



Announcement 15-39

Date: July 24, 2015

Topic: Revision to Announcement 15-19 FHLMC 2015-4: Condo Requirements and Reserve Verification Requirement

This announcement is intended to provide revisions to Announcement 15-19 regarding FHLMC 2015-4: Condo Requirements and Reserve Verification Requirement. See below for the original announcement with all new clarifications in yellow highlight that now supersede old verbiage in ~~strike through~~:

Condos

In light of recent market trends and lender inquiries, Freddie Mac revised certain condo requirements. Effective immediately, PennyMac is aligning with Freddie Mac's revisions, which include:

- Non-incident commercial (or non-residential) project space now allowed up to 25% of the total square footage of the project,
- Projects consisting of 5-20 units now allow for a single-investor to own up to 2 units, and
- Established and New condo project warranty types now allow up to 15% of the project's units with assessments past due 60 or more days.

Reserve Verification

Per Bulletin 2015-13, Freddie Mac delayed implementation of the LP enhancements for reserve verification requirements.

Effective with all submissions to Loan Prospector (LP) on or after **July 26, 2015** ~~July 19, 2015~~, Freddie Mac is enhancing LP to calculate required reserves for the subject property. As a result, lenders will need to verify the reserves required by LP, instead of verifying all reserves entered into LP.

Note: LP is unable to calculate the total required reserves, and lenders will need to verify additional reserves per Freddie Mac's guidelines, when:

- The subject property is a primary residence and the borrower's current primary residence is being converted to a second home or an investment property, or is pending sale and the sale will not close before the subject note date, or

- The subject property is a second home or an investment property and the borrower owns, or is obligated on, other financed second homes and/or investment properties. Lenders will need to determine and verify the additionally required reserves per Freddie Mac's requirements.

Please see Freddie Mac's [Asset and Reserves Feedback Messages](#) for the actual LP messaging changes.

Please contact your Sales Representative with any questions.