

Condominium Project Eligibility Checklist for MGIC Standard Loans

We define a condominium as form of ownership of real property where:

- Each unit is defined as a separately owned space limited to the interior surfaces of the perimeter walls, floors and ceilings
- The owner has title to a particular unit and an undivided interest in specified common areas
- The property is held in fee simple or leasehold estate

We define an established project as one where:

- The project and related facilities owned by the master association are 100% complete with no additional units planned
- At least 90% of the total units are conveyed to unit purchasers
- The homeowners association (HOA) has been turned over to the unit owners

We define a new project as one where:

- The project and related facilities owned by the master association are not complete or additional units are planned and/or
- Less than 90% of the units are sold and conveyed to individual unit owners other than the developer and/or
- The HOA is still in the developer’s control

For all required calculations below, include all units that are complete or under construction.

All Projects, Established and New

- Each unit owner has title to their individual unit, an individual interest in the project’s common areas and sometimes exclusive use of certain limited common areas
- The total space used for nonresidential or commercial purposes is limited as follows:
 - Projects ≤ 10 units: 0%
 - Projects > 10 units: 20%
- Single-entity ownership (the same individual, an investor group, a partnership or corporation) is limited as follows:
 - 2- to 4-unit projects: 1 unit
 - 5- to 20-unit projects: 2 units
 - 21 or more units: 10%

Do not include in your calculation units owned by the project sponsor or developer that are vacant and being actively marketed for sale.

- Investor concentration – The percentage of units not used by owner-occupants as primary or secondary residences is limited as follows:
 - Projects < 4 units: 0%
 - Projects ≥ 4 units: 30%
- The HOA budget provides for:
 - Deferred maintenance of at least 10% of current budget
 - Replacement reserves for capital improvements
 - Insurance deductibles

New Projects

- A minimum 50% of the units in a project are sold and conveyed or under contract for use as a primary residence or second home

2- to 4-Unit Projects

- Without an HOA, including monthly maintenance fees, require a binding arbitration agreement or as required by state law
- Require 100% completion
- Require non-delegated underwriting (see our Underwriting Guide, section 1.08)

Conversion Projects

- Require 100% completion of all units and common elements

Ineligible Projects

- Condo hotels
- Timeshare, fractional or segmented ownership
- Manufactured housing units
- Houseboats
- Continuing-care facility
- 15% or more of the units have delinquent HOA fees exceeding 60 days
- Projects with:
 - Environmental issues
 - Litigation impacting construction-related defects impacting habitability, structural integrity or safety
 - A reserve study or current budget inadequate to fund current budget or replacement reserves
 - Special assessments related to safety, soundness, structural integrity or habitability, where all related repairs have not been fully completed
 - Fannie Mae CPM status of “Unavailable,” if applicable

Maximum Exposure

- MGIC maximum exposure: 33% of the total sold units in a project

All other MGIC Underwriting Requirements apply, mgic.com/uwguide.

Questions? Contact your MGIC Underwriting Service Center, mgic.com/uwoffice, for additional information on individual project eligibility.