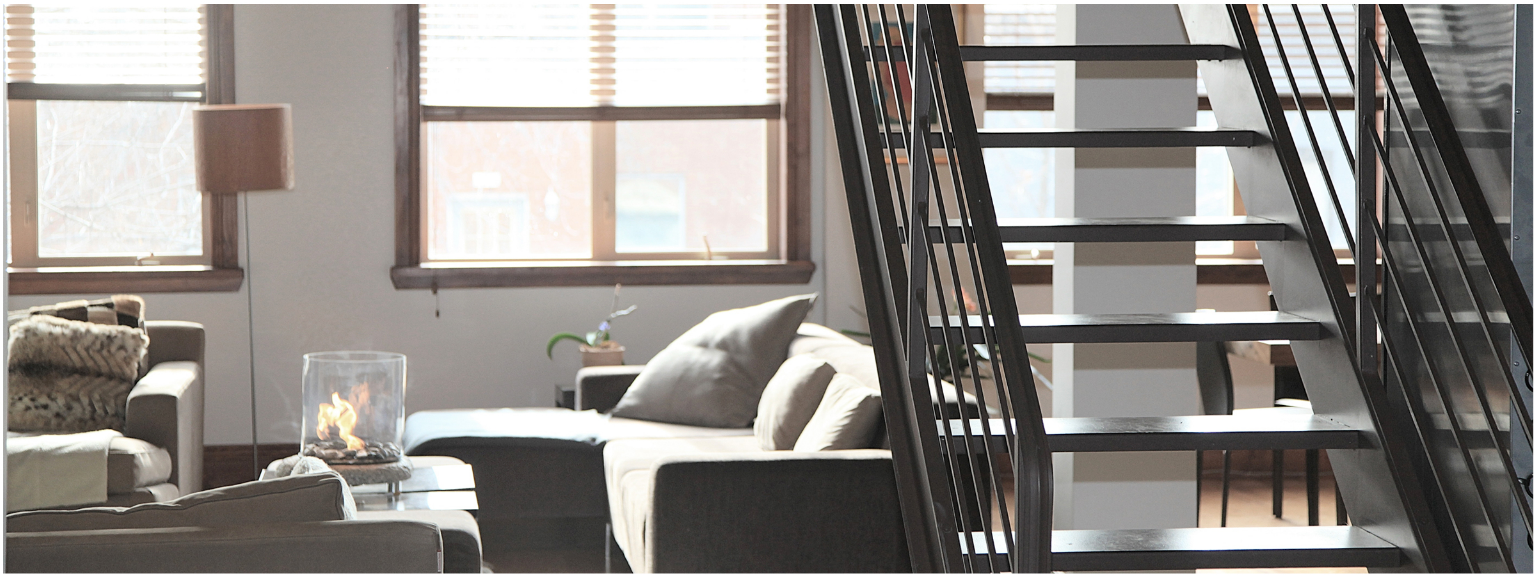
Condo Financing

Warrantable or Non-warrantable.



We have expanded the guidelines for Condo financing options. A condominium complex can be grouped into one of two mortgage categories warrantable and non-warrantable. A condo complex is considered non-warrantable when they fail to meet criteria by Fannie Mae and Freddie Mac to allow for a more traditional mortgage financing.

FACTORS THAT CAN CREATE A NON-WARRANTABLE CONDO DEVELOPMENT

- The complex is not 100% complete. Confirm this with the builder and/or homeowners association.
- The complex is less than 90% sold out.
- There are restrictions on the number of condos that can be owned by a single investor or entity.
- At least 50% of the properties in the condo complex must be primary residences or second homes.
- Homeowners Association Lending Rules.
- Control of the association has been transferred from the builder to the owners in the complex.
- Other budget complex budget requirements and required types of insurance.
- Restrictions on the number of homeowners in the association cannot be delinquent on their dues.
- The HOA cannot be named in any current lawsuits.
- Possibly more

The biggest concern for buyers of a non-warrantable condo is if it's a good investment for their money. Fannie Mae and Freddie Mac require a lot of qualifications to consider a condo warrantable – and some of those red flags should make condo buyers carefully consider this type of purchase.

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