



Casey Sullivan

Loan Officer and Branch Manager, The Sullivan Group at CrossCountry Mortgage

NMLS237837, CrossCountry Mortgage NMLS3029, Branch 2125 Oak Grove Rd. Ste. 328 Walnut Creek, CA 94598

Office: 925-395-4212
Mobile: 925-789-0065
casey@thesullivangrp.com
[View My Website](#)

Financing a Condo? Recent Guideline Changes Could Make a Big Difference

Fannie Mae recently made some fairly big changes to the condo underwriting process. While it may not affect everyone in the market for a condo, it will make all the difference for others. MND community member Ted Rood provided this excellent overview:

If you've ever financed a condo, you're likely familiar with the term "condo reviews". These reviews include analysis of condo complexes' financials and insurance, breakdowns on units' ownership and residency, the percentage of owners in arrears on Home Owners' Association (HOA) dues, any pending legal actions, and more. Lenders **must** obtain them on every condo loan, in one of two different variations: "limited" and "full" reviews. If complexes don't meet the requirements, buyers in that HOA can't get financing. Far more complexes fail **full** reviews than **limited**, a distinction I always address with clients early in the loan process.

Limited reviews are **fairly routine**, consisting of a short questionnaire and insurance documentation from condo management. HOA management companies typically charge nominal costs to complete the questionnaires. Owner occupied condo loans with down payments of at least 10% (25% for second homes) are eligible for limited reviews. It's fairly **unusual** for a condo complex to fail a limited review. I've had **numerous** complexes fail a full review, yet meet limited review requirements.

Historically, however, all investment condo loans (regardless of down payment) **required full reviews**, which entail added cost/time to acquire more detailed info from HOA management BEFORE lenders even know if the complex meets full review requirements! That's a situation buyers, sellers, lenders, and agents all find stressful. No one likes uncertainty in the home buying process.

Fortunately for rental condo buyers, however, Fannie Mae **recently announced** that investment condo loans with **25% or more down** were now eligible for limited reviews. Why is this a big deal? Rental condo buyers who put 25%+ down already get improved loan pricing from Fannie Mae, saving 2-2.75% of the loan balance (up to \$5500 on a \$200,000 loan!) compared with those putting 15-20% down.

In short, many investment condo buyers were putting 25% down, but **still** had to cope with the uncertainty and cost of full condo reviews. They'll be pleased to hear that Fannie Mae's logical guideline reform just made rental

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30YR Fixed	7.29%	-0.06	0.00
15YR Fixed	6.95%	-0.05	0.00
30YR FHA	6.91%	-0.08	0.00
30YR Jumbo	7.55%	-0.05	0.00
7/6 SOFR	6.88%	+0.02	0.00
30YR VA	6.92%	-0.08	0.00

Rates as of: 10/29

Recent Housing Data

		Value	Change
Mortgage Apps	Oct 14	188.6	-5.32%
Building Permits	Sep	1.4M	+0.43%
Housing Starts	Sep	1.22M	-4.24%
New Home Sales	Aug	684K	+12.69%
Pending Home Sales	Aug	71.2	0%
Existing Home Sales	Oct	3.99M	+0.25%
Builder Confidence	Oct	29	-9.38%

condo loans far simpler.

Fannie Mae also **expanded their Property Inspection Waiver (PIW) program** to condos in June. A PIW is often referred to as an "**appraisal waiver**", and allows lenders to close certain loans without the expense/time of appraisals. There's nothing agents, buyers, and sellers love more than hearing their transaction doesn't need an appraisal. PIWs are determined automatically by Fannie Mae's automated underwriting engine Desktop Underwriter or "DU."

Between these two guideline revisions, Fannie Mae has made condo financing faster, cheaper, and far more predictable. More predictable loans mean more closings, higher condo values, happy buyers, sellers, agents, and lenders. It's a big win for everyone. Thanks, Fannie Mae!

About Casey Sullivan

Casey is a dedicated and dependable mortgage loan officer. His clients count on him to be their skilled, experienced, and focused consultant, listening to their needs.

He skillfully assists his clients with both refinancing and home purchases in California and more specifically the San Francisco Bay Area.

His vision is to build lifetime relationships with each client as their mortgage consultant...for life! He stays connected with each client well after closing which includes loan reviews and dependable market updates.

Casey believes that everyone deserves to completely understand their mortgage financing options and that one size does not fit all when it comes to mortgages. Nor does it apply when it comes to mortgage lenders. All lenders are not made the same and they are not all equal.

For a free consultation, contact Casey Sullivan today at 925-395-4212 or Casey@TheSullivanGrp.com

NMLS237837. CrossCounty Mortgage NMLS3029, Branch NMLS1553210Branch NMLS ID# 313318
An Approved Equal Housing Lender

Casey Sullivan

