

## IMC Bulletin 2022-01 | January 18<sup>th</sup>, 2022

Effective: January 18<sup>th</sup>, 2022

Freddie Mac recently published [Bulletin 2021-38](#), issuing temporary project review requirements regarding projects in need of Critical Repairs and projects with special assessments.

Scope: Applies to all loans secured by units in projects with five or more attached units.

### Summary of Agency Changes

#### Projects in Need of Critical Repairs

With this Bulletin, Freddie Mac announced the following temporary requirements related to Condo and co-op projects:

- Critical Repairs: Loans secured by units in projects in need of Critical Repairs, as defined in the Bulletin, are not eligible for purchase. These repairs and replacements include:
  - All life safety hazards
  - Violations of any federal, State or local law, ordinance or code relating to zoning, subdivision and use, building, housing accessibility, health matters or fire safety
  - Material Deficiencies
  - Significant Deferred Maintenance

Projects in need of Critical Repairs remain ineligible until the required repairs and/or inspection report have been completed and documented.

These temporary requirements do not apply to:

- Routine Repairs and Maintenance, as defined in the Bulletin, and
- Damage or deferred maintenance to one or a few units in the project, provided that there is no impact to the overall safety, soundness, structural integrity, or habitability of the improvements.

#### Special Assessments

**Current or Planned Special Assessments:** Must be reviewed, even if paid in full for the subject unit, to determine acceptability. The lender must document the loan file with the following:

- the reason for the special assessment;
- The total amount assessed
- For current special assessments, the total amount is an appropriate allocation or, for planned special assessments, there is adequate cash flow to fund the reason for the special assessment, and
- For current special assessments, the amount budgeted to be collected year-to-date has been collected

As a reminder, special assessments with more than 10 monthly payments remaining must be included in the calculation of the monthly housing expense-to-income ratio and must be documented in the Mortgage file.

#### Condominium Project Questionnaire Addendum

Freddie Mac and Fannie Mae have developed *Form [1076A/476A](#)*, an addendum to *Form [1076/476](#)*, *Condominium Project Questionnaire – Full Form*, which may assist lenders in determining whether a project meets the temporary condominium project requirements.

#### ADDITIONAL LENDER LETTER NOTES

- Reserve Requirements: Freddie Mac is not changing reserve requirements for any of our project review types with this Bulletin.
- Lenders are not relieved of project-related representation and warranties for Condominium Unit Mortgages that receive an automated collateral evaluation (ACE) waiver.
- Lenders must ensure the requirements of the applicable Condominium Project review type or the requirements of Exempt From Review have been met.

#### RESOURCES

- [Freddie Mac Condominium Unit Mortgage Resources](#)