CONDO FINANCING IS CHANGING

What Realtors Need to Know to Keep Deals on Track

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NAMB®

MAR 18, 2026
New rules issued

AUG 3, 2026
Limited Review retires

JAN 4, 2027
Reserve minimum hits 15%

Existing project approvals are not cancelled by these changes — they stay valid through their current certification period. Recertification after that point will be evaluated under the new standards above.

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, and the investor-concentration cap is gone.

What GSEs Review in a Project

General
Project classification & review type

Financial
Budget adequacy & reserves

Ineligible traits
Critical repairs, condotels, litigation

Insurance
Master property, liability, fidelity

Insurance Changes to Know

- Master policy coverage must equal **100% of Replacement Cost Value**
- Inflation guard requirement retired
- Actual cash value settlement now allowed for roof surfaces & personal property
- Per-unit HO-6 deductibles allowed up to **$50,000**

Reserve Calculation Example

Annual Regular Assessment Income	**$900,000**
Incidental + Utility Income	**$50,000**
Total Income	**$1,100,000**
Reserve Contribution (Expense)	**$150,000**

No exclusions: 150,000 / 1,100,000 = **13.6%** | With exclusions: 150,000 / 900,000 = **16.7%**

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- Buildings with thin reserves or an outdated reserve study may temporarily lose financing eligibility, shrinking the buyer pool.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, changing 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 whether any special assessment or dues increase is planned.
- Check whether the building has ever appeared on Fannie Mae's ineligible/unavailable list.
- 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?

Provided by **[Your Name]**, **[Your Company]** • **NAMB Member** • NMLS #**[Your NMLS Number]** • **[Phone]** • **[Email]**