



Courtesy of Steven Fishman

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Here's a clear, practical summary of that lender letter—focused on what really matters for you in the field:

Big Picture

Fannie Mae is **loosening some rules** to make deals easier, while **tightening financial strength requirements** for condos and insurance.

The goal:

- Make lending more flexible
 - Address rising insurance issues
 - Reduce risk in condo projects
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Key Changes – Project (Condo) Guidelines

1. Easier Condo Approvals

- **Waiver of Project Review expanded** → now allowed for projects with **up to 10 units**
- Removes unnecessary red tape on smaller deals

2. Florida Gets Relief

- **No more PERS requirement** for new attached condos in Florida
→ This is a big deal for your market

3. Investor Restrictions Removed

- Eliminated **50% investor concentration cap**
→ More flexibility for investor-heavy projects

4. Limited Review Eliminated

- Going forward, loans must use:
 - **Full Review**, or
 - **Waiver (if eligible)**
- Fully required by **Aug 3, 2026**

Stronger Condo Financial Requirements

5. Reserves Are Now More Strict

- Minimum reserves increased from **10% → 15%** (by 2027)
- No more “baseline funding” (can’t let reserves drop near zero)

6. Reserve Studies Must Be Followed

- If a study exists → HOA must fund at **recommended levels**

👉 Bottom line:

Fannie Mae is **cracking down on underfunded HOAs**

Major Insurance Changes (This is HUGE)

7. Less Strict Coverage Rules (Good News)

For 1–4 unit properties:

- No more need to prove replacement cost value documentation
- **Roofs no longer require replacement cost coverage**

👉 This makes insurance **easier to obtain and cheaper**

8. Condo Master Insurance Updates

- Must cover **100% replacement cost** (still required)
 - But:
 - More flexibility in how it's documented
 - **No inflation guard requirement**
 - **Roofs don't need replacement cost coverage**
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9. Deductible Cap Introduced

- Max **\$50,000 per unit deductible** on master policies

👉 If there's a deductible:

- Borrower **must carry their own policy**
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10. Unit Owner (HO-6) Coverage Rules

Borrower must have insurance if:

- Interior isn't fully covered, OR
- There's a master policy deductible

Minimum coverage must:

- Cover interior gaps OR
 - Match the deductible
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Servicing / Post-Close Changes

11. Annual Insurance Reminder Required

Servicers must:

- Remind borrowers yearly to maintain insurance

12. Stricter Monitoring

- Must track if coverage drops
 - Must act if policy becomes insufficient
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Effective Dates to Watch

- **Now:** Many flexibilities already live
 - **July 1, 2026:** Insurance + deductible rules required
 - **Aug 3, 2026:** Limited Review fully gone
 - **Jan 1, 2027:** Servicing + reserve increases fully enforced
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What This Means for You (Real World)

Wins

- Easier condo approvals (especially small projects)
- Florida deals just got simpler
- Insurance hurdles reduced (huge for closing deals)

Watch-Outs

- Condo financials will be under a microscope
 - HOAs with weak reserves = loan killers
 - Borrowers may need more **HO-6 coverage education**
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If you want, I can break this down into:

- A **client-facing explanation**
- Or a **social media post** to position you as the expert on these changes

This is exactly the kind of update that can turn into real business if you communicate it the right way.