

Condos Easier to Buy with New Fannie Mae Guidelines

By Elisa de la Vara, director, Fannie Mae Arizona Partnership Office

Condominium construction is booming just as it did in the early 1990s, because condos often provide an affordable alternative to higher-cost single-family homes for working families and single people. Condos are also an excellent source of business for REALTORS[®], especially in high-cost housing markets.

Fannie Mae supported the earlier “boom” with a set of guidelines that created a secondary marketplace for condominium loans. The guidelines were serviceable, but real estate professionals believed that they could sell even more condominiums if the guidelines were liberalized.

There is now great news for REALTORS[®] and their clients. Fannie Mae recently announced substantial updates to its national condo guidelines to enable lenders to more easily and quickly approve home loans for borrowers who rely on condos to achieve the American dream.

The new guidelines include a more straightforward process for condominium development approval, and less restrictive eligibility criteria - including the reduction of some presale requirements and a loosening of investor concentration limitations.

Lenders now have the tools and authority to review the majority of condo developments. Highlights of the changes include:

- 1) Less restrictive presale and occupancy requirements that allow lenders to begin lending earlier in new condo developments;
- 2) Reduced development documentation requirements;
- 3) Substantially reduced legal and budget review requirements; and
- 4) Simplified development review processes that include the acceptance of most FHA-approved condo developments.

For the home buyer, this means access to a broader range of conventional financing options for condo units, particularly during the early stages of a development. Moreover, the loosening of presale and investor concentration requirements will reduce condo owners’ resale risks.

For REALTORS[®], this means more sales opportunities.

Fannie Mae is committed to expanding access to affordable housing finance, particularly for first-time borrowers. Because condos are a primary entry point into homeownership, as well as a more affordable

housing option in many high-cost areas, the company felt it was important to update our processes and guidelines so they would be more consistent with today's business environment.

As we celebrate June being National Homeownership Month, Fannie Mae looks forward to working with REALTORS® in Arizona to help promote condo ownership for working families. For more information, please visit www.fanniemae.com, or contact the Arizona Partnership Office at 602-744-6840.

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