



Understanding Mortgage Ineligibility in Condo and Co-op Properties

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Lending Guidelines for Co-op and Condo Properties



Impacts on Affordable to Luxury Lending

Fannie Mae and Freddie Mac Ineligibility

Non-Warrantable Lending

Big Box Lenders

Broad Ineligibility for Condo and Co-op Lending

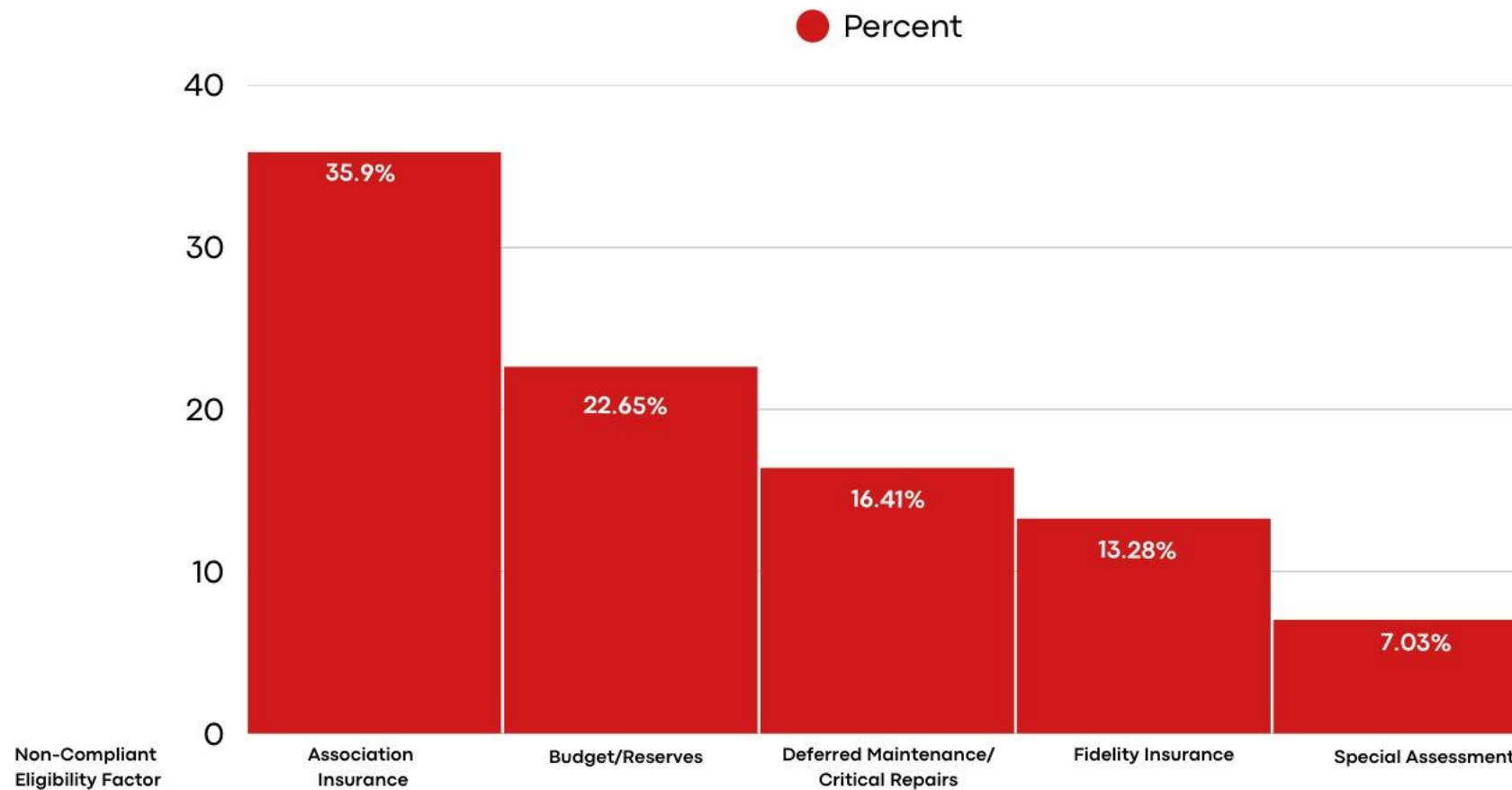
Returning a Property to Eligibility: A Specific Pathway



The Data on Ineligibility



5 Most Common Reasons for Condo Mortgage Ineligibility



More than 46% of condo properties reviewed are **initially** ineligible for mortgage financing.

*Data provided as of 6/1/2025. Data based on sample review of 1000 condominium associations in multiple geographic areas across the US.

Master Insurance Policies

- Coverage Levels
- Perils Listed and Covered
 - fire, windstorms, water damage, and other common risks to ensure broad protection for the property.
- Limitations on Deductibles (5%)
- Replacement Cost Basis Required
- Actual Cash Value Not Allowed
 - Property Must be Able To be Fully Restored after a Loss



Reserves

Why are they important?



- Risk Mitigation
- Reduces Likelihood of Special Assessments
- Increases Property Values
- Financial Health Indicator

10% Reserve Guideline May Disappear
Reserve Studies Becoming More Prevalent
and Legislatively required
Impact to Insurance Costs

Deferred Maintenance and Critical Repairs

Structural and Mechanical Component Condition

- Potential Safety Risks
- Financial Instability
- Reduced Property Values



Fidelity Insurance

- Safeguards Associations Financial Stability
 - Financial Controls Required
 - 3 Months of Assessments of All Units
 - Must Cover All Reserve Funds

Special Assessments



- Financial Instability
- Potential Financial Strain on Borrowers
- Inadequate Reserves
- Critical Repair Indicator
- Repairs Funded by Special assessments Must Be Completed
- Negatively Impact Unit Value

Litigation

- Significantly Impacts Lending Availability
- Financial Instability
- Possible Future Special Assessments
- Construction Defect-Pending or Active Renders Lending Unavailable
- Any Suit Filed Against the Association



CondoTek Products and Services



Lender solution for project data collection. There are many components to condominium lending. CondoPak is your solution for an efficient, streamlined, and stress-free process.



The ultimate review solution that combines CondoPak and CondoTek lender review at a standardized flat rate. With a simple order process and quick completion.



Provides the tools that property managers and boards need to determine whether a condo/co-op property is compliant with the most recent mortgage lending guidelines.

DEVELOPER SERVICES



Mortgage Lending
Solutions

Portfolio Lender Approval
Fannie Mae PERS Approval
Freddie Mac Lending Approval
FHA Project Approval
VA Project Approval



Project Analysis

Reduced Pre-Sale Portfolio Approval
Fannie Mae and Freddie Mac Approval

New Construction Condo Approval Experts

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