

# CONDO Financing

## Quick Guide for Real Estate Agents



### Why This Matters

Understanding condo financing helps you guide buyers and sellers with confidence. Knowing what makes a condo “warrantable” or “non-warrantable” can make or break a deal — and you’ll look like the expert who saw it coming.

### What Makes a Condo Non-Warrantable

- FHA-approved condo projects only
- FHA Single Unit Approval (SUA) available for non-approved projects
- At least 50% owner-occupied
- No more than 15% of units delinquent on HOA dues

### Financing Non-Warrantable Condos

“Non-warrantable” does not mean “no financing.” Non-QM loan programs are available, offering flexible guidelines and solutions for unique property types.

### REALTOR’s Role

- Spot red flags early (litigation, occupancy ratios, insurance issues)
- Communicate with the lender upfront
- Prepare clients for different financing options
- Protect timelines and contracts with early condo review

## Warrantable vs. Non-Warrantable Condos

### The Players

- ✓ Conventional: Fannie Mae & Freddie Mac
- ✓ FHA: Federal Housing Administration
- ✓ VA: Department of Veterans Affairs
- ✓ Non-QM: Specialty lenders for non-warrantable condos

### Conventional (Fannie/Freddie) Basics

- One entity can own  $\leq 20\%$  (Fannie) or  $\leq 25\%$  (Freddie) of total units
- Project must have adequate reserves & insurance
- No ongoing litigation or significant delinquencies on HOA dues
- At least 50% of units must be owner-occupied

### Conventional Insurance Requirements

- HOA must carry: master hazard, fidelity (if employees handle funds), and liability insurance
- Deductible limit: Generally  $\leq 5\%$  of policy coverage amount

### FHA Guidelines

- FHA-approved condo projects only
- FHA Single Unit Approval (SUA) available for non-approved projects
- At least 50% owner-occupied
- No more than 15% of units delinquent on HOA dues

### VA Guidelines

- VA-approved condo projects only
- Must meet VA insurance and occupancy standards
- HOA must maintain proper reserves & coverage
- No active litigation or excessive investor ownership

### Key Takeaways

- Know the basics: Fannie/Freddie, FHA SUA, and VA
- Review insurance & HOA docs early
- Non-warrantable — non-QM options exist
- REALTORS add value by catching potential issues early

**Johns Creek Mortgage, LLC**  
6455 E Johns Crossing, Suite 350  
Johns Creek, GA 30097

Office 678-632-0080  
JohnsCreekMortgage.com



  
**Johns Creek**  
MORTGAGE

NMLS ID #2320634