

# DEFERRED MAINTENANCE CHEAT SHEET



[HTTPS://SINGLEFAMILY.FANNIEMAE.COM/APPLICATIONS-TECHNOLOGY/CONDO-PROJECT-MANAGER](https://singlefamily.fanniemae.com/applications-technology/condo-project-manager)

- Loans secured by units in condo projects with significant **deferred maintenance** or in projects that have received a directive from a regulatory authority or inspection agency to make repairs due to unsafe conditions are **not Eligible** for purchase (does not apply to routine maintenance or repairs that a homeowners' association (HOA) undertakes to maintain or preserve the integrity and condition of its property)
- Any current or planned special assessment, even if paid in full for the subject unit, must be reviewed to determine acceptability. The lender must document the loan file with the following:
  - (1) The reason for the special assessment;
  - (2) The total amount assessed and repayment terms;
  - (3) Documentation to support no negative impact to the financial stability, viability, condition, and marketability of the project; and
  - (4) Borrower qualification with any outstanding special assessment payment.
- Loans secured by units in any project with a CPM status of "**Unavailable**" are **ineligible** for purchase, **regardless** of the project review process used in underwriting the loan. *(Call the HOA to find out why)*
- Flexibility that allows a lender to obtain a reserve study in lieu of the condo project meeting our **10%** budget reserve requirement has been suspended (projects under full review must have **10%** reserves)
- Project Eligibility Waivers (PEWs) from Fannie Mae will **not** be issued for significant deferred maintenance, failure to obtain a certificate of occupancy, failure to complete or pass a regulatory inspection, or projects subject to large special assessments.
- Best practice for lenders is to review the past six months of a project's HOA meeting minutes and **obtain information about any maintenance or construction that may have significant safety, soundness, structural integrity, or habitability impacts on the unit or the project**. References to items such as improvements, renovations, inadequate reserve funding, budget deficits, and negative cash-flows should be researched to determine if these items are related to deferred maintenance or other conditions that impact the safety, soundness, structural integrity, or habitability.
- Best practice for lenders is to **review** any **available inspection, engineering, or other certification reports** completed within the past five years to identify deferred maintenance that may need to be addressed
- Additionally, regardless of review type, all **conventional loans** for condo properties must have Fannie Mae's **Condo Project Manager (CPM)** portal reviewed to ensure the condo is **not listed** as **unavailable** and documentation must be included in the loan file to evidence this. **(CPM can only be accessed by your lender partner)**
- If the project is listed as **unavailable**, the project is **not eligible** for financing.
- If a project is **not listed vs unavailable** in CPM, it is still **eligible** for **Full** or **Limited** condo review.
- 2-4 unit or detached project in CPM as "**unavailable**," the project would be **ineligible**. However, they also indicated that 2-4 unit projects and detached units are **not** in CPM because of the waiver of project review. **(check with your Lender Partner)**
- These requirements will apply to both **Fannie Mae** and **Freddie Mac conventional products** and are in effect **immediately**.