

Non-Warrantable Condominiums

GMFS Guidelines vs. FNMA Conventional Standards

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Side-by-Side: Key Non-Warrantable Triggers

How GMFS non-warrantable allowances compare to Fannie Mae's conventional warrantable standards.

Characteristic	FNMA (Conventional Warrantable Standard)	GMFS Non-Warrantable Allowance
Project Review Type	Limited/Streamlined Review retired for applications dated 8/3/2026+. Projects >10 units go to Full Review by default (budget, reserves, delinquency, litigation, and master insurance all fully underwritten).	No warrantability review required. A completed GMFS Condominium Project Questionnaire replaces the FNMA project review process.
Investor Concentration	Updated 3/18/2026 (LL-2026-03): the longstanding 50% investor-concentration cap for established projects under Full Review on investment loans has been eliminated. FNMA now has no investor-concentration limit in this scenario. (Note: this does not apply to new/newly-converted projects, where the 50% presale requirement still stands, and the separate single-entity rule below is unchanged.)	Up to 100% investor concentration allowed. With FNMA's cap now removed, this is no longer a GMFS-specific advantage on established projects under Full Review — the two are effectively aligned here.
Single Entity Ownership	Automatic disqualifier if a single entity owns more than 20% of units in a 21+ unit project (or more than 2 units in a 5–20 unit project).	Single entity ownership allowed up to 30% of the project.
Delinquent HOA Dues	Hard fail if 15% or more of units are 60+ days delinquent on HOA dues.	Allowed up to 20% of units 60+ days delinquent.
Commercial / Mixed-Use Space	No more than 35% of the project (or the building it's located in) may be commercial/mixed use; must be compatible with the residential nature of the project.	Commercial space allowed up to 50% of the project.

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Master Insurance	Master/blanket policy required, premiums paid as an ordinary HOA expense, covering at least 100% of insurable replacement cost.	Same core requirement. Deductible allowed up to 10%; if interior unit improvements aren't covered by the master policy, borrower must carry an HO-6 ("walls-in") policy.
Litigation	Generally disqualifying if litigation is structural in nature or affects marketability of units (Full Review scrutinizes litigation exposure closely post-8/3/2026).	Acceptable if non-structural and doesn't affect marketability, and either: potential damages don't exceed 25% of HOA reserves, or the insurance carrier's attorney confirms defense is being provided and coverage is sufficient.
Condotels / Vacation Rentals	True condotels and hotel-operated/branded projects are ineligible for conventional financing.	True condotels operating as hotels are prohibited, but vacation rental projects are considered case-by-case when requirements are met (min. 500 sq ft, full kitchen, separate bedroom(s)); welcome desk, concierge, daily cleaning, and daily/short-term rentals are all permitted.
HOA / Developer Control	Developer control acceptable only under standard FNMA project-completion and turnover milestones.	Developer may retain control of the association as long as the master agreement provides for homeowner takeover at a predetermined percentage of sales or within a defined time period.
Completion / Presale	Not addressed in these materials (FNMA generally requires the project/legal phase to be complete before Full Review approval).	Project or subject's legal phase (plus other phases) must be 100% complete; at least 50% sold or under bona-fide contract. Minimum 30% presale allowed if LTV < 80% and credit score > 680.

GMFS Loan Programs Available for Non-Warrantable Condos

All three GMFS products below can be used on non-warrantable condo projects meeting the guidelines above.

Program	Max LTV / CLTV on Non-Warrantable Condos	Max Loan Amount
Expanded-Prime	Up to 80% LTV	Up to \$3.5 million
Non-Prime	Up to 80% LTV	Up to \$2.0 million
DSCR	Up to 80% LTV	Up to \$2.5 million

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