A GUIDE FOR CONDO BUYERS

CONDO

CONDO LOANS: THE BUILDING MATTERS TOO

Approve the buyer. Approve the building.

Why condos need two approvals, warrantable vs. non-warrantable buildings, which loans work, how HOA dues affect your payment and how to avoid last-minute surprises.



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START HERE

BUYING A CONDO? THE BUILDING HAS TO QUALIFY TOO.

Condos are a great way to own in a walkable neighborhood, downsize or skip the yard work. But there's one thing most buyers don't know: with a condo, **the lender approves the building, not just you**.

Lenders look at the association's finances, insurance, how many units are owner-occupied and more. A great buyer can still get stuck if the building doesn't meet the rules.

I've been helping families into homes since 1993, first as a Realtor and now as a mortgage lender. Send me the building name before you make an offer. I'll check it so you know which loans are possible.

Brian

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WHY CONDOS ARE DIFFERENT

Two approvals: yours and the building's.

When you buy a condo, you own your unit and share ownership of the **common areas** with the other owners. Because everyone shares the building, the lender wants to know the **association** is healthy.

YOU

Your credit, income, assets and down payment, just like any home purchase.

THE BUILDING

The association's budget, reserves, insurance, occupancy and any legal issues.

QUESTIONNAIRE

The association fills out a lender questionnaire about the project.

BUDGET

The lender reviews the association's budget and reserves.

INSURANCE

The master policy has to meet program requirements.

GOOD TO KNOW: Townhomes are sometimes condos and sometimes not. It depends on how they're legally set up. I'll check.

WHO CONDO LOANS FIT

Built for buyers who want ownership with less upkeep.

USUALLY A GOOD FIT

- First-time buyers in walkable areas
- Downsizers who want less maintenance
- Buyers who travel or want to lock and leave
- Second-home buyers in resort areas
- Buyers who want amenities like a pool or gym
- Buyers on a tighter budget

KNOW GOING IN

- **HOA dues** count toward your debt ratio
- The **building must qualify** for your loan
- Some buildings are **non-warrantable**
- **Special assessments** can add costs
- You'll need an **HO-6** insurance policy
- Rental rules may limit renting your unit

REAL TALK: A low price can hide high dues. Always compare the full monthly cost, not just the price.

WARRANTABLE VS. NON-WARRANTABLE

The most important word in condo lending.

A **warrantable** condo meets Fannie Mae and Freddie Mac guidelines, so it can get standard conventional financing. A **non-warrantable** condo doesn't, and needs a different kind of loan.

COMMON REASONS A BUILDING IS NON-WARRANTABLE

- Too many units are rented, not owner-occupied
- One person or company owns too many units
- Too many owners are behind on dues
- The association is in a lawsuit
- Inadequate insurance or reserves
- Significant commercial space in the building

NON-WARRANTABLE ISN'T A DEAD END

- Non-QM condo loans are built for these buildings
- Expect a **larger down payment**
- Rates are usually **higher**
- Some issues are temporary and get fixed

GOOD TO KNOW: A building's status can change. A building that was fine last year may not be this year, and the reverse.

LOAN OPTIONS FOR CONDOS

Each loan type has its own building rules.

LOAN TYPE	BUILDING REQUIREMENT	GOOD TO KNOW
CONVENTIONAL	Must meet Fannie Mae or Freddie Mac project rules	The most common condo loan
FHA	Building must be FHA-approved, or the unit approved individually	Single-unit approvals can help in non-approved buildings
VA	Building must be VA-approved	VA keeps a list of approved projects
NON-QM	Works with many non-warrantable buildings	Larger down payment, higher rate

CHECK BEFORE YOU OFFER

I can usually check a building's FHA and VA status in minutes. For conventional, the association's questionnaire tells us most of what we need.

WHAT LENDERS REVIEW ON THE BUILDING

The questions that decide approval.

1 OWNER-OCCUPANCY
How many units are lived in by owners versus rented out.

2 DELINQUENT DUES
How many owners are behind on association payments.

3 RESERVES
Whether the budget sets aside enough for future repairs.

4 INSURANCE
Whether the master policy covers the building properly.

5 LITIGATION
Whether the association is involved in a lawsuit.

6 SINGLE-OWNER CONCENTRATION
Whether one owner controls too many units.

7 COMMERCIAL SPACE
How much of the building is used for business.

8 BUILDING CONDITION
Whether major repairs are needed or pending.

REAL TALK: Ask your agent to request the association's questionnaire and budget early. Some associations take a week or more to respond.

HOA DUES & YOUR PAYMENT

Dues are part of what you qualify for.

Your monthly **HOA dues** are added to your mortgage payment when the lender figures your debt-to-income ratio. Higher dues mean a smaller loan for the same income.

Principal and interest	**$1,350**
Property taxes	**$350**
HO-6 insurance	**$30**
HOA dues	**$325**
TOTAL MONTHLY HOUSING PAYMENT	**$2,055**

EXAMPLE ONLY. NOT A RATE QUOTE OR LOAN ESTIMATE.

WHAT DUES COVER

Often exterior upkeep, snow, landscaping, water and the master policy.

SPECIAL ASSESSMENTS

One-time charges for big projects. Ask if any are planned.

DUES GO UP

Review the budget to see how dues have changed over time.

INSURANCE FOR CONDOS

Two policies work together.

THE MASTER POLICY

Bought by the association. Covers the building's structure and common areas. Must meet program requirements.

YOUR HO-6 POLICY

Covers your unit's interior, your belongings and liability. Usually required by your lender.

WALLS-IN COVERAGE

Some master policies cover only the bare walls. If so, your HO-6 must cover interior items like cabinets, flooring and fixtures. Check what the master policy includes.

FLOOD INSURANCE

If the building is in a flood zone, flood coverage may be required.

LOSS ASSESSMENT

Optional coverage that helps if the association assesses owners after a loss.

COMMON MISTAKES THAT DELAY APPROVAL

Most of these are easy to fix ahead of time.

1 NOT CHECKING THE BUILDING
Find out its status before you make an offer.

2 IGNORING THE DUES
Dues reduce how much you can borrow.

3 MISSING SPECIAL ASSESSMENTS
Ask about planned projects and charges.

4 SLOW QUESTIONNAIRE
Request it early. Some take weeks.

5 ASSUMING FHA WORKS
Not every building is FHA-approved.

6 RENTAL RULES
Some buildings limit or ban renting your unit.

7 WRONG HO-6 COVERAGE
Match your policy to the master policy.

8 A SHORT CLOSING DATE
Condo reviews can add time. Plan for it.

REAL TALK: Almost every one of these is avoidable with a 15-minute conversation before you apply. That's the cheapest time to fix a problem.

CONDOS IN THE CAPITAL REGION

From downtown lofts to lake communities.

DOWNTOWN ALBANY & TROY

Converted lofts and historic buildings. Check for commercial space and older systems.

SARATOGA SPRINGS

Popular with second-home buyers. Watch rental limits and seasonal use.

SUBURBAN COMMUNITIES

Clifton Park, Colonie, Guilderland and nearby towns have many townhome-style condos.

LAKE COMMUNITIES

Lake George and Adirondack condos may have rental and insurance quirks.

CONDOTELS AND TIMESHARES

Units in buildings run like hotels, and timeshares, generally don't qualify for standard condo financing.

GOOD TO KNOW: I've worked with many local associations. Tell me the building name, and I may already know its status.

12 · GET ORGANIZED

DOCUMENT CHECKLIST

Have these ready, and the process moves a lot faster.

- [ ] Building name and address
- [ ] Condo questionnaire from the association
- [ ] Master insurance policy
- [ ] Pay stubs covering the last 30 days
- [ ] Bank statements, last 2 months, all pages
- [ ] HOA contact and management company
- [ ] Association budget and reserves
- [ ] HO-6 insurance quote
- [ ] W-2s for the last 2 years
- [ ] Government-issued photo ID

Every situation is a little different. I'll give you the exact list for your scenario before you gather anything.



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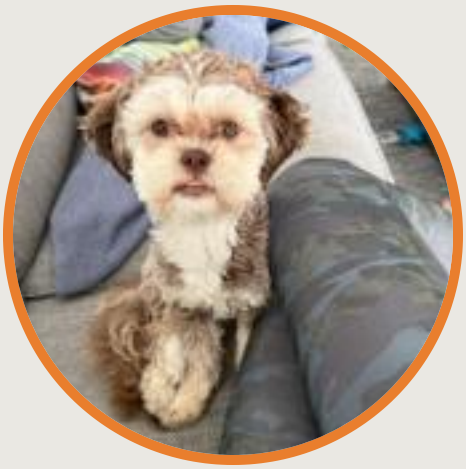
BOOK 15 MINUTES

EQUAL HOUSING OPPORTUNITY

This guide is for educational purposes only and is not a loan commitment or guarantee of approval. All loans are subject to credit, income, asset, property and appraisal approval; not all applicants will qualify. Condominium financing requires both borrower and project eligibility. Project approval, warrantability and questionnaire requirements are set by Fannie Mae, Freddie Mac, FHA, VA and individual lenders and are subject to change. Non-warrantable condo financing may carry higher interest rates and larger down payment requirements. Homeowners association dues are included in qualifying ratios. HO-6 and master insurance requirements vary by program. Examples are illustrations only and are not a rate quote or Loan Estimate. Program availability and guidelines are subject to change without notice. © 2026 New American Funding, LLC. NMLS #6606 (nmlsconsumeraccess.org). 1 MacArthur Place, Suite 800, Santa Ana, CA 92707 · newamericanfunding.com · (800) 450-2010. Licensed Mortgage Banker, NYS Department of Financial Services. Equal Housing Lender. October 2026.

PENNY'S CORNER

A few words from our Chief Belly-Rub Officer.



PENNY SAYS

CHIEF BELLY-RUB OFFICER

With a condo, the building has to get approved too. Dad checks it before you make an offer so nobody gets their heart broken. Including me, if there's a dog park.

Ask about pet rules before you fall in love. Some buildings have weight limits. I'm not saying anything. I'm just saying.

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Tips, updates and plenty of Penny.

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