



# GMFS EXPANDED PROGRAM TRAINING

## *Questions & Clarifications*

### **\*\*IMPORTANT UPDATE\*\***

The **PERSONAL** Bank Statement Program *does not* have a min business ownership percentage. The borrower can own anywhere from 1% - 100% of the business. (Unlike the **BUSINESS** Bank Statement Program requires a min of 50% ownership interest).

Additional items:

- A Hazard Insurance Declarations Page, showing no mortgagee, is acceptable proof a property is free and clear in the DSCR program.
- Borrowed funds from another REO (HELOC or Mortgage) IS an acceptable form of down payment on a purchase in the DSCR program – rather than seasoning the asset for 60 days, we would need a copy of the Note, and the monthly statement with the new balance to be able to use HELOC drawn funds. The DSCR program does not have a DTI, so this increased payment would impact the loan
- The investor will consider accepting FNMA 1076 Condo Full Review Questionnaire form in lieu of the GMFS Condo review form as long as *\*all the info\** on the GMFS form, is addressed in the FNMA form.
- 1099 borrowers who have a few 1099's in the previous 2 years from different employers – but the borrower is in the same line of work with minimal gaps in between - would be something that the investor would consider on an exception, case by case basis.

## **CLARIFICATION ON NON-WARRANTABLE CONDO'S.**

In the meeting with the DD's I clarified that non-warrantable condos, need to ALSO meet the general condo requirements as well as the non-warrantable parameters – then I went back on that – the former IS correct.

All condos must meet the condo guides (found on pages 103-105), including non-warrantable condos.

## **GENERAL CONDOMINIUM REQUIREMENTS**

All condominium projects must meet the following requirements:

- All common areas and amenities within the project or subject phase must be complete.
- Subject unit must have at least 600 square feet of living space.
- The sustainability, marketability and financial stability of the project must be supported.
- Project must be located in an area where acceptability of condominium ownership is demonstrated.
- The project must be in compliance with all applicable state or local laws. The homeowners' association must be incorporated in the state where the project is located.
- Condo projects must have acceptable insurance coverage.
- An environmental hazard assessment is required for condo projects if an environmental problem is identified through performance underwriting or due diligence. The solution must be deemed acceptable by GMFS.
- Projects with pending or threatened litigation are typically ineligible.
- The project must be located on one contiguous parcel of land. The project may be divided by a public street.
- The structures within the project must be within a reasonable distance from each other. Common elements and facilities, such as recreational facilities and parking, must be consistent with the nature of the project and competitive in the marketplace.
- All programs are limited to a maximum number of units purchased by GMFS within one project of 20% or 20 loans, whichever is less.
- The maximum loan concentration by an individual borrower in a single condo development is 10%.

All non-warrantable condos must also meet the non-warrantable guides which are located on page 106. Please note, a non-warrantable condo is not a catch-all for any condo that does not fit into the standard condo guides, they have parameters to meet as well.

<b>NON-WARRANTABLE CONDOS</b>	
<b>CHARACTERISTIC</b>	<b>CONSIDERATIONS</b>
COMMERCIAL SPACE	Commercial space in project up to 40%
COMPLETION STATUS	The project, or the subject's legal phase along with other phases, must be complete. All common elements in the project or legal phase must be 100% completed. At least 50% must be sold or under a bona-fide contract. If the LTV is ≤ 80% and credit score is ≥ 680, a minimum of 30% presale is allowed.
CONDOTELS	True Condotels with onsite reservation desks are prohibited. Short-term vacation rental projects will be considered on a case-by-case basis.
DELINQUENT HOA DUES	No more than 20% of the total units in the project may be 60 days or more past due on the payment of condominium/association fees.
INVESTOR CONCENTRATION	Investor concentration in project up to 100%.
HOA CONTROL	The developer may be in control of the condominium association provided the Master Agreement provides for the homeowners to take control upon either a predetermined percentage of unit sales or within a defined time period.
LITIGATION	Projects involved in litigation are acceptable as long as the pending lawsuit(s) are not structural in nature, do not affect the marketability of the units and: - Potential damages do not exceed 25% of the HOA reserves, OR - Documentation must be provided by the insurance carrier or the attorney representing the insurance carrier that the insurance carrier has agreed to provide the defense and the association's insurance policy is sufficient to cover the litigation.
SINGLE ENTITY OWNERSHIP	Single entity ownership in project up to 30%.

Additional Questions? Email [expandedprogram@gmfslending.com](mailto:expandedprogram@gmfslending.com)