



Bulletin 19-02

Freddie Mac Condominium Requirements Updates

HomeBridge is updating its Freddie Mac condominium requirements to align with recent updates announced by Freddie Mac in Bulletins [2018-13](#), [2018-18](#), and [2018-21](#).

Condominium Projects

Freddie Mac has updated their requirements for condominium projects as follows:

- Established projects are now defined as projects where at least 75% of the project units have been conveyed to unit purchasers (previously 90% required) when the project has five (5) or more units
- New condo projects are now defined as projects where less than 75% of the project units have been conveyed to unit purchasers (previously 90%) when the project has five (5) or more units
- Established project reviews are now valid for one (1) year prior to the Note date (previously 180 days). There is no change for new condo reviews; they continue to be valid for 180 prior to Note date
- Investment properties are now eligible for a streamlined review with a maximum 75% LTV/CLTV (previously investment property ineligible for streamlined review)
- Single entity ownership in a project has been **increased** from a maximum of 10% to 25%
- Freddie Mac eliminated the following project types from their ineligible list:
 1. Investment securities
 2. Project that is legal non-conforming

Condominium Project Insurance

- **Property/Hazard Insurance**
 - Condominium units, including units in 2-4 unit projects, may now be covered through an individual property/hazard insurance policy, in lieu of coverage through the HOA master policy, **when** the condominium project governing documents require.

NOTE: Condominium project common areas must be covered by the HOA master policy
- **Liability Insurance**
 - Liability insurance requirements may be waived for projects reviewed under a streamlined project review, a detached condo project review, and for certain 2-4 unit projects.
- **Fidelity/Employee Dishonesty Insurance**
 - Fidelity (aka employee dishonesty insurance) may be waived for projects reviewed under a streamlined project review or detached condo project review

- **Flood Insurance**

- Condominium units in a 2-4 unit project, may now be covered through an individual flood insurance policy, in lieu of coverage through the HOA master policy, **when** the condominium project governing documents require

NOTE: Condominium project common areas must be covered by the HOA master policy

- Freddie Mac has changed the coverage requirements for condo projects with five (5) or more units where all or part of the building(s) are in a Special Flood Hazard Area (SFHA). The HOA building flood coverage is now the **lower of**:
 - 80% of the building's replacement cost (previously just the replacement cost), **OR**
 - \$250,000 multiplied by the number of units in the building (no change)

- **Increased Deductibles**

- Freddie will allow the HOA's property/hazard master policy to exceed the 5% maximum per unit deductible for named perils specific to a geographic area provided the unit owner has an HO-6 policy and it meets Freddie Mac's specific requirements.

NOTE: HomeBridge will validate that the HOA master policy and the HO-6 policy meets all Freddie Mac requirements for the increased deductible

The Freddie Mac Conforming and Super Conforming guidelines and condominium forms have been updated, as applicable, and posted on the HomeBridge website at www.HomeBridgeWholesale.com

If you have any questions, please contact your Account Executive.