## Niche Non-Warrantable Condominium Guidelines

<table>
<thead>
<tr>
<th>Program Eligibility</th>
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<th>Non-Warrantable Condos allowed on Niche Conforming and Jumbo and Niche Alternative Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor</td>
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<td>Investor will not finance more than 25% of the units in any one project</td>
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</tbody>
</table>

### Lender Exposure

<table>
<thead>
<tr>
<th>Primary and Second Home Loan Eligibility</th>
<th>Maximum DTI</th>
<th>Minimum FICO</th>
<th>Maximum LTV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43% max DTI</td>
<td>680 FICO</td>
<td>Reduce max LTV by 5%</td>
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</tbody>
</table>

### Primary Residence & Second Homes

#### Non-Warrantable Condominium Project Allowances and Documentation Requirements

<table>
<thead>
<tr>
<th>Project Review</th>
<th>Limited Project Review</th>
<th>Full Project Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>Limited Review:</td>
<td>Full Review:</td>
</tr>
<tr>
<td></td>
<td>• HOA questionnaire</td>
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<tr>
<td></td>
<td>• Master property ins cert(s) and flood, if applicable</td>
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<td></td>
<td>• Title report</td>
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<td></td>
<td>• Appraisal</td>
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<tr>
<td></td>
<td>• Litigation docs, if applicable ex. Complaint, atty opinion letter if available</td>
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<tr>
<td></td>
<td>• Ground lease and master sub, if applicable</td>
<td>• Ground lease and master sub, if applicable</td>
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<td>• Additional documentation may apply based on condo team’s review</td>
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</table>

### Project Characteristics

#### Commercial/Non-residential

Subject property unit must be 100% residential Project/building commercial % must be ≤50%. If commercial % exist, must be "typical for market & have no negative impact on marketability". Commercial % is determined by appraiser. No further assessment required.

#### Zoning

Legal conforming and legal non-conforming allowed (per Fannie Mae guidelines) - allowed via limited & full project review

#### Mandatory Membership Fees

Allowed via limited & full project review

#### Minimum Sq. Footage

Units must be at least 475 square feet

#### Fractured project

Fractured Projects Definition: A "New" project where the builder/developer is renting out over 10% of the project OR the original builder/developer went bankrupt; and a subsequent developer or construction lender took over the project and is now renting/selling the remaining units. Allowed via limited & full project review (see single entity ownership for requirements)

#### HOA lien priority

50% - 75% single entity ownership allowed via limited & full project review

#### Single entity ownership

≤ 50% single entity ownership allowed via limited & full project review

#### Pending Litigation

HOA is named as Plaintiff in suit - allowed via limited & full project review

Examples of allowable pending litigation:
- HOA is named as the Plaintiff in a foreclosure action, or as a Plaintiff in an action for past-due HOA assessments

#### Pending litigation

Other pending litigation - will be considered on case by case basis, document via HOA cert and subject to additional documentation based on condo team assessment

Pending litigation not allowed under any circumstance when
- litigation involves structural items or items that impact marketability or safety

### Project Financials

#### HOA Reserve Balance

25% of HOA dues > 60 days' delinquent - allowed

> 25% of HOA dues > 60 days' delinquent = excessively insufficient

Projects with excessively insufficient budgetary reserves are allowed on a case by basis with a reserve study completed within the last 5 years by professional (Engineer, Architect, CPA, General Contractor, or Property Manager w/ 3 yrs experience)

#### Non-Occupied Reserves

Allowed via limited & full project review

### Condo Conversion

Not allowed via limited project review

Condo conversion full gut - allowed via full project review

### New Condominium

Not allowed via limited project review

Condo conversion non-full gut - considered on case by case via full project review, must provide an engineer's report

### Non-Affiliated Condo

Non-affiliated condos - allowed via limited review and must meet the following requirements:
- Project has been established for a minimum of 3 years.
- ≥ 15% of HOA dues allowed to be ≥ 60 days' delinquent
- ≥ 5% replacement reserves
- No special assessments allowed for repair/replacement of major components (Special assessments for non-mandatory items, e.g., lobby redesign and updating or front entrance beautification are acceptable.)
- Project must be in at least average condition with no project deferred maintenance cited by the subject unit’s appraisal report
- Condominiums that require mandatory rental requirements or include occupancy restrictions will only be allowed as investment properties.

### Ineligible Project Types & Characteristics

- Houseboats
- Manufactured Homes
- Common Interest Apartments, Tenants-in-Common or Contingency Interest Apartment
- Continuing Care Retirement Communities (CCRC)
- Dead Restriction Communities (age restricted communities permitted)
- Multi Dwelling Units (allowed within project but not allowed on subject property unit)

#### Investment Securities Project registered with the SEC

Revised 01/16/2018
<table>
<thead>
<tr>
<th>Topic</th>
<th>Details</th>
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<tbody>
<tr>
<td>Live/Work Projects</td>
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<tr>
<td>Private Transfer Fees</td>
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<tr>
<td>Units w/less than full kitchens</td>
<td>All kitchens must have a minimum of 14 cu. ft. refrigerator, 2 burner cooktop, oven and sink</td>
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<tr>
<td>Projects with time shares or fractional ownership</td>
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