



**NATIONAL CONDO**  
ADVISORS, LLC

# ACCESSING COMPETITIVE FINANCING FOR YOUR COMMUNITY

---

## FIRST STEPS PROJECT APPROVAL

Presented by Orest Tomaselli

This presentation document is sole property of National Condo Advisors, LLC and should be treated as proprietary, confidential information of NCA. This document is specifically intended for the training participants' use only, and any reproduction, distribution, or forwarding of this document to any other party is strictly prohibited. The guidelines referenced in the presentation were pulled from the applicable agency's website(s) and guides (i.e., Fannie Mae's Selling Guide) and they are believed to be accurate as of the date of the presentation. As such, the information in this presentation is offered "AS IS," and no warranty is made as to its timeliness or accuracy after the date of the presentation. Changes to Fannie Mae, FHA, and other agency guidelines occur regularly and no amendments or corrections to these materials will be made by National Condo Advisors after the date of the presentation; please defer to the then-current and applicable guidelines contained within the applicable guidelines or regulations at all times.

## WHO WE ARE

National Condo Advisors, LLC brings condominium and cooperative developments into compliance with agency and lender mortgage guidelines. Mortgage financing is warrantable, accessible, affordable and abundant when condo and cooperative developments obtain and maintain compliance with agency guidelines.

We specifically tailor our approach to the compliance process specifically based upon the developments needs. We review, plan, align, submit and secure approval for condo and co-op developments utilizing our expert staff of compliance analysts and former agency employees.



In his role as President and CEO of National Condo Advisors, Orest provides lenders with 20 years of mortgage industry compliance knowledge, customized guidance on condominium and cooperative origination and review policies.

Orest has lectured nationally and provided guidance to Fannie Mae, HUD, the New York State Attorney General's Office, the New York State Bar Association and the Mortgage Bankers Association on condominium and cooperative compliance and the importance of reserve studies.



Ms. Shannon joined the NCA Team as Chief Business Development Officer in 2015 after serving 30 years with the federal government.

As the former Technical Branch Chief in the Philadelphia Homeownership Center responsible for the oversight of condominium project approval, Ms. Shannon acts as National Condo Advisors' FHA Condo Educator and Expert where she guides lenders and other industry partners on how to navigate FHA project approval processes.

## THE QUESTION COMMUNITIES ALWAYS ASK!

**“Should our community obtain FHA, Fannie Mae and VA project approval”?**

- Importance Of Agency Approvals
- Approval Type
- Choosing an Agency
- Impact On The Community
- What is required
- Obtaining financing
- Project Review
- **HELP!** What to look for when hiring a professional

## A Little Bit of History

Prior to the Fall of 2016 lenders did not want to lend in a co-housing community. This was due to confusion and lack of understanding regarding what col-housing is. National Condo Advisors, LLC participated in a national industry coalition which helped change the mindset of the industry which resulted in lenders deciding to make loans in co-housing communities.

Fannie Mae now recognizes cohousing in their lender guidelines. The coalition requested that cohousing communities be evaluated as any other condominium, cooperative, multifamily or single family development would be, depending on the community's relevant financial and legal structure. Fannie Mae has addressed cohousing in their Project Standards Requirements FAQ has confirmed that cohousing homes are eligible for Fannie Mae financing.



An excerpt  
from  
Fannie  
Mae's  
FAQ's

## Are cohousing units eligible for Fannie Mae financing?

Cohousing communities are typically characterized by private unit ownership within a community that has explicit arrangements for shared community life and the responsibility for and ownership of common elements and amenities. While these types of communities are often marketed to consumers as cohousing communities, they are typically legally organized as a condominium, co-operative, or PUD project.

# Co-Housing Communities



FHA Approved

California

Fannie Mae  
VA  
FHA  
Approved



Tennessee



Alaska

Fannie Mae  
Approved  
VA in process

Conventional  
Mortgages can  
require at least  
20% down  
payment in  
addition to  
closing costs!

## Fannie Mae

**HomeReady®**  
mortgages. Low down  
payment. Up to 97% LTV  
financing for home  
purchase and refinance  
transactions.

Flexible sources of funds.

Affordable and cancellable  
monthly MI

## Freddie Mac

**Home Possible®**  
3%-5% down solution  
mortgages offer low down  
payments for low- to  
moderate income  
homebuyers or buyers in  
high-cost or underserved  
communities.

Flexible sources of funds.

Reciprocity

## FHA

3 ½% down payment

Lower credit scores  
Mortgage rates are  
typically lower than  
mortgage rates on  
conform loans.

Assumable

Flexible source of funds.

## VA

Must be a veteran

100% financing

No PMI Required

VA Is More Flexible

# Can Our Community Get Approval?

Reviewing the general project characteristics through the questionnaire and project documents will help determine if the project is eligible for project approval.

Certain project attributes are not accepted by the agencies and would result in a rejection or the requirement of a project approval waiver submission sometimes resulting in additional required documentation and higher fees.

**INELIGIBLE PROJECT TYPES  
ARE MOSTLY STANDARDIZED  
BETWEEN ALL AGENCIES**

## Ineligible Project Types:

- Projects that operate as Hotels or Motels
- Projects that are subject to Split Ownership Arrangements
- Projects that consist of Multi-Dwelling Units
- Projects with property that is not Real Estate
- Projects operating as Continuing Care Community or Facility
- Projects operating under certain Non-Incidental Business Arrangements
- Projects with commercial/non-residential space (Mixed-Use) that exceed the allowable 25% square footage allowance. \*\*
- Projects that consist of Live-Work Units \*\*
- Project involved in certain litigation \*\*
- Projects that allow for a Priority of Common Expense Assessments

\*\* May be considered if presented for review via the PERS and/or individual Project Eligibility Waiver process.

## Important Questions To Consider

- Is the project complete or still under-construction?
- Are there deed restrictions?
- Are there live/work units or commercial space?
- How many owners are more than 60 days past due?
- Any health/safety or environmental hazards?
- Is the community self-managed?
- Does the budget show 10% being allocated for reserves?

## **Condominium Questionnaire**

- Project Characteristics
- Sales and Occupancy Data

## **Legal Operating Documents**

- Declaration of Condominium or Master Deed
- By-Laws or Declaration of Trust
- Plat Maps/Site Plans

## Financial Review

- Current Fiscal Year Operating Budget
- 10% Reserve Fund Line Item or Reserve Study
- Balance Sheet
- Previous Year Ending Income and Expense Statement

## Insurance Documents

Certificate of Property and Liability Insurance

Declaration Pages from the Insurance Policy

Upon review of the project documents, additional items may be required based upon the agency submission type and specific project characteristics (ex: ground lease, affordable housing agreement, etc.)

Remediation of one or all of the documents is almost always required in order to bring the project into compliance with agency guidelines.

## Important Reasons To Have A Reserve Study Completed and Keep It Updated

- In some instances, reserve studies are required by many lenders, Fannie Mae, and FHA.
- A reserve study helps maintain the value and owner's investment by identifying major capital components that will need replacement, the timeline for replacement and cost.

- Limits unexpected surprises relating to replacement of building components.
- A reserve study is an important tool to assist the board in creating the homeowners' association budget.
- FHA, Fannie Mae, VA, Freddie Mac and most mortgage lending institutions requires that the HOA's annual budget include a 10% reserve budget line-item for capital improvements. Federal agencies and many lenders will accept a reserve study in lieu of a 10% contribution.



# Reserve Studies

Agencies will  
consider an  
acceptable  
reserve study in  
lieu of budgeting  
10% reserves

- Could mitigate the need for special assessments and prevent potential foreclosures.
- **IT'S MAKES GOOD BUSINESS SENSE!!** A reserve study is a roadmap that allows decisions to be made which will be efficient and effective for the long term.

# What Next!

## Hire A Professional

- Experience
- Review and Analysis
- Does the company recommend how to mitigate issues?

## Submit

- Applicable Agency
  - Lender

## Project Approval

- Schedule for recertification
- Financing for purchase, refinance or reverse loans available

### **Fannie Mae Seller Servicer Guide**

<https://www.fanniemae.com/content/guide/sel032817.pdf>

### **Freddie Mac Condominium Project Reviews**

[http://www.freddiemac.com/singlefamily/factsheets/sell/condo\\_projects.html](http://www.freddiemac.com/singlefamily/factsheets/sell/condo_projects.html)

### **FHA/HUD Condominium Project Approval Processing Guide**

<https://portal.hud.gov/hudportal/documents/huddoc?id=11-22mlguide.pdf>

### **VA Pamphlet 26-7, 16-A.02 Condominium Approval Procedures**

<https://benefits.va.gov/warms/pam26-7.asp>

Darlene Shannon

National Condo Advisors

Chief Business Development Officer

Direct Extension: 306

[dshannon@nationalcondoadvisors.com](mailto:dshannon@nationalcondoadvisors.com)

Orest Tomaselli

National Condo Advisors

President/CEO

[otomaselli@nationalcondoadvisors.com](mailto:otomaselli@nationalcondoadvisors.com)

[www.nationalcondoadvisors.com](http://www.nationalcondoadvisors.com)

888-726-6361

### SERVICES

- Condominium Compliance
- Cooperative Compliance
- Fannie Mae/Freddie Mac/FHA/VA Project Approval
- Reserve Studies
- Portfolio Lending Approval
- FEMA Flood Map Revisions

National Condo Advisors, LLC  
45 W 45th St,  
Suite 1000  
New York, NY 10036  
888-726-6361 extension 306

[dshannon@nationalcondoadvisors.com](mailto:dshannon@nationalcondoadvisors.com)

Darlene Shannon, Chief Business  
Development Officer

[orest@nationalcondoadvisors.com](mailto:orest@nationalcondoadvisors.com)

Orest Tomaselli, Owner/CEO

[info@nationalcondoadvisors.com](mailto:info@nationalcondoadvisors.com)