Fannie Mae/Freddie Mac Ineligible Project List

- Timeshare, fractional, or segmented ownership projects or tenancy-in-common projects
- New projects where the seller is offering sale or financing structures in excess of Fannie Mae's eligibility policies for individual mortgage loans. These excessive structures include, but are not limited to, builder/developer contributions, sales concessions, HOA assessments, or principal and interest payment abatements, and/or contributions not disclosed on the settlement statement.
- Any project that permits a priority lien for unpaid common expenses in excess of Fannie Mae or Freddie Mac's priority lien limitations (Refer to items # 18 & 19 of the checklist)
- Projects with mandatory memberships and/or recreational leases for the use of recreational amenities, such as country club facilities and golf courses, owned by an outside party (including the developer or builder).
  - The following characteristics are indicative of mandatory memberships/recreational leases:
    - ❖ Amenities have a different name than the residential project
    - ❖ Owners are required to pay large up-front fees to become a member/have access to the amenities
    - ❖ Owners pay monthly/periodic dues to the entity that owns/operates the amenities
    - ❖ The general public is allowed to purchase memberships or access passes to the amenities,
    - ❖ The amenities can be leased/rented to the public for events not hosted by the HOA or its members,
    - ❖ HOA members are subject to block-out dates or other use restrictions

  NOTE: Membership fees paid for the use of recreational amenities owned exclusively by the HOA or master association **are** acceptable
- Projects that are managed, licensed and operated as a hotel or motel, resort, hospitality entity, or similar commercial entity (aka Condotel) even though the units are individually owned. **If the project has any of the following characteristics the project is ineligible. The project:**
  - Has legal documents that restrict owners' ability to occupy the unit during any part of the year or require the owners to make their unit available for rental pooling, or to share profits from the rental of units with the HOA, management company, resort or hotel rental company
  - Is transient in nature,
  - Offers hotel type services (rental desk, registration services, rentals of units on daily or short term basis, daily cleaning services, central key systems, restrictions on interior decorating or central telephone service,
  - Is a conversion of a hotel (or conversion of similar type of transient housing) unless a gut rehab was completed and the resulting condo units no longer have characteristics of a hotel/similar transient housing,
  - Is subject to voluntary rental-pooling, revenue, profit or commission sharing agreements with the HOA/management company which restrict the owner's ability to occupy the unit for specific black-out dates and occupancy limits to assure an inventory of units for rent (daily, weekly, monthly, seasonal),
  - Is professionally managed by a hotel or resort management company that facilitates short term rentals,
  - **Has a legal name that contains resort, motel, hotel** unless the reference is to its historical use of the building and **not reflective to its current use as a residential condo** (refer to item #11 of checklist)
  - Is marketed as a hotel/motel/resort or investment opportunity
  - Has obtained a hotel/resort rating through hotel ratings providers (e.g. travel agencies, hotel booking websites, internet search engines, etc.)

(continued on next page)

- Red flags that a project is operating as a hotel/motel include:
    - ❖ More than 75% of the units are owned as an investment property or second home
    - ❖ Units do not contain full-sized kitchen appliances
    - ❖ Advertisements for daily or short-term rentals
    - ❖ Unit is < 400 square feet
    - ❖ Project is located in a resort area
    - ❖ Interior units that adjoin units,
    - ❖ Concierge services that include airport shuttles, ski lift shuttles, trail passes, rentals of recreational equipment or amenities, etc.

- Projects in litigation or pre-litigation (Refer to item # 9 of the checklist)
- Projects with covenants, conditions, and restrictions that split ownership of the property or curtail an individual borrower's ability to utilize the property
- Projects with property that is not real estate, such as houseboats, cabanas, boat slips, etc.
- Any project that is owned or operated as a continuing care facility
- Projects with non-incidental business operations owned or operated by the HOA including, but not limited to, a restaurant, spa, or health club
- Projects that do not meet the requirements for live-work projects
- Projects in which a single entity (the same individual, investor group, partnership, or corporation) owns more than allowed by Fannie Mae/Freddie Mac. Refer to Item # 6 of the checklist for specific limits
- Multi-dwelling unit projects that permit an owner to hold title (or stock ownership and the accompanying occupancy rights) to more than one dwelling unit, with ownership of all of his or her owned units (or shares) evidenced by a single deed and financed by a single mortgage (or share loan)
- The total space that is used for nonresidential or commercial purposes may not exceed 35%
- Projects consisting of manufactured homes unless there is a Fannie Mae PERS approval
- New, attached condominium projects in Florida without a Fannie Mae PERS approval

Any questions/concerns regarding the eligibility of a project should be directed to the Homebridge Condo Dept at condoapprovals@homebridge.com