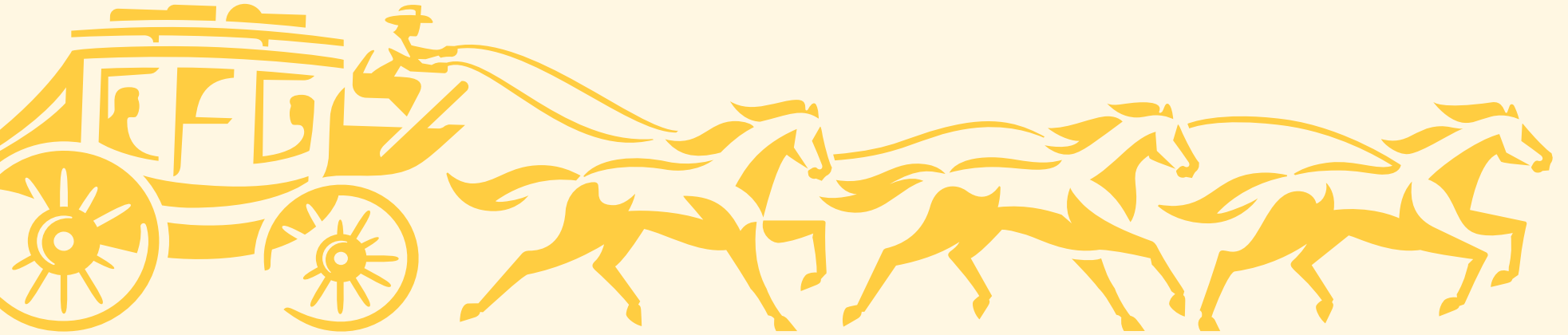


**WELLS
FARGO**



Taking the Complexity out of Condo Financing

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VP/National Condo Manager

Take the Complexity out of Condo Financing

Basic condo approval requirements:

- Presale
- Owner Occupancy
- Single Entity Ownership
- Commercial Space
- Incidental Business Income
- Reserves
- Insurance
- Legal or Marketing Phases



Basic condo types:

- Site Condo
- Low, Mid or High Rise
- Mixed Use Condo
(w/commercial space)
- Condo Conversions
(Full Gut or Non-Gut)

Take the Complexity out of Condo Financing

Mixed Use Project Considerations:

- Commercial space (non-residential space - hotel, retail, office, apartment, restaurant, etc.).
- Legal and physical separation of space
- Parking (HOA, developer or 3rd party?)
- Amenities (completely separate and/or minimal shared)
- Condo HOA and MHOA/REA (financial and voting rights)



Types of Project Approvals

Spot approvals (Streamline or HOA Certification)

FHLMC CPA (Condo Project Advisor)

FNMA CPM (Condo Project Manager)

FNMA PERS (Project Review Eligibility Service)

FHA HRAP (HUD Review & Approval Process)

FHA DELRAP (Lender Review & Approval Process)

VA Project Approval Process

Non-conforming (Jumbo) Approval Process

Non-Warrantable Portfolio Approval Process

Condo Approval Enhancements

Parameter	Non-Conforming (varies by lender)	Fannie Mae	Freddie Mac	FHA
Established Condo Project Definition	>75% conveyed, complete, HOA turned over to unit owners	>80% conveyed, complete, HOA turned over to unit owners	>75% conveyed, complete, HOA turned over to unit owners	Project final CO >12 month old
Single Entity Ownership	Condo: 25% for projects with >20 units Co-Op: 20%	20% for projects with >20 units	25% for projects with >20 units	New Construction: 10% Established: 50%
Commercial Space	35% including non- residential parking	35% excluding non- residential parking	35% including non- residential parking	25%
Budget and Reserves	Use of working capital contribution to meet the 10% reserve allocation	Budget must allocate a minimum of 10% towards reserves	Use of working capital contribution to meet the 10% reserve allocation	Budget must allocate a minimum of 10% towards reserves
Project Reviews for 2-4 Unit Projects	Waived	Waived	Waived	Required
Streamline Review for Investor Loans	Not permitted	Permitted	Permitted	Not Permitted
Non-Conforming Zoning	Permitted, Appraiser comments on the impact to marketability	Permitted, Appraiser comments on the impact to marketability	Permitted, Appraiser comments on the impact to marketability	Not Permitted

Condo Approval Enhancements

Parameter	Non-Conforming (varies by lender)	Fannie Mae	Freddie Mac	FHA
<i>Project Approval Period (established projects only)</i>	12 months	12 Months	12 Months	24 Months
<i>Live-Work</i>	The primary use of the live-work Condominium Unit is residential and the nonresidential use is secondary	The primary use of the live-work Condominium Unit is residential and the nonresidential use is secondary	The primary use of the live-work Condominium Unit is residential and the nonresidential use is secondary	HRAP Required
<i>Concentration</i>	None	None	None	50%



Thank you

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