



## Project Eligibility Review Service (PERS) Overview

Fannie Mae's Project Eligibility Review Service (PERS) is available to lenders to submit new and established project information to Fannie Mae for eligibility reviews. The submission of the following projects using the standard PERS submission process is required:

- new and newly converted condo projects consisting of attached units located in Florida;
- newly converted non-gut rehabilitation condo and co-op projects (projects with attached units only) that contain more than four residential units; and
- all condo, co-op, and PUD projects consisting of manufactured homes with the exception of PUD projects that contain multi-width manufactured homes.

For new or newly converted gut rehabilitation condo projects, lenders have the option of using the standard PERS submission process.

For all established condo projects, lenders may use the streamlined PERS submission process. (To determine whether a condo project meets the definition of a new or established project, refer to *Selling Guide* section [B4-2.1-01](#), General Information on Project Standards.)

**NOTE:** Effective May 1, 2017, the lender will be invoiced the applicable PERS fee: \$500 for the initial PERS submission for an established condo project; \$500 for an extension of a Conditional or Final Approval.

### Advantages of a PERS Submission

- Projects *may be eligible* for additional approval flexibility on some requirements, including but not limited to marketing or construction phasing.
- Fannie Mae's project approval is accepted by many other investors.
- Any lender that sells loans to Fannie Mae can accept the PERS approval.
- When approved, projects are listed on Fannie Mae's business website ([PERS Approved Project List](#)), which is available to all lenders that sell loans to Fannie Mae.

The documentation required differs for the standard PERS process and the streamlined PERS process.

### Standard PERS Submission Process

The lender:

- performs a review to determine if the project satisfies the *Selling Guide* eligibility requirements,
- completes a project submission package using the forms listed below, and
- submits the forms and supporting documentation to [pers\\_projects@fanniemae.com](mailto:pers_projects@fanniemae.com).

The forms and the supporting exhibits outlined in the *PERS Document Checklist* (Form 1030) provide Fannie Mae with the necessary information to determine the acceptability of the condo, co-op, or PUD project:

- **Form 1026, *Application for Project Approval*** – Provides detailed information on the project, developer(s), marketing company, and management company



- **Form 1029, Warranty of Project Presales** – Provides detailed information on units sold and occupancy information on the transactions
- **Form 1054, Warranty of Condominium Project Legal Documents** – Provides opinion on the conformity of the legal documents to our guidelines
- **Form 1051, Project Development / Master Association Plan** – Provides information on the community if it is a part of a Master Association
- **Form 1081, Final Certification of Substantial Project Completion** – Provides status of construction; construction of the project, legal phase, or construction phase as originally submitted must be substantially complete to obtain Fannie Mae approval
- **Form 1071, Statement of Insurance and Fidelity Coverage** – Provides detailed information on the insurances carried by the homeowners' association (HOA).

**NOTE:** *Fannie Mae does not review the actual insurance policies as we are relying on the lender's complete review of those documents to determine eligibility.*

- **Form 1073A, Analysis of Annual Income and Expenses–Operating Budget (or complete copy of actual budget)** – Provides a breakdown of the income and anticipated expenses for the HOA, and the funds that will be allocated to long-term reserves. Projects funding replacement reserves less than 10% of the annual budgeted assessments require a reserve study completed within the past 24 months
- **Form 1030, PERS Document Checklist**

**NOTE:** *Incomplete submission packages will delay the decision.*

To help ensure an efficient and thorough review of conditional approval documents, please submit your updated package when the documentation for all requested conditions is available. The documentation should be sent to [PERS\\_Projects@fanniemae.com](mailto:PERS_Projects@fanniemae.com) with each document as a separate attachment (as opposed to one large PDF file). Each document should also be labeled and numbered, as listed on the conditional approval, so we can check them in and record their receipt as quickly as possible.

<b>PERS Fees: Standard PERS Submission Process</b>
<p>The lender will be invoiced the applicable PERS fee, as shown below.</p> <p><b>Request for initial submission of optional <u>and</u> mandatory reviews:</b></p> <ul style="list-style-type: none"><li>• a base fee of \$2,500 <u>plus</u> \$30 for each unit in the project or legal phase, plus</li><li>• an additional one-time fee of \$5,000 above the base fee and the per unit fee <b>only</b><ul style="list-style-type: none"><li>○ for projects that include commercial or non-residential use greater than 25%, and</li><li>○ for requests for marketing or construction phase approval.</li></ul></li></ul> <p><b>Request for subsequent phase approval and the extension of a Conditional or Final Project Approval:</b></p> <ul style="list-style-type: none"><li>• the greater of \$1,000 or \$30 per unit for all units in the project or legal phase.</li></ul> <p>The applicable project review fee may be assessed regardless of the final decision.</p>



## Streamlined PERS Submission Process

The lender:

- performs a review to determine if the project satisfies the *Selling Guide* eligibility requirements,
- completes a project submission package using the forms listed below, and
- submits the forms and supporting documentation to [pers\\_projects@fanniemae.com](mailto:pers_projects@fanniemae.com).

Supporting documentation includes:

- Form 1091, *Application for Approval of Established Project* – Used to describe any characteristic or feature of the project that does not comply with Fannie Mae requirements, and provide a rationale for project approval, including any offsetting factors.
- Condominium homeowners' association questionnaire completed within the past 180 days.
- An appraisal report for a representative unit in the project. This report must be prepared within 120 days of the PERS application, and include photographs of the project, private streets, recreational amenities, parking, commercial space, and common areas.
- Current fiscal year's approved operating budget that reflects homeowners' association income and expenses.
- Reserve study completed within the past 24 months (only required for projects that are not funding a minimum of a 10% dedicated expense allocation in the budget to a replacement reserve for the future repair/replacement of the project's major components).

**NOTE:** *Incomplete submission packages will delay the decision.*

### PERS Fees: Streamlined PERS Submission Process

Effective May 1, 2017, the lender will be invoiced the applicable PERS fee, as shown below:

- for the initial PERS submission for an established condo project, the fee is \$500;
- for an extension of a Conditional or Final Approval, the fee is \$500.

**NOTE:** *The applicable project review fee may be assessed regardless of the final decision.*

## Approval designations

Upon completion of its review of a standard or a streamlined PERS submission, Fannie Mae will notify the lender via email of one of the following designations: Conditional Project Approval, Final Project Approval, Ineligible, or Suspension of the Application.

- Conditional Project Approvals expire after 9 months.
- Final Project Approvals expire after 18 months.

**NOTE:** *In certain cases, Fannie Mae may set a shorter or longer approval period if circumstances indicate that a different period would be more appropriate.*



Before officially declining the approval of a project, Fannie Mae's Project Review Team will contact the lender to discuss its concerns with the specific project characteristics that prevented its approval. Lenders will have an opportunity to provide additional information to address these concerns and potentially obtain project approval.

## Requests for Extension of a Conditional or Final Project Approval

The lender is encouraged to submit a request for an extension to the Project Review Team via email to [pers\\_projects@fanniemae.com](mailto:pers_projects@fanniemae.com) at least 30 days prior to the current approval expiration date.

- If the original submission was completed using the standard PERS process, then the lender must again submit all of the documentation required for a standard PERS submission.
- If the original submission process was completed using the streamlined PERS process, then the lender must submit all of the documentation required for a streamlined PERS submission.

Additional project-specific documentation may be required by Fannie Mae to address material changes that may have occurred in the project's financial, legal, or operational structure since it was originally approved.

## Resources

- Find listings of Fannie Mae-approved condo, co-op, and PUD projects on the [PERS page](#).
- For more information about PERS, refer to the [Project Standards FAQs](#) and the [Fannie Mae Selling Guide](#) (see Chapter B4-2, Project Standards), or contact the Fannie Mae Project Review Team via [project\\_standards@fanniemae.com](mailto:project_standards@fanniemae.com).
- Interactive PDF versions of Fannie Mae PERS Forms that can be downloaded from the [Forms page on Fannie Mae's website](#), completed, and saved by the lender.