

CONDO FINANCING IS CHANGING



What Realtors Need to Know to Keep Deals on Track

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Provided by **[Your Name]**, **[Your Company]** · NAMB Member · **[Phone]** · **[Email]**

WHAT'S CHANGING

- Limited/Streamlined Review is retired (Aug 3, 2026) — nearly every condo loan now needs a Full Review of the HOA's finances, insurance, and documents.
- HOA reserve minimum rises from 10% to 15% of budget (Jan 4, 2027) — reserve studies can no longer use baseline (bare-minimum) funding.
- Some rules eased too — small buildings (≤ 10 units) get a simpler waiver path, the investor-concentration cap is gone, and roofs no longer need full replacement-cost insurance.

MAR 18, 2026

New rules issued

AUG 3, 2026

Limited Review retires

JAN 4, 2027

Reserve minimum hits 15%

WHAT IT MEANS FOR BUYERS

- Longer closing timelines — budget 2 to 4 extra weeks for condo files.
- More documents required: HOA budget, reserve study, insurance policy, litigation status.
- A building that looks fine on the surface can still trip the new, stricter standards.

WHAT IT MEANS FOR SELLERS

- Buildings with thin reserves or an outdated reserve study may temporarily lose financing eligibility, shrinking the buyer pool.
- Boards racing to hit 15% may raise dues or levy special assessments, which can change a buyer's numbers late in the deal.

HOW TO PREPARE YOUR CLIENTS

- Request the HOA questionnaire, current budget, and reserve study before writing an offer.
- Confirm the reserve study is dated within the last 3 years and uses the highest funding level.
- Ask the HOA whether any special assessment or dues increase is planned.
- Check whether the building has ever appeared on Fannie Mae's ineligible/unavailable list.
- Build extra time into the contract for Full Review documentation and possible re-underwriting.
- Loop in your lender before the offer is written, not after.

5 QUESTIONS TO ASK THE HOA

1. What % of the annual budget goes to reserves?
2. When was the last reserve study, and what funding level does it use?
3. Are any special assessments planned or pending?
4. Is there any pending litigation against the association?
5. Has the project ever been flagged ineligible by Fannie Mae or Freddie Mac?