



STRATEGIC INSPECTIONS

Reinstating Lending Availability in Condo and Co-op Buildings

...and ensuring that mortgage financing is perpetually
available to borrowers

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Recent Lending Guideline Changes Prohibit Mortgage Lending in Problem Condo/Co-op's

Recent lending guideline changes for condo and co-op mortgages are preventing borrowers from obtaining mortgage financing in designated "unavailable" properties

An "unavailable" for lending designation can limit sales transactions and impact unit values

New Fannie Mae/Freddie Mac lending guidelines focus on reserves, mechanical, structural and financial health

Reciprocal denial by jumbo and portfolio lenders becoming more common

Reserve Study and Engineering Report review mandatorily required by agencies now being required by jumbo and portfolio lenders



Top 10 Reasons for “Unavailable” Lending Designation in Condo and Co-op Buildings

- 10 Property Designated as a Condotel
- 9 Commercial Square Footage Exceeds 35%
- 8 Lack of Appropriate Yearly Budgeted Reserve Funding
- 7 Little or No Amassed Reserves
- 6 HOA/Developer Currently Involved in Litigation
- 5 Lack of Access to Capital (Line of Credit/Underlying Mortgage/CIRA Loan)
- 4 Investor Ownership Concentration Exceeds 20%
- 3 Reserve Study or Engineering Report Unavailable, Expired or Unacceptable
- 2 Critical Repairs to Structural or Mechanical Components Not Completed
- 1 Deficiencies in HOA Insurance Policies



Impacts of Non-Compliance

- Surging Insurance Costs
- Reduced Unit Values
- Higher Rates and Less Favorable Terms
- Special Assessments
- Reduced Interest from Purchasers
- Complications in Obtaining Commercial Capital Loans



Solutions

- ✓ Determination: Analysis, Cause, Alignment
- ✓ Updating Operating Budgets
- ✓ Capital Loans and Lines of Credit
- ✓ Completing Component Repairs and Replacements
- ✓ Obtaining Reserve Study
- ✓ Obtaining Engineering Report
- ✓ Applying for Building-Wide Lending Approval
- ✓ Bank Portfolio Lending Approval
- ✓ Insurance Analysis and Alignment



Resources

Strategic Inspections

Reserve Study and Energy Reports

- [Order](#)

Customer Service

Mercedes Good

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- **Product Information**

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- **Strategic Blog**

<https://www.strategicinspections.com/blog/>

Articles and Links

Fannie Mae Lending Guidelines

- Fannie Mae Lender Letter, Final Condo and Co-op Guidelines

<https://singlefamily.fanniemae.com/media/36376/djsplay>

Freddie Mac Guidelines

- Freddie Mac Bulletin Condo and Co-op Guidelines

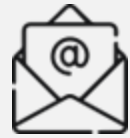
<https://guide.freddiemac.com/app/guide/bulletin/2023-15>

Fannie Mae FAQ

<https://singlefamily.fanniemae.com/media/22326/display>



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