



March 20, 2026

**The Honorable William J. Pulte**  
Director  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20219

**Re: Response to Fannie Mae and Freddie Mac Homeowners Insurance and Condo Project Standard Changes – March 18, 2026**

---

Dear Director Pulte,

The National Association of Mortgage Brokers (NAMMB) represents the nation's independent mortgage professionals who serve as the primary point of contact for millions of American homebuyers — and in particular the first-time and underserved borrowers who depend most on affordable, accessible mortgage products. We write today in response to the Federal Housing Finance Agency's March 18, 2026 announcement directing Fannie Mae and Freddie Mac to revise their homeowners insurance requirements and condominium project eligibility standards through Lender Letter LL-2026-03 and the corresponding Freddie Mac bulletin.

NAMMB commends FHFA for taking meaningful action to address the insurance affordability crisis that has made homeownership increasingly difficult for buyers across the country, and for modernizing certain condo project review standards that have long been out of step with the realities of today's market. We write both to register our strong support for several provisions in this announcement and to raise substantive concerns about one consequential change that we believe will have the opposite of its intended effect — particularly for first-time homebuyers seeking to purchase a condominium.

**I. NAMMB Strongly Supports Key Provisions in the March 18, 2026 Announcement**

---

Several of the changes announced in LL-2026-03 represent meaningful, long-overdue improvements to the condominium financing framework. NAMMB commends FHFA and the Enterprises for taking action on these fronts.

**Relaxation of Property Insurance Requirements.** The general easing of homeowners insurance requirements for condominium projects directly addresses one of the most acute barriers our members face. In Florida, Texas, California, Louisiana, and other markets experiencing severe insurance market disruption, many condo buildings have been unable to meet prior coverage standards through no fault of their own — simply because carriers have exited markets, premiums have become unaffordable, and full replacement cost coverage has grown scarce. A more flexible, market-responsive approach to insurance adequacy is both necessary and appropriate.

**Removal of Investor Concentration Restrictions.** NAMMB strongly supports the elimination of investor concentration thresholds as a project eligibility criterion. These restrictions have long functioned as a blunt instrument, disqualifying otherwise financially sound buildings from conventional

financing on the basis of ownership mix alone — without evidence of elevated default risk. Removing this barrier will expand condo market access, particularly in urban and high-density markets where investor ownership is common and should not be treated as a proxy for project risk.

**Simplified Standards for Smaller Condominium Projects.** The streamlined review approach for smaller condominium buildings is a sensible, proportionate change that recognizes the administrative burden these projects have faced relative to their actual risk profile. Smaller condo buildings are often the most affordable entry points into homeownership in their communities, and reducing the compliance friction associated with financing units in those buildings will directly benefit first-time buyers.

**PERS Approval Flexibility for New Construction at 50 Percent Pre-Sale.** The ability to originate loans in newly constructed condominium projects that have achieved at least 50 percent pre-sale without mandatory Project Eligibility Review Service (PERS) approval addresses a real gap in new development financing. PERS review timelines have historically created financing delays during the critical early sales window, deterring buyers and slowing absorption of new condo inventory. Recognizing demonstrated market demand at the 50 percent threshold as a sufficient eligibility indicator is a practical and constructive reform.

## **II. The Retirement of the Limited Review Process Will Harm First-Time Homebuyers and Constrict the Condo Market**

---

Notwithstanding the commendable provisions described above, NAMB has serious concerns about one change embedded in LL-2026-03 that has not received the attention it warrants: the complete retirement of the Limited Review process for established condominium projects, effective August 3, 2026, after which all established projects must be reviewed under the Full Review process or the Waiver of Project Review.

This change is not a simplification. It is a significant tightening of the documentary and eligibility requirements applicable to the established condo projects that have historically served as the primary vehicle for first-time homeownership in the United States.

**What Limited Review Has Meant in Practice.** The Limited Review process allowed lenders to originate loans in established condo projects without conducting the comprehensive project-level documentation review required under Full Review. Lenders did not need to obtain and analyze the HOA's annual budget, reserve study, meeting minutes, or detailed financial statements. The process was streamlined precisely because established projects — those that have been in existence, with functioning associations and documented ownership histories — represent a different and more readily assessable risk profile than new or newly converted buildings. Limited Review enabled mortgage brokers to serve buyers in these communities efficiently, predictably, and at scale.

**What Full Review Now Requires.** Full Review is categorically more burdensome. Lenders must enter detailed project data into Fannie Mae's Condo Project Manager (CPM) system, obtain and review project-level documentation from the HOA, evaluate budget adequacy, assess reserve funding levels, review pending litigation, and confirm deferred maintenance status — among other requirements. Many of these data points are difficult or impossible for a lender to obtain quickly, and HOAs in smaller or self-managed buildings frequently do not maintain their records in the format or level of detail that Full Review requires. The result is not a more thorough review — it is a review that will simply fail to clear for a significant number of otherwise sound buildings.

**The First-Time Homebuyer Is the Casualty.** The buyers most dependent on the condo market are first-time homebuyers. Condominiums are typically the most affordable ownership option in their respective markets, offering lower purchase prices, urban and suburban access, and the ability to enter homeownership with smaller down payments. These are precisely the buyers the Administration has committed to helping. When the Full Review process renders an established condo building non-

warrantable — because the HOA cannot produce the required documentation, because reserves fall below the required threshold, or because the lender cannot obtain timely project data — the first-time buyer loses the unit they contracted on. They have no portfolio lender fallback, no jumbo product option, and no ability to absorb the higher rates and down payment requirements of non-conventional condo financing.

**Compounding Effect of the Reserve Requirement Increase.** The concern is compounded by the concurrent announcement that minimum reserve funding requirements for condominium projects will increase from 10 percent to 15 percent of the annual budget, effective January 4, 2027. For HOAs that are currently at or near the 10 percent threshold, this increase will trigger higher monthly assessments to unit owners and may, in the interim period before reserves are rebuilt, render a project ineligible for conventional financing under Full Review standards. First-time buyers purchasing in those buildings before the HOA reaches compliance will face financing disruption they have no way to anticipate at the time of contract.

The cumulative effect of retiring Limited Review, requiring Full Review for all established projects, and increasing reserve thresholds is a condo market that is more difficult to finance — not more accessible. NAMB urges FHFA to recognize that these changes, individually and in combination, disproportionately harm the first-time buyer segment that the March 18, 2026 announcement was designed to help.

### III. NAMB's Requests

---

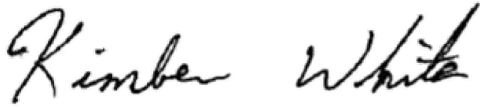
In the spirit of realizing the Administration's housing access objectives and protecting the interests of first-time homebuyers, NAMB respectfully requests:

- Reconsideration of the full retirement of the Limited Review process. NAMB urges FHFA, Fannie Mae, and Freddie Mac to evaluate whether a modified Limited Review pathway — with targeted enhancements to address specific risk factors — can be retained for established projects that present a lower documentation risk profile, rather than requiring all established projects to satisfy the full documentation burden of a Complete Review.
- A transition period with enhanced lender guidance. For the period between now and the August 3, 2026 mandatory compliance date, NAMB requests that Fannie Mae and Freddie Mac publish clear, practical lender guidance on how to conduct Full Review for established projects that were previously eligible for Limited Review, including specific documentation standards and acceptable substitutes where standard HOA documentation is unavailable.
- A targeted analysis of first-time buyer impact. NAMB requests that FHFA commission or direct an analysis of the projected effect of the Limited Review retirement on condo loan origination volume, with particular attention to the first-time buyer segment and to markets where condominium properties represent a primary source of entry-level housing inventory.
- Expedited implementation of the welcomed provisions. NAMB urges Fannie Mae and Freddie Mac to move promptly to operationalize the insurance relaxation, investor concentration removal, small-project simplification, and PERS pre-sale waiver provisions so that those benefits reach buyers as quickly as possible, independent of any reconsideration of the Limited Review retirement.

NAMB stands ready to support FHFA's commitment to expanding homeownership opportunity for all Americans. We believe the March 18, 2026 announcement reflects genuine effort to address real and pressing problems in the condo market, and we are committed to working constructively with the Agency and the Enterprises to ensure that the full package of changes delivers on its promise — without inadvertently narrowing the very door it seeks to open for first-time buyers.

We respectfully request the opportunity to engage your office directly on these matters at your earliest convenience. NAMB's membership stands ready to provide front-line insight into how these policy changes are landing in the market.

Respectfully submitted,

A handwritten signature in black ink that reads "Kimber White". The signature is written in a cursive, flowing style.

**Kimber White**  
President  
National Association of Mortgage Brokers