



## Smart Product Project Checklist

<b>Project Name:</b>	
<b>Location:</b>	
<b>Management or HOA Contact:</b>	

**The following are required:**

- ✓ Warrantable Projects must meet Fannie Mae or Freddie Mac published guidelines
- ✓ Co-ops only eligible in 5 New York Boroughs (Bronx, Brooklyn, Manhattan, Queens, and Staten Island)
- ✓ Non-Warrantable Expanded eligibility and Condotels:
  - No more than 2 non-warrantable features are permitted (none for condotels unless stated in condotel section below)
  - Full Project Review required (HOA Cert, budget and master insurance required, decs & bylaws required for excess commercial, single entity and condotel)
  - Minimum 500 square feet with at least one separate bedroom and fully functioning kitchen (including sink, refrigerator, range/cooktop and oven)
  - For projects ≤ 10 units, the Company will finance only one unit
  - For projects > 10 units, the Company will finance a maximum of 20% of the units in the project

**Not permitted:**

- ✓ Condotels under SmartVest Platinum
- ✓ Leaseholds
- ✓ Manufactured housing

Characteristics	Fannie Mae & Freddie Mac Guidelines	Smart Products NW expanded Guidelines	✓
<b>COMMERCIAL SPACE</b>	35%	Maximum 50% and must be typical for the market and compatible with the use of the subject project.	<input type="checkbox"/>
<b>SINGLE ENTITY OWNERSHIP</b>	<ul style="list-style-type: none"> <li>• projects with 5 to 20 units - 2 units</li> <li>• projects with 21 or more units - 20%</li> <li>• The single-entity ownership requirement may be waived when the single entity represents no more than 49% of the units and the transaction is a purchase transaction that will result in a reduction of the single-entity ownership concentration</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum 49%.</li> <li>• Non-gut conversions may have a single entity ownership up to 65%.               <ul style="list-style-type: none"> <li>○ Vacated units are not permitted to be re-leased (must be listed for sale)</li> <li>○ Existing leases do not get extended</li> <li>○ No bulk sales over 10%</li> </ul> </li> </ul>	<input type="checkbox"/>
<b>DELINQUENT HOA DUES</b>	15% maximum 60 days or more delinquent	Maximum 25% of total units are 60 days or more past due	<input type="checkbox"/>
<b>MANDATORY MEMBERSHIPS/ RECREATIONAL LEASES</b>	Not permitted	Mandatory memberships/recreational leases are eligible if there are no joining/annual membership fees and monthly fee is not greater than 25% of monthly HOA dues	<input type="checkbox"/>
<b>NON-INCIDENTAL INCOME</b>	10%, some exceptions to 15%	Non-Incidental Income may not make up more than 35% of total HOA budgeted income	<input type="checkbox"/>
<b>RESERVES</b>	10%	HOA Replacement Reserves <ul style="list-style-type: none"> <li>• &lt; 10% and &gt; 7.5% if current reserve balance exceeds 10% of operating expenses</li> <li>• &lt; 7.5% and &gt; 5.0% if current reserve balance exceeds 20% of operating expenses</li> <li>• &lt; 5.0% if current reserve balance exceeds 50% of operating expenses</li> </ul> Project balance sheet must be provided within 120 days of Note date	<input type="checkbox"/>
<b>PRE-SALE</b>	50% of the units must be sold or under contract to primary residents or second homeowners in the subject project or phase.	Pre-Sale: <ul style="list-style-type: none"> <li>• Primary Residence:               <ul style="list-style-type: none"> <li>○ 30% of the units must be sold or under contract in the <b>subject project or phase</b>; or</li> <li>○ 50% of the units must be sold or under contract in the <b>subject building</b></li> </ul> </li> <li>• Second Home or Investment Property:</li> </ul>	<input type="checkbox"/>



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		<ul style="list-style-type: none"> <li>○ 30% of the units must be sold or under contract in the <b>subject project or phase</b></li> </ul>	
<b>LITIGATION</b>	Fannie Guide Section B4-2.1-03 Freddie Guide Section 5701.3 (i)	Litigation will be considered on case-by-case basis. Litigation involving structural integrity will not be considered.	<input type="checkbox"/>
<b>CONDOTEL</b> A condotel is a condominium project located in a resort or hospitality area that is transient in nature with vacation rentals. Condotels offer hotel type services or characteristics such as a registration desk, cleaning service, and more. The units are typically individually owned but often advertised and managed by resort management companies who facilitate unit rentals to guests. Condotels are typically sold as investment or secondary homes rather than as primary residences.	Not Permitted	Condotels must meet Fannie Mae or Freddie Mac published warrantable condo project guidelines with the following exceptions: <ul style="list-style-type: none"> <li>• Must be in a resort area or metropolitan area with a project associated with nationally recognized high-end hotel brand (Hilton, Ritz Carlton, Four Seasons, etc.)</li> <li>• Borrower must have exclusive use of the unit with no primary occupancy limitations</li> <li>• Occupancy restrictions or black-out dates are not permitted; must permit year-round occupancy</li> <li>• Mandatory memberships/recreational leases may be eligible if there are no joining/annual membership fees and monthly fee is not greater than 25% of monthly HOA dues</li> <li>• No maximum investor concentration on investor loans</li> <li>• 50% presale required on new projects, no owner occupancy requirements</li> <li>• Single entity limited to 25%</li> <li>• 10% HOA reserves required (Freddie working capital requirements in lieu of reserves are acceptable on new construction)</li> <li>• No rental pooling, mandatory or voluntary.</li> <li>• Non-incident income may not exceed 10% with warrantable exceptions to 15%</li> <li>• No more than 15% of HOA dues may be 60 or more days delinquent</li> <li>• Commercial space limited to 50% (parking is not included in the calculation)</li> </ul>	<input type="checkbox"/>

**Exceptions may be considered on a case-by-case basis.  
Please contact your Smart Series Team**