BULLETIN #2014-26

TO: Distribution
RE: Non-Warrantable Condos and Condotels

DATE: September 9, 2014
EFFECTIVE DATE: September 16, 2014

Non-Warrantable Condos and Condotels

Effective with loans locked on or after September 16, 2014, CMG Financial Correspondent Lending is pleased to announce an enhancement to nonconforming loan programs: Non-warrantable Condos and Condotels.

Both property types must adhere to standard Fannie Mae Non-warrantable Condo and Condotel criteria and CMG’s nonconforming loan program guidelines with a few enhancements and overlays. Highlights include:

Non-warrantable Condos - expanded criteria
- Loan amounts from $100,000 to current stated nonconforming limits
- <= 35% commercial space within the project
- <= 50% of total units sold or under bona fide contract can be non-owner occupied
- High Priced Mortgage Loans (HPML) acceptable with escrow impounds required (all LTV’s)

Condotels
- Loan amounts from $417,001 to the lessor of current stated nonconforming limits or $1.5 million
- Primary Residence (1-unit) and Second Homes only
- <= 65% LTV/CLTV/HCLTV
- Purchase and Rate/Term Refinance transactions only
- Project may be managed as, named as and include registration services of a hotel. Exempt from the Fannie Mae Single Family Selling Guide: B4-2.1-02, Ineligible Projects
- Borrower FICO score => 740
- Located in an area with demonstrated market acceptance of Condotels

Minimum Documentation Required:
- Form 1073 or Form 1004 (detached condos only), and
- Non-warrantable Certification of Project Eligibility form, and
- HOA Questionnaire, and
- Project’s Budget (if applicable), and
- Project’s Legal Documents (if applicable), and
- Verification of insurance coverage in accordance with Fannie Mae guidelines
  - Subject unit, and
  - Project

Project type and conforming loan amount Rate Add-on apply:
- Non-warrantable Condos = 1.00%
- Non-warrantable Condos from $100,000 up to $417,001 = 0.25%
- Condotels = 1.25%

For complete overlay and pricing details, please refer to CMG’s Conventional and Nonconforming Overlay matrix and CMG’s rate sheet on the effective date, September 16, 2014.

Please contact your Correspondent Regional Manager or your Correspondent Liaison with any questions.

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