

2024 Condo Job Aid Addendum



This Condo job aid is a **supplemental TOOL designed for use along with Essent's Appraisal job aid**, when analyzing Condo Appraisal Reports. Completion of this checklist does **not** constitute an approval of the subject's Condo Project. Use of this job aid is **not** a requirement of Essent for Mortgage Insurance coverage.

APPRAISAL REPORT FORM AND GENERAL CONCERNS				
Yes	No	Do you have the correct appraisal report form (or better) as requested by the DU Finding or Loan Product Advisor Feedback?		
Yes	No	Is Fannie Mae's Condo Project Manager™ status " unavailable "?		
Subject Section of Condo Appraisal Report				Actions/Comments/Notes
	Did the appraiser note a monetary amount for "special assessment(s)" applied to the subject property in the Subject section of the appraisal report?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes - What is the annual amount of the assessment? _____ (Include calculated monthly amount in Borrower's DTI ratio if more than 10 payments remaining until assessment is paid in full.) If No - Appraiser must note "\$0" for special assessment(s). NOTE: If there is a special assessment amount noted, the appraiser must include the following in the body of the report: Outstanding balance, payment plan including duration and what the assessment is being used for along with report on whether the assessment(s) (including any that are pending or deferred) are related to significant deferred maintenance in the project and/or have an overall impact on the value & marketability of the subject unit. The appraisal is deemed incomplete without this information.
Project Information				Actions/Comments/Notes
1.	Does the project description match the photographs?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Have the appraiser provide necessary clarifications and/or corrections.
2.	Is the project's primary occupancy Principal Residence?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Verify that the loan is eligible for the loan program.
3.	Are 75% or more of the units in an established project owned as investment or second homes?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – This is a red flag requiring additional due diligence on part of the Lender. (Refer to Fannie Mae's and/or Freddie Mac's Ineligible Project lists for more information.) NOTE: In a new project, at least 50% of the total units in the project must be conveyed or under contract for occupancy as primary residence or second home.
4.	Is the developer/builder in control of the homeowners association?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Use careful consideration as the association's ability to maintain adequate reserves and manage the property has been demonstrated.
5.	Does a single entity own more than: <ul style="list-style-type: none"> • 2 units (if project 5 to 20 units) or • 20% (if project 21 or more units)? 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes - The mortgage loan for a unit in this project may be ineligible for purchase by Fannie Mae. NOTE: A single entity is defined as the same individual, investor group, partnership, or corporation. Excluded from this definition is the project sponsor or developer who owns vacant units that are being actively marketed for sale or units that are controlled or owned by a non-profit for the purpose of providing affordable housing. For more information, refer to single entity guidelines. [FNMA B4-2.1-03 and Freddie 5701.3(j)]
6.	Is the project a conversion of an existing building into a condo?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Determine whether this is a new conversion or an older conversion which requires careful review of zoning. NOTE: If converted from a hotel, give careful consideration of all advice contained on ineligible project lists provided by the Agencies. (Links included below.)
7.	Is the project or subject legal phase "substantially complete"?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Completion arrangements must have been approved by Fannie Mae through the PERS review process. NOTE: There may be more than one legal phase per building. "Substantially complete" means certificate of occupancy has been issued and all units and building in the legal phase where the unit is located have been completed, subject only to installation of buyer selected items such as appliances. (Both FNMA and FHLMC)
8.	Is more than 35% of the total building square footage non-residential or commercial use?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – The loan is ineligible for delivery to either Agency.
9.	Are any common elements leased to or by the Homeowners Association?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Review the Appraisers comments on how this will impact marketability.
<p>Check Fannie Mae's complete list of Ineligible Project Characteristics here. These apply EVEN WHEN AN APPRAISAL WAIVER IS USED. Check Freddie Mac's complete list of Ineligible Project Characteristics here. These apply EVEN WHEN AN APPRAISAL WAIVER IS USED.</p>				
Project Analysis				Actions/Comments/Notes
10.	Did the appraiser analyze the project's HOA budget?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Be aware that the lender must ensure HOA is budgeting minimum 10% of HOA assessment income for reserves per FNMA and FHLMC guidelines. Requests for waivers can be submitted on a case-by-case basis for established projects only.
11.	Are there any other fees for the use of the project facilities?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Verify that comparables have the same characteristic or a reasonable adjustment. Also review the Appraisers' comments on how this will impact value and marketability.
12.	Are there any special or unusual characteristics of the project?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Verify that the appraiser has noted the impact on marketability and the project is eligible for sale to Agencies.

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Unit Description				Actions/Comments/Notes
13.	Are the heating and cooling for the individual units separately metered?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – Determine if this practice is common for the local market where the project is located.
14.	Are there any physical deficiencies or adverse conditions that affect the livability, soundness or structural integrity of the property?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – An inspector’s report may be required.
15.	Is the unit less than 400 square feet?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – This is a red flag requiring additional due diligence on part of the Lender (may be an indication of a condominium hotel project).
16.	Does the property generally conform to the neighborhood?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No – The Appraiser must provide a description and address any impact on value and marketability.
SALES COMPARISON APPROACH				Actions/Comments/Notes
17.	Is property in a new (or recently converted) condo project, (subdivision or PUD), containing more than 20 units?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser must provide at least 1 comp from the subject subdivision or project and one comp from outside the subject subdivision or project. NOTE: GSE’s will accept two pending sales in lieu of one closed sale in the subject subdivision or project in the event closed sales are not yet available. Must have three closed sales. FNMA (B4-1.3-08) – FHLMC 6501.12(B)
18.	Is property in a new (or recently converted) condo project, (subdivision or PUD) containing 2 to 20 units with no settled or pending sales?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes – Appraiser allowed to use comp sales from outside the project that meet the following: <ul style="list-style-type: none"> • If using outside sales, those sales must be from a similar type of project, subdiv or PUD which has similar units, amenities and is similar in size to subject’s project. NOTE: If the subject is NOT the 1 st under contract in its project, then appraiser <u>must</u> also include one “under contract” sale from the subject’s project for comparison.
19.	Are the comparables similar to the subject? Compare the locations, designs, gross living areas, room counts, ages, conditions and other amenities of the comparables to the subject.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	The appraiser must explain why the specific comps were chosen. Adjustments to the comparables must be reasonable and should be explained and supported. BE AWARE OF: Use of across-the-board adjustments (particularly if not explained or supported by information). Square footage adjustments that are not consistent for each comp. NOTE: For properties in Rural Areas and Small Communities large adjustments can often be expected. In these situations, verify that the appraiser has used sound judgment and provided reasonable explanations for large adjustments.
20.	Did the data source for each comparable sale supplied by the appraiser come from a search of public records?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If No - The Appraiser must disclose which comp sales were provided directly to them by the builder or developer, and MUST also verify these sale(s) by obtaining the settlement statement(s) and indicate such on the appraisal report – stating that the settlement statement(s) were documents utilized as means of verifying these comp sales (when sales are too new to verify by means of public records search.)

Links to Agency Guidelines and Reference Materials

Fannie Mae	Appraisal Guidelines B4-1.3-08 Comparable Sales https://selling-guide.fanniemae.com/sel/b4-1.3-08/comparable-sales B4-1.4-03, Condo Appraisal Requirements https://selling-guide.fanniemae.com/sel/b4-1.4-03/condo-appraisal-requirements
Forms shared by both Agencies	FNMA Form 1076 - FHLMC Form 476: Condo Project Questionnaire https://singlefamily.fanniemae.com/media/15656/display Note: Retiring Short Form 1077 / 477
Freddie Mac	Freddie Mac Established Condo Projects https://guide.freddiemac.com/app/guide/section/5701.5 Freddie Mac New Condo Projects https://guide.freddiemac.com/app/guide/section/5701.6 Condo Project Review and General Project Requirements https://guide.freddiemac.com/app/guide/section/5701.2 Freddie Mac Condo Project Advisor https://sf.freddiemac.com/tools-learning/loan-advisor/our-solutions/condo-project-advisor