



## **Data Refuting FHFA's Claims on LL-2026-03: Nevada-Specific Summary**

### **Why Nevada's Case Is Uniquely Damaging to FHFA's Credibility**

Nevada is the most legally awkward state in which FHFA could have made its claims. Unlike Texas (no reserve mandate) or New York (minimal statutory framework), Nevada has one of the most comprehensive and strictly enforced HOA reserve regimes in the country. Nevada is one of the strictest states in the United States when it comes to HOA and condominium reserve funding. Under Nevada's Common-Interest Ownership Act, most common-interest communities must maintain "adequate" reserve funds and commission regular reserve studies. Nevada regulates the profession of reserve study specialists, requires a 30-year projection in every study, mandates annual board reviews, and empowers a state commission to sanction non-compliant associations. And yet -- the Nevada Commission for Common-Interest Communities has itself publicly stated that associations are not properly funding their reserves. If compliance is failing in the most regulated state in the country, FHFA's argument that fewer than 10,000 associations nationally would struggle collapses entirely.

(<https://www.reviewjournal.com/business/business-columns/barbara-holland/expect-higher-hoa-assessments-in-2023-2700552/>)

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### **Claim #1: Fewer than 10,000 Associations Would Struggle**

#### **Nevada's Own Regulatory Body Says Associations Are Not Properly Funding Reserves**

This is the most direct available refutation of FHFA's claim and it comes from a state government source, not an industry advocate. The Commission for Common-Interest Communities and Condominium Hotels -- Nevada's regulatory body for HOAs -- has publicly noted that associations are not properly funding reserves, as reflected in adjudicated commission complaints. In one documented case, the commission ordered an association to adopt a special reserve assessment of \$60 per unit per month for five years and prohibited the association from lowering that assessment without the approval of the Nevada Real Estate Division. (<https://www.reviewjournal.com/business/business-columns/barbara-holland/commission-says-hoas-are-not-properly-funding-reserves-3535436/>)

The commission meets quarterly and regularly reviews complaints related to reserve underfunding. The very existence of an enforcement docket on reserve non-compliance in

a state with one of the strongest reserve mandates in the country is direct evidence that legal requirements alone do not produce adequate funding -- and that the number of associations struggling is larger than FHFA has claimed.

### **The "Adequately Funded" Standard Is Undefined by State Law -- and Exploited by Boards**

Nevada's reserve mandate requires that reserves be "adequately funded," but the state's Administrative Code defines that standard in a way that leaves significant room for underfunding. Nevada Administrative Code 116.425.2 defines "adequately funded reserves" as funds sufficient to maintain common elements at the level described in the governing documents and in a reserve study, without using operating accounts or special assessments except for unforeseen catastrophic events. However, NAC 116.425 gives associations discretion in how they define "adequate." Some communities define it as 100% funded, while many use varying percentage benchmarks, and some do not pay much attention to the matter -- which can lead to future financial disaster and a decline in common elements.

This definitional ambiguity means that a Nevada association can report itself as compliant with NRS 116.3115 while its reserve fund is at 40%, 30%, or even lower -- so long as it can claim the funding plan is "actuarially sound." The 15% budget allocation test under LL-2026-03 is a categorical standard, not a qualitative one. Many Nevada associations that have convinced themselves -- and their state regulators -- that their reserves are adequate will fail LL-2026-03's objective percentage test.

### **Documented Real-World Underfunding in Las Vegas**

The Commission's enforcement record is corroborated by documented market-level data. In one widely reported Las Vegas case, a condo complex received notice of a significant monthly HOA fee increase driven in part by reserve underfunding. A community manager explained that the reserve assessment was at a different amount because the reserve fund was only 42% funded. A 42% funding level is well below the 70% industry threshold for adequate reserves and well below the funding levels required to meet LL-2026-03's "highest recommended allocation" standard. (<https://www.ktnv.com/news/one-las-vegas-complex-to-increasing-homeowners-association-fee-by-over-100>)

Las Vegas HOA fee increases in 2026 are described by Nevada HOA practitioners as the predictable result of years of underfunded reserves colliding with rising insurance costs, higher labor and utility expenses, and newly passed Nevada state legislation. Aging roofs, pavement, retaining walls, swimming pools, water-efficient landscaping, and mechanical systems that should have been accounted for in reserves years ago are now demanding

capital that many associations do not have. While larger, master-planned communities attract media attention for these issues, smaller condominiums and townhome associations throughout the Las Vegas Valley are in the same situation -- and in smaller communities, owners bear a larger percentage of any costs, making the impact hit all that much harder. (<https://www.iqratemortgages.com/blog/how-to-read-nevada-hoa-docs-for-a-condo-loan>)

### **Nevada's Five-Year Reserve Study Cycle Creates the Same Three-Year Conflict as Utah**

Nevada's reserve study mandate requires a full on-site study at least every five years, with annual board reviews. Fannie Mae and Freddie Mac require that reserve studies be completed within the prior three years from the loan project review date to count for lending eligibility purposes. This effectively means associations must perform a new or updated professional reserve study at least every three years, overriding Nevada's permissive five-year state law cycle to ensure project eligibility for lending purposes. (<https://www.reviewjournal.com/business/business-columns/barbara-holland/expect-higher-hoa-assessments-in-2023-2700552/>)

An association that is fully compliant with Nevada law -- having updated its reserve study four years ago -- will have a study that is too old to satisfy Fannie Mae's three-year lookback. Every sale or refinance in that association will be flagged as a warrantability issue, with no state-law negligence by the board. The number of Nevada associations currently in this situation is directly proportional to how many updated their studies in the two-to-five-year window before LL-2026-03 was issued -- and there is no mechanism in Nevada state law that automatically triggers an earlier study update based on changes in federal lending standards.

### **Nevada Has More HOA-Governed Listings Than Nearly Any State**

Nevada leads the nation in the share of homes listed with HOA dues, with more than 65% of listings in 2025 tied to associations -- among the highest rates in the country, alongside Arizona. This penetration rate means that LL-2026-03's compliance burden touches a disproportionately large share of Nevada real estate transactions relative to the national average. The market impact of non-warrantability -- for any association that fails the reserve test -- falls on virtually every transaction in the state's dominant housing product. (<https://www.axios.com/local/salt-lake-city/2026/03/30/utah-hoa-market-share-dues-increasing>)

## **Claim #2: Monthly Dues Would Only Increase \$15-\$30**

### **Las Vegas's HOA Fees Are Already High and Rising for Reserve-Related Reasons**

Las Vegas condo and high-rise HOA fees run \$300 to \$800 or more per month depending on building age, amenities, and reserve fund health. Special assessments for major repairs -- roofs, elevators, HVAC -- can hit owners with five-figure bills. In this cost environment, characterizing the reserve requirement increase as a \$15-\$30 monthly adjustment ignores the baseline reality of what Las Vegas condo owners are already carrying and the trajectory of costs already in motion.

Nevada HOA practitioners confirm that the costs piling onto associations include insurance premiums that have jumped significantly, vendor cost inflation, new state legislation compliance costs, and deferred maintenance on major systems. For smaller condominium associations, these increases are concentrated among fewer unit owners, amplifying per-unit impact far beyond what FHFA's estimate implies.

(<https://www.iqratemortgages.com/blog/how-to-read-nevada-hoa-docs-for-a-condo-loan>)

### **The "Highest Recommended Allocation" Standard Is Not 15% for Many Nevada Associations**

Nevada's reserve study requirement is among the most rigorous in the country. Each Nevada reserve study must include a 30-year projection of capital expenditures and funding, a component inventory, and financial assumptions including inflation and interest rate disclosures. The reserve study must be prepared by a Reserve Study Specialist registered with the Nevada Real Estate Division, who must maintain professional liability insurance or a surety bond with minimum coverage of \$1,000,000.

(<https://www.leg.state.nv.us/nrs/nrs-116.html>)

Because Nevada's studies are comprehensive and professionally mandated, many will produce a "highest recommended allocation" figure well above 15% of budget -- particularly for older buildings, high-amenity communities, or associations with deferred maintenance. For those associations, the compliance threshold under LL-2026-03 is not the 15% floor but rather whatever their study recommends, which may be 20%, 30%, or higher. FHFA's \$15-\$30 monthly estimate reflects the marginal cost of moving from 10% to 15%, not the actual cost impact for associations whose reserve study recommends a materially higher allocation.

### **Nevada's Special Assessment Authority Does Not Make Compliance Cheap**

One aspect of Nevada law that is sometimes cited as a mitigating factor is that Nevada boards have the authority to impose reserve assessments without a member vote. Under

NRS 116.3115, to establish adequate reserves or carry out a funding plan, the executive board may, without seeking or obtaining the approval of the unit owners, impose any necessary and reasonable assessments against the units, provided those assessments are based on the findings of the reserve study. (<https://www.hoamanagement.com/hoa-state-laws/nevada/>)

This is real board authority. But it does not reduce the cost -- it only streamlines the process of imposing it. An association needing to move from 8% to 25% of budget in reserve contributions will impose that financial burden on unit owners whether the vote is required or not. The absence of a member vote requirement does not reduce FHFA's \$15-\$30 estimate's inaccuracy -- it simply means the resulting cost increase arrives faster and without the buffer of an owner approval process.

### **Condo Sales Have Already Slowed in Las Vegas as HOA Costs Rise**

The market is recording the effect of rising HOA costs before LL-2026-03 is fully in effect. Las Vegas condo and townhome listings surged 77% in summer 2025 compared to the prior year, with condo sales falling 15.4% year-over-year in August. Condo inventory now stands at six to eight months of supply -- a buyer's market -- driven in part by owners attempting to exit ahead of rising HOA costs and potential special assessments.

This inventory surge and sales slowdown mirrors what Florida experienced earlier in its post-Surfside reserve compliance cycle. Nevada is in the early stages of the same trajectory, and it is happening before the most consequential LL-2026-03 provisions have taken effect.

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## **Nevada-Specific Legal and Structural Barriers to Timely Compliance**

### **The Five-Year Cycle vs. Three-Year Lookback: A Built-In Compliance Gap**

Nevada's reserve study mandate was designed with a five-year cycle as its floor. A notable recent legislative effort -- Senate Bill 56 -- proposed increasing the reserve study requirement from every five years to annually. Although the bill did not pass, it signals a strong legislative appetite for greater financial oversight. The current five-year cycle is viewed by many Nevada professionals as the bare minimum.

The gap between Nevada's five-year cycle and Fannie Mae's three-year lookback is not a technicality. It is a structural compliance failure waiting to happen for every Nevada association that updated its reserve study between 2023 and 2026 and reasonably expected to be in compliance for another two to four years under state law. Those

associations will be caught between a state law that says they are compliant and a federal lending standard that says their study is too old.

### **The "Adequate Reserves" Standard Does Not Align with "Highest Recommended Allocation"**

Nevada law requires "adequate reserves" based on an "actuarially sound" funding plan. LL-2026-03 requires the "highest recommended allocation" from the reserve study. These are not the same standard. Nevada reserve study specialists have documented that associations interpret "adequate" differently -- some targeting 100% funded, others using lower benchmarks, and some not paying adequate attention to the matter at all.

An association that has satisfied Nevada regulators with a baseline or threshold funding plan -- common approaches that keep dues lower while maintaining actuarial defensibility -- will fail the "highest recommended allocation" test under LL-2026-03. The two standards are directly in conflict, and there is no Nevada regulatory guidance on how associations should navigate the conflict.

### **The Board's Unilateral Assessment Authority Comes with Its Own Constraints**

While Nevada boards do not need a member vote to impose reserve assessments based on the reserve study, the authority is not unlimited. The assessment must be reasonable and based on the study's findings. For a reserve assessment imposed without a unit owner vote, the board must demonstrate the assessment is explicitly tied to the reserve study findings. If an association's study is outdated -- because it falls in the three-to-five-year window where it is state-law compliant but federally inadequate -- the board cannot simply impose an assessment to correct the gap without first commissioning a new study. That study takes time to procure and complete, consuming weeks or months from a compliance window that is already tight.

### **Nevada's Professional Licensing Requirement Creates a Capacity Bottleneck**

Nevada's requirement that reserve studies be performed by a state-registered Reserve Study Specialist with at least \$1,000,000 in professional liability coverage is, in most circumstances, a consumer protection. In the context of LL-2026-03, it becomes a supply constraint. The pool of qualifying specialists is finite, and demand for updated reserve studies will spike simultaneously across Nevada, California, Utah, and other Western states as LL-2026-03 compliance deadlines approach. Nevada associations needing new or updated studies to satisfy Fannie Mae's three-year lookback requirement may encounter significant wait times, pushing their compliance work into a window too close to the January 4, 2027 deadline for safe budget implementation.

## Budget Ratification Process Requires Advance Notice

Nevada's budget process adds a procedural timeline that limits how quickly an association can implement an assessment increase, even with board authority. Under NRS 116.31151, within 60 days after adopting any proposed budget, the board must provide a summary to each owner and set a date for a ratification meeting, not less than 14 days and not more than 30 days after the mailing. Unless a majority of all owners vote to reject the budget at that meeting, it is ratified. For associations beginning the process of updating their reserve study and adjusting their budget in mid-to-late 2026, this notice-and-ratification window may prevent implementation before the January 4, 2027 effective date of the 15% requirement. (<https://www.lasvegasrealestate.org/blog/las-vegas-real-estate-forecast-2026/>)

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## Nevada Data Points for Congressional Letters

1. **Nevada's own state Commission for Common-Interest Communities has publicly stated that associations are not properly funding reserves**, and has issued enforcement orders requiring specific reserve assessment amounts as a corrective measure. This is government-source evidence contradicting FHFA's claim that the problem is narrow and limited.
2. **A documented Las Vegas condo complex was found to have reserves funded at only 42%** -- just over half the industry-standard 70% adequate threshold -- demonstrating that even in a state with mandatory reserve studies and annual board reviews, significant underfunding persists.
3. **Nevada requires a 30-year projection in every reserve study**, performed by a state-licensed specialist. Many Nevada reserve studies will recommend a "highest recommended allocation" well above 15% of budget. FHFA's \$15-\$30 estimate applies only to the 10%-to-15% marginal case and does not reflect the actual cost impact for associations whose studies recommend 20%, 30%, or higher allocations.
4. **Nevada's five-year reserve study cycle creates a structural conflict with Fannie Mae's three-year lookback**, leaving every association that updated its study three-to-five years ago simultaneously compliant with state law and non-warrantable under federal lending standards. FHFA created this conflict without state coordination or a transition provision.
5. **Las Vegas condo inventory surged 77% in summer 2025 and condo sales fell 15.4% year-over-year** even before LL-2026-03's most consequential provisions take

effect. This market softening parallels Florida's early-stage response to reserve compliance pressure and signals that the cost impact is already being felt.

6. **Nevada leads the nation with more than 65% of listings tied to HOA communities**, making LL-2026-03's compliance burden disproportionately concentrated in Nevada's housing market and amplifying any warrantability failures across an above-average share of all residential real estate transactions.
7. **Nevada's licensed Reserve Study Specialist pool is finite and already in demand**, creating a professional services capacity constraint that may prevent associations from obtaining compliant updated studies within the compliance window -- not because of board inaction, but because the supply of qualified professionals cannot meet simultaneous statewide demand.