Residential units have restrictions on interior decorating that are imposed by the HOA or its management agent Condominium projects with short-term rentals may be eligible if the lender fully analyzes all the characteristics of the project and related information to determine if the project is not a condominium hotel or transient housing as described above. As required in the "General Condominium Project Eligibility Requirements" (outlined in the "Project Review Methods/Types" subsection previously presented in this document), the lender must retain, and provide upon request, documentation to support its analysis that the condominium project is not a condominium hotel or similar type of transient housing as described above. Such documentation may include, but is not limited to, project documents (e.g., by-laws, project budgets and financial statements), offering statements (or their equivalent) and marketing materials, web sites, contracts for sale and appraisal reports.
			<ul style="list-style-type: none"> Project with multi-dwelling units <ul style="list-style-type: none"> A project in which an owner may hold a single deed evidencing ownership of more than one dwelling unit. 	<ul style="list-style-type: none"> Project with multi-dwelling units <ul style="list-style-type: none"> A project in which an owner may hold a single deed evidencing ownership of more than one dwelling unit.
			<ul style="list-style-type: none"> Project with excessive commercial or non-residential space <ul style="list-style-type: none"> A project in which more than 35% of the total above and below grade square footage of the project (or more than 35% of the total above and below grade square footage of the building in which the project is located) is used as commercial or non-residential space. The division of the total commercial or non-residential square footage by the total square footage of the project or building will determine the total amount of commercial or non-residential space. In calculating the amount of commercial or non-residential space, lenders must determine: <ul style="list-style-type: none"> The total square footage of the project (or the building in which the project is located); The square footage of the commercial or non-residential 	<ul style="list-style-type: none"> Project with excessive commercial or non-residential space <ul style="list-style-type: none"> A project in which more than 35% of the total above and below grade square footage of the project (or more than 35% of the total above and below grade square footage of the building in which the project is located) is used as commercial or non-residential space. The division of the total commercial or non-residential square footage by the total square footage of the project or building will determine the total amount of commercial or non-residential space. In calculating the amount of commercial or non-residential space, lenders must determine: <ul style="list-style-type: none"> The total square footage of the project (or the building in which the project is located); The square footage of the commercial or non-residential

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			<p>space; and</p> <ul style="list-style-type: none"> The residential space square footage Below is a table illustrating what must be included or may be excluded from the calculation of commercial or non-residential space: <table border="1" style="width: 100%; border-collapse: collapse; margin: 10px 0;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="width: 60%;">Type of Commercial or Non-Residential Space</th> <th style="width: 40%;">Include in the Commercial or Non-Residential Space Calculation?</th> </tr> </thead> <tbody> <tr> <td>Retail and other commercial or non-residential space (for example, restaurants and stores)</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Residential rental apartments, hotels, motels and other similar types of space, although such space may have residential characteristics</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Non-residential space that the HOA does not own, but that is owned by a private individual or entity outside of the HOA structure (for example, private fitness facilities that are membership-based rather than owned by the HOA for the sole use of the residential unit owners)</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>The total square footage of commercial or non-residential space even when the HOA representing the residential owners is different from the association representing the commercial owners</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Commercial parking facilities</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Project amenities and facilities that are residential in nature, owned by the HOA or unit owners, and allocated for the sole use of the residential unit owners</td> <td style="text-align: center;">No</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Tenancy-in-Common apartment project <ul style="list-style-type: none"> A tenancy-in-common apartment project is owned by several owners as tenants-in-common or by a homeowners association (HOA). Individuals have an undivided interest in the residential apartment building (including the units) and land on which the building is located, and may or may not have the right of exclusive occupancy of a specific apartment unit in the building. Timeshare project or project with segmented ownership <ul style="list-style-type: none"> A project in which there is an arrangement under which a purchaser receives an interest in real estate and the right to use a unit or amenities, or both, for a specified period and on a recurring basis such as the 15th week of the year, or ownership that is for a 	Type of Commercial or Non-Residential Space	Include in the Commercial or Non-Residential Space Calculation?	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			<p style="text-align: center;">limited period such as for the subsequent five years.</p> <ul style="list-style-type: none"> • Houseboat project <ul style="list-style-type: none"> • A project comprised of boats that have been designed or modified to be used primarily as dwelling units. • Project in which the unit owners do not possess sole ownership of the Common elements <ul style="list-style-type: none"> • Unit owners in a condominium project must have the sole ownership in, and the right to the use of, the common elements, including all buildings, roads, parking, facilities and amenities except as specified below. • A project with shared amenities is eligible if two or more HOAs share the amenities (such as recreational or fitness facilities, swimming pools and clubhouses) for the sole use of the unit owners, and the HOAs have an agreement specifying: <ul style="list-style-type: none"> • A description of the shared amenities and the terms of the unit owners' permitted use of the shared amenities • How the shared amenities will be funded, managed and maintained, and • The method for resolving disputes between the HOAs regarding the shared amenities • The developer must not retain any ownership interest in the common elements, facilities and amenities, except as unit owner. The common elements, including parking and amenities, such as recreational facilities, must not be subject to a lease between the unit owners or the HOA (as lessee) and any other party (as lessor), with the exception of commercial leases for parking, or permit arrangements for parking, entered into with parties unrelated to the developer. <p>Notes:</p> <ul style="list-style-type: none"> • The project's common elements, including amenities and limited common elements, must be consistent with the nature of the project and similar to competing condominium projects in the market area. • Financing of Limited Common elements <ul style="list-style-type: none"> • Limited common elements are portions of common elements reserved for use by one or more unit owners but not all unit owners. Limited common elements are defined in the project documents, and may include, but are not limited to, balconies or patios serving a single unit, assigned parking spaces or storage bins. • Limited common elements that are purchased as part of the condominium unit may be financed as part of the mortgage, and the cost of such limited common elements may be included when determining the sale price and loan-to-value (LTV) ratio. • Only limited common elements may be financed along with the condominium unit. Facilities serving the condominium unit which are made available to the condominium unit by a 	<p style="text-align: center;">limited period such as for the subsequent five years.</p> <ul style="list-style-type: none"> • Houseboat project <ul style="list-style-type: none"> • A project comprised of boats that have been designed or modified to be used primarily as dwelling units. • Project in which the unit owners do not possess sole ownership of the Common elements <ul style="list-style-type: none"> • Unit owners in a condominium project must have the sole ownership in, and the right to the use of, the common elements, including all buildings, roads, parking, facilities and amenities except as specified below. • A project with shared amenities is eligible if two or more HOAs share the amenities (such as recreational or fitness facilities, swimming pools and clubhouses) for the sole use of the unit owners, and the HOAs have an agreement specifying: <ul style="list-style-type: none"> • A description of the shared amenities and the terms of the unit owners' permitted use of the shared amenities • How the shared amenities will be funded, managed and maintained, and • The method for resolving disputes between the HOAs regarding the shared amenities • The developer must not retain any ownership interest in the common elements, facilities and amenities, except as unit owner. 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			<p>permit, license or lease (other than in a leasehold condominium), must not be financed as part of a mortgage, and the cost of the use of such facilities may not be included when determining the sale price and LTV ratio.</p> <ul style="list-style-type: none"> • Project in litigation <ul style="list-style-type: none"> • A project in which: (i) the HOA is named as a party to pending litigation or the lender discovers that the HOA is a party to an Alternative Dispute Resolution (ADR) proceeding, such as arbitration or mediation, or (ii) the project sponsor or developer is named as a party to pending litigation, or the lender discovers that the project sponsor or developer is a party in an ADR proceeding and, in either case, the dispute relates to the safety, structural soundness, functional use or habitability of the project. • If the lender determines that the pending litigation or ADR proceeding involves only minor matters that do not affect the safety, structural soundness, functional use or habitability of the project, the project is eligible if the litigation or ADR proceeding is limited to one of the following: <ul style="list-style-type: none"> • The litigation amount is known, the insurance company has committed to provide the defense and the litigation amount is covered by the insurance policy; • The litigation amount is unknown, the lender has documented the mortgage file with a copy of the complaint, or the most recent amended complaint, and with an attorney letter that supports the lender's determination that the litigation involves minor matters. The attorney letter must state: (i) the reason for the litigation; (ii) that the insurance company has committed to provide the defense; and (iii) that any potential monetary judgment against the HOA, or settlement with the HOA, including punitive damages, will likely be covered by the HOA's insurance policy. If the attorney indicates the matter will not likely be covered by the HOA's insurance policy, then the project is ineligible; • The matter involves: <ul style="list-style-type: none"> • A non-monetary neighbor dispute or right of quiet enjoyment, whether litigated or in an ADR proceeding, or • A dispute in which the HOA is the plaintiff in a foreclosure action or action for past due HOA assessments, or • A dispute in which the HOA is the plaintiff in the litigation or a party to an ADR proceeding and is seeking reimbursement for expenditures made to repair the project's component(s). The expenditures may have included items that related to the safety, structural soundness, functional use or habitability of the project, provided that the repair permanently resolved the defect or issue and the expenditures did not significantly impact the financial stability or future solvency of the 	<p>permit, license or lease (other than in a leasehold condominium), must not be financed as part of a mortgage, and the cost of the use of such facilities may not be included when determining the sale price and LTV ratio.</p> <ul style="list-style-type: none"> • Project in litigation <ul style="list-style-type: none"> • A project in which: (i) the HOA is named as a party to pending litigation or the lender discovers that the HOA is a party to an Alternative Dispute Resolution (ADR) proceeding, such as arbitration or mediation, or (ii) the project sponsor or developer is named as a party to pending litigation, or the lender discovers that the project sponsor or developer is a party in an ADR proceeding and, in either case, the dispute relates to the safety, structural soundness, functional use or habitability of the project. • If the lender determines that the pending litigation or ADR proceeding involves only minor matters that do not affect the safety, structural soundness, functional use or habitability of the project, the project is eligible if the litigation or ADR proceeding is limited to one of the following: <ul style="list-style-type: none"> • The litigation amount is known, the insurance company has committed to provide the defense and the litigation amount is covered by the insurance policy; • The litigation amount is unknown, the lender has documented the mortgage file with a copy of the complaint, or the most recent amended complaint, and with an attorney letter that supports the lender's determination that the litigation involves minor matters. 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			<p>HOA.</p> <ul style="list-style-type: none"> The estimated or known amount in dispute in the litigation or ADR proceeding is not expected to exceed 10% of the project's funded reserves, provided that use of the project's funded reserves to pay for project litigation or dispute resolution does not violate the applicable jurisdiction's laws and regulations. The lender must retain documentation to support its analysis that the reason for the dispute meets Freddie Mac's requirements for minor matters as described above. <ul style="list-style-type: none"> Project with excessive single investor concentration <ul style="list-style-type: none"> Any project in which an individual or a single entity such as an investor group, partnership or corporation owns more than the following total number of units in the project: <table border="1" style="margin-left: 20px; margin-bottom: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: center;">Number of Units in the Project</th> <th style="text-align: center;">Total number of units owned by individual or single entity</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Five to 20</td> <td style="text-align: center;">Two</td> </tr> <tr> <td style="text-align: center;">21 or more</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table> For purchase transactions, a project with single investor concentration greater than specified above will be eligible provided: <ul style="list-style-type: none"> The purchase transaction will result in a reduction of the single investor concentration The single investor must not own more than 49% of the units in the project The lender obtains evidence that the single investor is marketing units for sale with the goal to decrease the single investor concentration to 25% or less of the units in the project The single investor is current on all HOA assessments, and There are no planned or current special assessments in the project The following may be excluded from the single investor concentration calculation: <ul style="list-style-type: none"> Vacant units being actively marketed by the developer. Any units leased by the developer must be included in the calculation of the developer's percentage of ownership. Units that a non-profit entity controls or owns for the purpose of providing affordable housing Units held in affordable housing programs (including units subject to non-eviction rent regulation codes), and Units retained for workforce housing by higher-education institutions. Continuing Care Retirement Community (CCRC) <ul style="list-style-type: none"> A CCRC is a residential project designed to meet the health and housing needs of seniors as their needs change over time. CCRCs are distinguished from age-restricted communities in that residents 	Number of Units in the Project	Total number of units owned by individual or single entity	Five to 20	Two	21 or more	25%	<p>HOA.</p> <ul style="list-style-type: none"> The estimated or known amount in dispute in the litigation or ADR proceeding is not expected to exceed 10% of the project's funded reserves, provided that use of the project's funded reserves to pay for project litigation or dispute resolution does not violate the applicable jurisdiction's laws and regulations. The lender must retain documentation to support its analysis that the reason for the dispute meets Freddie Mac's requirements for minor matters as described above. <ul style="list-style-type: none"> Project with excessive single investor concentration <ul style="list-style-type: none"> Any project in which an individual or a single entity such as an investor group, partnership or corporation owns more than the following total number of units in the project: <table border="1" style="margin-left: 20px; margin-bottom: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th style="text-align: center;">Number of Units in the Project</th> <th style="text-align: center;">Total number of units owned by individual or single entity</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Five to 20</td> <td style="text-align: center;">Two</td> </tr> <tr> <td style="text-align: center;">21 or more</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table> For purchase transactions, a project with single investor concentration greater than specified above will be eligible provided: <ul style="list-style-type: none"> The purchase transaction will result in a reduction of the single investor concentration The single investor must not own more than 49% of the units in the project The lender obtains evidence that the single investor is marketing units for sale with the goal to decrease the single investor concentration to 25% or less of the units in the project The single investor is current on all HOA assessments, and There are no planned or current special assessments in the project The following may be excluded from the single investor concentration calculation: <ul style="list-style-type: none"> Vacant units being actively marketed by the developer. Any units leased by the developer must be included in the calculation of the developer's percentage of ownership. Units that a non-profit entity controls or owns for the purpose of providing affordable housing Units held in affordable housing programs (including units subject to non-eviction rent regulation codes), and Units retained for workforce housing by higher-education institutions. Continuing Care Retirement Community (CCRC) <ul style="list-style-type: none"> A CCRC is a residential project designed to meet the health and housing needs of seniors as their needs change over time. CCRCs are distinguished from age-restricted communities in that residents 	Number of Units in the Project	Total number of units owned by individual or single entity	Five to 20	Two	21 or more	25%
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			<p>in CCRCs contract in advance for a lifetime commitment from the facility to care for them, regardless of the future health or housing needs. CCRCs may also be known as Life-Care Facilities.</p> <ul style="list-style-type: none"> • <u>Projects containing manufactured housing</u> • Project with mandatory dues or similar membership fees for use of Amenities such as clubhouses or recreational facilities <ul style="list-style-type: none"> • Projects with mandatory dues or similar membership fees, including initiation or joining fees, which allow for the use of amenities such as clubhouses or recreational facilities are ineligible unless the HOA and/or Master Association solely own the amenities and condominium unit owners within the HOA or Master Association are the only persons or entities eligible for membership. Full rights and privileges to the use of these amenities are the primary benefit of membership. 	<p>in CCRCs contract in advance for a lifetime commitment from the facility to care for them, regardless of the future health or housing needs. CCRCs may also be known as Life-Care Facilities.</p> <ul style="list-style-type: none"> • <u>Projects containing manufactured housing</u> • Project with mandatory dues or similar membership fees for use of Amenities such as clubhouses or recreational facilities <ul style="list-style-type: none"> • Projects with mandatory dues or similar membership fees, including initiation or joining fees, which allow for the use of amenities such as clubhouses or recreational facilities are ineligible unless the HOA and/or Master Association solely own the amenities and condominium unit owners within the HOA or Master Association are the only persons or entities eligible for membership. Full rights and privileges to the use of these amenities are the primary benefit of membership. • Project in Need of Critical Repairs <ul style="list-style-type: none"> • Mortgages secured by units in condominium projects with five or more attached units in need of critical repairs, as defined in "Project Risk Overview" previously presented in this document, are not eligible. For both current and planned (i.e., unit owners approved but the board has not initiated collection yet) special assessments, lenders must obtain and review the following information for each special assessment to determine if the funds are for a critical repair: <ul style="list-style-type: none"> • The purpose of the special assessment, • When the special assessment was approved, • The original amount of the special assessment, • The amount remaining to be collected, and • The expected date the special assessment will be paid in full • If a structural and/or mechanical inspection has been completed within 3 years of lender's project review date, lender must review that inspection report. There must not be any critical repairs needed, as well as no current evacuation orders or similar regulatory actions. • Projects in need of critical repairs remain ineligible until the required repairs and/or inspection report have been completed and documented. Lenders must review an engineer's report or substantially similar document to determine that the repairs resolved the building's safety, soundness, structural integrity, or habitability concerns. • 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 this project eligibility requirement does not apply. • This requirement does not apply to routine repairs, as defined in "Project Risk Overview" previously presented in this document. • Lenders may need to review a combination of documents to determine a project meets Freddie Mac physical condition requirements. Some examples include but are not limited to:

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			<p>Agency / Ineligible Projects /Additional Details on Ineligible Characteristics</p> <p><i>There is currently no "Projects in Need of Critical Repairs" section.</i></p> <hr/> <p>Agency / Limited Review Process (Fannie Mae) / Streamlined Reviews (Freddie Mac)</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • In addition to the "Condominium Project Review Requirements" and "General Condominium Project Eligibility Requirements" outlined in the "Project Review Methods/Types" subtopic previously presented in this document, condominium unit mortgages must comply with all of the following requirements to be eligible for the Streamlined Project Review type. <ul style="list-style-type: none"> (a) Project Type <ul style="list-style-type: none"> • The condominium unit must be located in an established condominium project. (b) Maximum loan-to-value/Total LTV/Home Equity Line of Credit TLTV ratios <ul style="list-style-type: none"> • The mortgage must not exceed the loan-to-value (LTV)/total LTV (TLTV) /Home Equity Line of Credit (HELOC) (HTLTV) ratios for the occupancy type as indicated in the following chart: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr style="background-color: #2c3e50; color: white;"> <th colspan="2">Streamlined Review for Condominium Units in Established Condominium Projects <i>NOT</i> Located in Florida</th> </tr> <tr style="background-color: #34495e; color: white;"> <th>Occupancy Type</th> <th>Maximum LTV/TLTV/HTLTV Ratios</th> </tr> </thead> <tbody> <tr> <td>Primary Residence</td> <td style="text-align: center;">90%</td> </tr> <tr> <td>Second Home</td> <td style="text-align: center;">75%</td> </tr> <tr> <td>Investment Property</td> <td style="text-align: center;">75%</td> </tr> </tbody> </table>	Streamlined Review for Condominium Units in Established Condominium Projects <i>NOT</i> Located in Florida		Occupancy Type	Maximum LTV/TLTV/HTLTV Ratios	Primary Residence	90%	Second Home	75%	Investment Property	75%	<div style="border: 1px solid black; padding: 5px;"> <ul style="list-style-type: none"> • Homeowners association (HOA) board meeting minutes • Engineer's reports • Structural and/or mechanical inspection reports • Reserve studies • List of necessary repairs provided by the HOA or management company and/or • Other substantially similar documentation <p>Note: This list is not prescriptive or exhaustive. Lenders are responsible for determining which documents they need to review to ensure compliance with this requirement.</p> <ul style="list-style-type: none"> • Project with an Evacuation Order <ul style="list-style-type: none"> • 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 safe for occupancy. </div> <hr/> <p>Agency / Ineligible Projects /Additional Details on Ineligible Characteristics</p> <p>Projects in Need of Critical Repairs Freddie Mac LPA See "Project in Need of Critical Repairs" under the "List of Ineligible Project Characteristics" subsection previously presented for guidance.</p> <hr/> <p>Agency / Limited Review Process (Fannie Mae) / Streamlined Reviews (Freddie Mac)</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> • In addition to the "Condominium Project Review Requirements" and "General Condominium Project Eligibility Requirements" outlined in the "Project Review Methods/Types" subtopic previously presented in this document, condominium unit mortgages must comply with all of the following requirements to be eligible for the Streamlined Project Review type. <ul style="list-style-type: none"> (a) Project Type <ul style="list-style-type: none"> • The condominium unit must be located in an established condominium project. 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			<p>Truist Note: Attached units in established projects located in Florida are subject to more restrictive LTV ratio requirements under the Streamlined Review process. See the “Florida-Specific Condo Project Considerations” subtopic subsequently presented for additional information.</p> <p>Note: If the requirements for Streamlined Reviews in this section are met, then the lender is not required to comply with the requirements for any of the other project review types.</p> <hr/> <p>Agency / Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> To be eligible for the Established Condominium Projects Review type, the condominium project must meet the definition of an Established Condominium Project. See the “Project Types” subtopic previously presented for the definition of an Established Condominium Project. In addition to the “Condominium Project Review Requirements” and “General Condominium Project Eligibility Requirements” outlined in the “Project Review Methods/Types” subtopic previously presented in this document, if the mortgages secured by condominium units in Established Condominium Projects do not comply with the eligibility requirements for Streamlined Reviews, the mortgages must comply with all of the following eligibility requirements: <ul style="list-style-type: none"> (a) Project completion requirements for Established Condominium Projects <ul style="list-style-type: none"> All units, common elements and amenities must be complete. (b) Owner-occupancy requirements for Established Condominium Projects <ul style="list-style-type: none"> If the property will be used as a primary residence or second home, there is no owner-occupancy requirement for the condominium project If the property will be used as an investment property, at least 50% of the total number of condominium units in the condominium project must have been conveyed to purchasers who occupy their units as a primary residence or second home (c) Project budget requirements for Established Condominium Projects <ul style="list-style-type: none"> The project’s budget for the current fiscal year must comply with the following: <ul style="list-style-type: none"> Be consistent with the nature of the project Appropriate assessments must be established to manage the project There must be appropriate allocations for line items pertinent to the type and status of the condominium project There must be adequate funding for insurance deductible amounts At least 10% of the budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project’s age, estimated remaining life, and replacement cost of major common elements <ul style="list-style-type: none"> The replacement reserve percentage is determined by dividing: (i) the annual budgeted replacement reserve allocation by (ii) the homeowners association’s (HOA’s) annual budgeted assessment income (including regular common expense fees) The calculation may exclude: (i) special assessment income, (ii) income allocated to or in reserve accounts, (iii) incidental income not relied upon for maintenance operations or capital improvements and (iv) amounts collected from unit owners (but usually paid 	<p>Truist Note: Attached units in established projects located in Florida are subject to more restrictive LTV ratio requirements under the Streamlined Review process. See the “Florida-Specific Condo Project Considerations” subtopic subsequently presented for additional information.</p> <p>(c) Special Assessments</p> <ul style="list-style-type: none"> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment. <p>Note: If the requirements for Streamlined Reviews in this section are met, then the lender is not required to comply with the requirements for any of the other project review types.</p> <hr/> <p>Agency / Full Review Process (Fannie Mae) / Established Condominium Projects (Freddie Mac)</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> To be eligible for the Established Condominium Projects Review type, the condominium project must meet the definition of an Established Condominium Project. See the “Project Types” subtopic previously presented for the definition of an Established Condominium Project. 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			<p>individually by them) for items or utilities such as internet access</p> <ul style="list-style-type: none"> A lender may rely on a reserve study instead of the project budget providing a replacement reserve of at least 10%, provided the conditions in section (e) below are met An HOA must not receive more than 10% of its budgeted income from the rental or leasing of commercial parking facilities <p>(d) Delinquent assessments for Established Condominium Projects</p> <ul style="list-style-type: none"> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments. <p>(e) Requirements when a Lender relies on a project reserve study for Established Condominium Projects</p> <ul style="list-style-type: none"> The reserve study must comply with the following requirements: <ul style="list-style-type: none"> The reserve study generally must include: <ul style="list-style-type: none"> An inventory of major components of the project Financial analysis and evaluation of current reserve fund adequacy, and Proposed annual reserve funding plan A reserve study's financial analysis must validate that the project has appropriately allocated the recommended reserve funds to provide the condominium project with sufficient financial protection comparable to Freddie Mac's standard budget requirements for replacement reserves The reserve study's annual reserve funding plan, which details total costs identified for replacement components, must meet or exceed the study's recommendation and conclusion The most current reserve study (or update) must be dated within 36 months of the lender's determination that a condominium project is eligible The reserve study must be prepared by an independent expert skilled in performing such studies (such as a reserve study professional, a construction engineer, a certified public accountant who specializes in reserve studies or any professional with demonstrated experience and knowledge in completing reserve studies) The reserve study must meet or exceed requirements set forth in any applicable state statutes The reserve study must comment favorably on the project's age, estimated remaining life, structural integrity and the replacement of major components If the lender relies on a reserve study that meets the requirements of this section, the project's budget must contain appropriate allocations to support the costs identified in the study. The lender must obtain and retain in the mortgage file a copy of the reserve study. The lender must also perform an analysis of the study and retain this analysis in the mortgage file. <p>Note: If the requirements for Established Condominium Projects in this section are met, then the lender is not required to comply with the requirements for any of the other project review types.</p> <hr/> <p>Agency / New Condominium Projects</p> <p>Freddie Mac LPA Follow LPA requirements, which are as follows:</p> <ul style="list-style-type: none"> To be eligible for the New Condominium Projects Review type, the condominium project must meet the definition of a New Condominium Project. See the "Project Types" subtopic previously presented for the definition of a New Condominium Project. 	<p>individually by them) for items or utilities such as internet access</p> <ul style="list-style-type: none"> A lender may rely on a reserve study instead of the project budget providing a replacement reserve of at least 10%, provided the conditions in section (e) below are met An HOA must not receive more than 10% of its budgeted income from the rental or leasing of commercial parking facilities <p>(d) Delinquent assessments for Established Condominium Projects</p> <ul style="list-style-type: none"> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA <u>assessments</u> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment <p>(e) Requirements when a Lender relies on a project reserve study for Established Condominium Projects</p> <ul style="list-style-type: none"> The reserve study must comply with the following requirements: <ul style="list-style-type: none"> The reserve study generally must include: <ul style="list-style-type: none"> An inventory of major components of the project Financial analysis and evaluation of current reserve fund adequacy, and Proposed annual reserve funding plan A reserve study's financial analysis must validate that the project has appropriately allocated the recommended reserve funds to provide the condominium project with sufficient financial protection comparable to Freddie Mac's standard budget requirements for replacement reserves The reserve study's annual reserve funding plan, which details total costs identified for replacement components, must meet or exceed the study's recommendation and conclusion The most current reserve study (or update) must be dated within 36 months of the lender's determination that a condominium project is eligible The reserve study must be prepared by an independent expert skilled in performing such studies (such as a reserve study professional, a construction engineer, a certified public accountant who specializes in reserve studies or any professional with demonstrated experience and knowledge in completing reserve studies) The reserve study must meet or exceed requirements set forth in any applicable state statutes The reserve study must comment favorably on the project's age, estimated remaining life, structural integrity and the replacement of major components If the lender relies on a reserve study that meets the requirements of this section, the project's budget must contain appropriate allocations to support the costs identified in the study. 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			<ul style="list-style-type: none"> • In addition to the “Condominium Project Review Requirements” and “General Condominium Project Eligibility Requirements” outlined in the “Project Review Methods/Types” subtopic previously presented in this document, mortgages secured by condominium units in New Condominium Projects must comply with all of the following requirements: <ul style="list-style-type: none"> (a) Project completion requirements <ul style="list-style-type: none"> • The subject legal phase (or the subject building) and any prior legal phases in which units have been offered for sale are substantially complete. "Substantially complete" indicates that the common elements are complete and the units are complete subject to the selection of buyer preference items. • For the purpose of determining project completion under this section, a single building can only have one legal phase regardless of whether the condominium project is comprised solely of that single building or multiple buildings. Legal phases are defined by the project documents. Construction or marketing phases developed for the convenience of the developer are not necessarily legal phases and are not eligible. (b) Owner-occupancy requirements for New Condominium Projects <ul style="list-style-type: none"> • At least 50% of the total units in the project (or at least 50% of the sum of the subject legal phase and prior legal phases) must have been conveyed or must be under contract to purchasers who will occupy the units as their primary residences or second homes. • For the purpose of calculating owner-occupancy under this section, a single building can only have one legal phase regardless of whether the condominium project is comprised solely of that single building or multiple buildings. Legal phases are defined by the project documents. Construction or marketing phases developed for the convenience of the developer are not necessarily legal phases and are not eligible. (c) Project budget requirement for New Condominium Projects <ul style="list-style-type: none"> • The project’s budget for the current fiscal year must comply with the following: <ul style="list-style-type: none"> • The homeowners association’s (HOA’s) assessments must begin once the developer has ceased to pay operating expenses attributable to the condominium project, whether or not all units have been sold. When any unit owner other than the developer pays assessments, the developer must pay the assessments attributable to the unsold units. • The project’s budget (or its projected budget if the project has not been turned over to the unit owners) must be consistent with the nature of the project • Appropriate assessments must be established to manage the project. • There must be appropriate allocations for line items pertinent to the type and status of the condominium project • If the project was recently converted, the developer must have initially funded a working capital fund, through contributions made by the developer and/or purchasers of the condominium units, in an amount consistent with the estimated remaining life of the common elements • There must be adequate funding for insurance deductible amounts • At least 10% of the budget must provide funding for replacement reserves for capital expenditures and deferred maintenance based on the project’s age, estimated remaining life and replacement cost of major common elements <ul style="list-style-type: none"> • The replacement reserve percentage is determined by dividing (i) the annual budgeted replacement reserve allocation by (ii) the HOA’s annual budgeted assessment income (including regular common expense fees) • The calculation may exclude: (i) special assessment income, (ii) income allocated to or in reserve accounts, (iii) incidental income not relied upon for maintenance, operations or capital improvements and (iv) amounts collected from unit owners (but usually paid individually by them) for items or utilities such as internet access 	<ul style="list-style-type: none"> • In addition to the “Condominium Project Review Requirements” and “General Condominium Project Eligibility Requirements” outlined in the “Project Review Methods/Types” subtopic previously presented in this document, mortgages secured by condominium units in New Condominium Projects must comply with all of the following requirements: <ul style="list-style-type: none"> (a) Project completion requirements <ul style="list-style-type: none"> • The subject legal phase (or the subject building) and any prior legal phases in which units have been offered for sale are substantially complete. 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			<ul style="list-style-type: none"> If the budget does not provide a replacement reserve of at least 10%, a lender may rely on either: (i) a reserve study, provided the conditions in section (k) below are met; or (ii) contributions to a working capital fund, provided the conditions in section (l) below are met. These contributions can be in addition to or in lieu of any working capital fund contributions made by the developer in the case of a recently converted project. An HOA must not receive more than 10% of its budgeted income from the rental or leasing of commercial parking facilities. <p>(d) Delinquent assessments for New Condominium Projects</p> <ul style="list-style-type: none"> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments. <p>(e) Compliance with laws</p> <ul style="list-style-type: none"> The condominium project has been created and exists in full compliance with the applicable state law, the requirements of the jurisdiction in which the condominium project is located, and with all other applicable laws and regulations governing creation of the condominium project. <p>(f) Limitations on ability to sell/Right of first refusal</p> <ul style="list-style-type: none"> Any right of first refusal in the project documents will not adversely impact the rights of a mortgagee or its assignee to: <ul style="list-style-type: none"> Foreclose or take title to a condominium unit pursuant to the remedies in the mortgage Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or Sell or lease a unit acquired by the mortgagee or its assignee <p>(g) Conversions</p> <ul style="list-style-type: none"> For a condominium project that was created by conversion of a building(s) with a prior use the following requirements must be met for the lender's review and determination of project eligibility: <ul style="list-style-type: none"> For a conversion involving a non-gut rehabilitation of a prior use of the building that was legally created within the past three years, the engineer's report (or functionally equivalent documentation for jurisdictions that do not require an engineer's report) must state that the project is structurally sound, the condition and remaining useful life of the major project components are sufficient to meet the residential needs of the project, and that there is no evidence that any of these conditions have not been met. Major components include the roof, elevators and mechanical systems such as HVAC, plumbing and electricity. All rehabilitation work involved in the conversion (Non-Gut Rehabilitation and Gut Rehabilitation) must be completed in a professional manner A review of the engineer's report (or functionally equivalent document) is not required for conversions involving: <ul style="list-style-type: none"> A Gut-Rehabilitation, and A Non-Gut Rehabilitation if more than three years have elapsed since the legal creation of the project <p>Note: The definitions of a gut and non-Gut rehabilitation are as follows:</p> <ul style="list-style-type: none"> Gut Rehabilitation: The rehabilitation of an existing building(s) to its shell. The rehabilitation involves all new mechanical equipment (such as heating, exhaust, insulation, roofing, plumbing and electrical). The renovations include new interiors, fixtures, appliances, and flooring for individual units and common areas. Non-Gut Rehabilitation: The rehabilitation of an existing building(s) that does not involve substantial rehabilitation of the building(s) or individual units or the substantial replacement of mechanical equipment <p>(h) Mortgagee consent</p>	<ul style="list-style-type: none"> If the budget does not provide a replacement reserve of at least 10%, a lender may rely on either: (i) a reserve study, provided the conditions in section (k) below are met; or (ii) contributions to a working capital fund, provided the conditions in section (l) below are met. These contributions can be in addition to or in lieu of any working capital fund contributions made by the developer in the case of a recently converted project. An HOA must not receive more than 10% of its budgeted income from the rental or leasing of commercial parking facilities. <p>(d) Delinquent assessments for New Condominium Projects</p> <ul style="list-style-type: none"> No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of their HOA assessments No more than 15% of the total number of units in a project are 60 or more days delinquent in the payment of each special assessment <p>(e) Compliance with laws</p> <ul style="list-style-type: none"> The condominium project has been created and exists in full compliance with the applicable state law, the requirements of the jurisdiction in which the condominium project is located, and with all other applicable laws and regulations governing creation of the condominium project. <p>(f) Limitations on ability to sell/Right of first refusal</p> <ul style="list-style-type: none"> Any right of first refusal in the project documents will not adversely impact the rights of a mortgagee or its assignee to: <ul style="list-style-type: none"> Foreclose or take title to a condominium unit pursuant to the remedies in the mortgage Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor, or Sell or lease a unit acquired by the mortgagee or its assignee <p>(g) Conversions</p> <ul style="list-style-type: none"> For a condominium project that was created by conversion of a building(s) with a prior use the following requirements must be met for the lender's review and determination of project eligibility: <ul style="list-style-type: none"> For a conversion involving a non-gut rehabilitation of a prior use of the building that was legally created within the past three years, the engineer's report (or functionally equivalent documentation for jurisdictions that do not require an engineer's report) must state that the project is structurally sound, the condition and remaining useful life of the major project components are sufficient to meet the residential needs of the project, and that there is no evidence that any of these conditions have not been met. Major components include the roof, elevators and mechanical systems such as HVAC, plumbing and electricity. All rehabilitation work involved in the conversion (Non-Gut Rehabilitation and Gut Rehabilitation) must be completed in a professional manner A review of the engineer's report (or functionally equivalent document) is not required for conversions involving: <ul style="list-style-type: none"> A Gut-Rehabilitation, and A Non-Gut Rehabilitation if more than three years have elapsed since the legal creation of the project <p>Note: The definitions of a gut and non-Gut rehabilitation are as follows:</p> <ul style="list-style-type: none"> Gut Rehabilitation: The rehabilitation of an existing building(s) to its shell. The rehabilitation involves all new mechanical equipment (such as heating, exhaust, insulation, roofing, plumbing and electrical). The renovations include new interiors, fixtures, appliances, and flooring for individual units and common areas. Non-Gut Rehabilitation: The rehabilitation of an existing building(s) that does not involve substantial rehabilitation of the building(s) or individual units or the substantial replacement of mechanical equipment

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR23-065</u> for the Applicable Effective Dates of These Revisions)
			<ul style="list-style-type: none"> • The project documents or applicable state law must provide that amendments of a material adverse nature to first lien mortgagees be agreed to by mortgagees that represent at least 51% of the unit votes (based on one vote for each first mortgage owned) subject to first lien mortgages • The project documents or applicable state law must provide that any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild, must be agreed to by first lien mortgagees that represent at least 51% of the unit votes (based on one vote for each first mortgage owned) that are subject to first lien mortgages • The project documents may allow implied approval to be assumed when the then current mortgagee of record fails to submit a response to any written proposal for an amendment within 60 days after the then current mortgagee of record actually receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested <p>(i) Rights of Condominium mortgagees and guarantors</p> <ul style="list-style-type: none"> • The project documents, applicable state law, or any applicable insurance policy must give the mortgagee and guarantor of the mortgage on any unit in a condominium project the right to timely written notice of: <ul style="list-style-type: none"> • Any condemnation or casualty loss that affects either a material portion of the condominium project or the unit securing its mortgage • Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit for which it holds the mortgage • A lapse, cancelation, or material reduction of any insurance policy maintained by the HOA • Any proposed action that requires the consent of a specified percentage of mortgagees <p>(j) First mortgagee's rights confirmed</p> <ul style="list-style-type: none"> • The project documents must not give a condominium unit owner or any other party priority over any rights of the first mortgagee of the condominium unit pursuant to its mortgage in the case of payment to the unit owner of proceeds from termination, or insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or common elements. <p>(k) Requirements when a Lender relies on a project reserve study for New Condominium Projects</p> <ul style="list-style-type: none"> • The reserve study must comply with the following requirements: <ul style="list-style-type: none"> • The reserve study generally must include: <ul style="list-style-type: none"> • An inventory of major components of the project • Financial analysis and evaluation of current reserve fund adequacy, and • Proposed annual reserve funding plan • A reserve study's financial analysis must validate that the project has appropriately allocated the recommended reserve funds to provide the condominium project with sufficient financial protection comparable to Freddie Mac's standard budget requirements for replacement reserves • The reserve study's annual reserve funding plan, which details total costs identified for replacement components, must meet or exceed the study's recommendation and conclusion • The most current reserve study (or update) must be dated within 36 months of the lender's determination that a condominium project is eligible • The reserve study must be prepared by an independent expert skilled in performing such studies (such as a reserve study professional, a construction engineer, a certified public accountant who specializes in reserve studies, or any professional with demonstrated experience and knowledge in completing reserve studies) • The reserve study must meet or exceed requirements set forth in any applicable state statutes • The reserve study must comment favorably on the project's age, estimated remaining life, 	<p>(h) Mortgagee consent</p> <ul style="list-style-type: none"> • The project documents or applicable state law must provide that amendments of a material adverse nature to first lien mortgagees be agreed to by mortgagees that represent at least 51% of the unit votes (based on one vote for each first mortgage owned) subject to first lien mortgages • The project documents or applicable state law must provide that any action to terminate the legal status of the project or to use insurance proceeds for any purpose other than to rebuild, must be agreed to by first lien mortgagees that represent at least 51% of the unit votes (based on one vote for each first mortgage owned) that are subject to first lien mortgages • The project documents may allow implied approval to be assumed when the then current mortgagee of record fails to submit a response to any written proposal for an amendment within 60 days after the then current mortgagee of record actually receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested <p>(i) Rights of Condominium mortgagees and guarantors</p> <ul style="list-style-type: none"> • The project documents, applicable state law, or any applicable insurance policy must give the mortgagee and guarantor of the mortgage on any unit in a condominium project the right to timely written notice of: <ul style="list-style-type: none"> • Any condemnation or casualty loss that affects either a material portion of the condominium project or the unit securing its mortgage • Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit for which it holds the mortgage • A lapse, cancelation, or material reduction of any insurance policy maintained by the HOA • Any proposed action that requires the consent of a specified percentage of mortgagees <p>(j) First mortgagee's rights confirmed</p> <ul style="list-style-type: none"> • The project documents must not give a condominium unit owner or any other party priority over any rights of the first mortgagee of the condominium unit pursuant to its mortgage in the case of payment to the unit owner of proceeds from termination, or insurance proceeds or condemnation awards for losses to or a taking of condominium units and/or common elements. <p>(k) Requirements when a Lender relies on a project reserve study for New Condominium Projects</p> <ul style="list-style-type: none"> • The reserve study must comply with the following requirements: <ul style="list-style-type: none"> • The reserve study generally must include: <ul style="list-style-type: none"> • An inventory of major components of the project • Financial analysis and evaluation of current reserve fund adequacy, and • Proposed annual reserve funding plan • A reserve study's financial analysis must validate that the project has appropriately allocated the recommended reserve funds to provide the condominium project with sufficient financial protection comparable to Freddie Mac's standard budget requirements for replacement reserves • The reserve study's annual reserve funding plan, which details total costs identified for replacement components, must meet or exceed the study's recommendation and conclusion • The most current reserve study (or update) must be dated within 36 months of the lender's determination that a condominium project is eligible • The reserve study must be prepared by an independent expert skilled in performing such studies (such as a reserve study professional, a construction engineer, a certified public accountant who specializes in reserve studies, or any professional with demonstrated experience and knowledge in completing reserve studies)

Agency Standards Revisions

Note: Truist specific overlays are underlined.

Topic	Impacted Document	Impacted Products	Current Standards	Revised Standards (See <u>COR23-065</u> for the Applicable Effective Dates of These Revisions)
			<p style="text-align: center;">structural integrity and the replacement of major components</p> <ul style="list-style-type: none"> • If the lender relies on a reserve study that meets the requirements of this section, the project's budget must contain appropriate allocations to support the costs identified in the study. • The lender must obtain and retain in the mortgage file a copy of the reserve study. The lender must also perform an analysis of the study and retain this analysis in the mortgage file. <p>(l) Requirements when a Lender relies on contributions to a working capital fund for New Condominium Projects</p> <ul style="list-style-type: none"> • The following requirements must be met: <ul style="list-style-type: none"> • The project documents require the purchaser of a condominium unit to pay a non-refundable and non-transferable assessment to a working capital fund which must be established for the periodic maintenance, repair and replacement of the common elements • The assessment must be equal to a minimum of at least two months of the HOA fees attributable to the condominium unit and be due and payable at closing • The developer is in control of the HOA <p>(m) New Condominium Project sold with excessive Seller contributions</p> <ul style="list-style-type: none"> • If a builder, developer or property seller offers financing or sale arrangements (such as rent-backs, payments of principal, interest, taxes and insurance) for condominium unit mortgages in a new condominium project these contributions must comply with interested party contribution requirements. <p>(n) New Condominium Projects in Florida</p> <ul style="list-style-type: none"> • Mortgages secured by attached units in new condominium projects in Florida are not eligible, except when the projects have an "Approved by Fannie Mae" status designation in Fannie Mae's Condo Project Manager™. See "Project Eligibility Review Service (PERS)" and "Reciprocal Project Reviews (Freddie Mac)" subsequently presented in this topic for additional information. <p>Note: If the requirements for New Condominium Projects in this section are met, then the lender is not required to comply with the requirements for any of the other project review types.</p>	<ul style="list-style-type: none"> • The reserve study must meet or exceed requirements set forth in any applicable state statutes • The reserve study must comment favorably on the project's age, estimated remaining life, structural integrity and the replacement of major components • If the lender relies on a reserve study that meets the requirements of this section, the project's budget must contain appropriate allocations to support the costs identified in the study. • The lender must obtain and retain in the mortgage file a copy of the reserve study. The lender must also perform an analysis of the study and retain this analysis in the mortgage file. <p>(l) Requirements when a Lender relies on contributions to a working capital fund for New Condominium Projects</p> <ul style="list-style-type: none"> • The following requirements must be met: <ul style="list-style-type: none"> • The project documents require the purchaser of a condominium unit to pay a non-refundable and non-transferable assessment to a working capital fund which must be established for the periodic maintenance, repair and replacement of the common elements • The assessment must be equal to a minimum of at least two months of the HOA fees attributable to the condominium unit and be due and payable at closing • The developer is in control of the HOA <p>(m) New Condominium Project sold with excessive Seller contributions</p> <ul style="list-style-type: none"> • If a builder, developer or property seller offers financing or sale arrangements (such as rent-backs, payments of principal, interest, taxes and insurance) for condominium unit mortgages in a new condominium project these contributions must comply with interested party contribution requirements. <p>(n) New Condominium Projects in Florida</p> <ul style="list-style-type: none"> • Mortgages secured by attached units in new condominium projects in Florida are not eligible, except when the projects have an "Approved by Fannie Mae" status designation in Fannie Mae's Condo Project Manager™. See "Project Eligibility Review Service (PERS)" and "Reciprocal Project Reviews (Freddie Mac)" subsequently presented in this topic for additional information. <p>Note: If the requirements for New Condominium Projects in this section are met, then the lender is not required to comply with the requirements for any of the other project review types.</p>