GSE Condo Changes

What condo associations need to know

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Jodi Horne, Fannie Mae

Jodi is a Principal at Fannie Mae, where she leads strategy and industry engagement for condominium, co-operative, and planned unit development (PUD) projects within the Single-Family business. In this role, she focuses on complex policy and strategic initiatives, working across the enterprise and with industry stakeholders to advance solutions that address credit, collateral, and operational risks in project-based lending.

With deep expertise in condominium and project standards, Jodi has played a key role in shaping Selling Guide policy and driving alignment across policy, technology, and business teams. She is an active voice in the industry, contributing to discussions on evolving condo finance challenges and helping inform approaches that balance market access with effective risk management.

Prior to her current role, Jodi held leadership positions within Single-Family Collateral Risk at Fannie Mae, including responsibility for project standards, appraisal requirements, and broader collateral risk topics. She also managed credit and operational risk for Fannie Mae's top-tier lender partners following the 2008 housing crisis. Before joining Fannie Mae, Jodi was a Vice President at Wells Fargo Bank, where she negotiated business terms with the GSEs and led cross-functional implementation of GSE requirements.

Vivian Vazquez, Freddie Mac

Vivian Vazquez is the Senior Director of Condo & Co-op Policy at Freddie Mac, where she leads policy development and works closely with lenders on condominium and cooperative project eligibility. Her focus is on making condo lending more consistent and operationally workable—reducing friction in the project review process while maintaining strong credit and collateral standards. In this role, she partners with lenders and industry groups to understand real-world challenges and help shape policy that is practical to implement.

With more than 20 years in the mortgage industry, Vivian brings a lender-first perspective grounded in deep underwriting experience. She spent 15 years at JPMorgan Chase specializing in condominium and project underwriting, where she managed complex project reviews and navigated eligibility, documentation, and delivery requirements across a wide range of transactions.

Since joining Freddie Mac in October 2025, Vivian has been focused on initiatives that improve clarity, and usability in condo policy, while strengthening engagement with lenders and trade organizations as the market continues to evolve.

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Why GSE requirements matter

Fannie Mae and Freddie Mac help keep mortgage money moving — and their requirements can affect whether buyers can finance units in your community.

1 **Lenders make condo loans**

Banks and mortgage companies work directly with buyers and owners.

2 **Fannie Mae + Freddie Mac buy many of those loans**

This gives lenders more money to make new loans and supports widely available financing.

3 **Project requirements help determine eligibility**

If a project meets requirements, buyers and owners may have more financing and refinance options.

For condo associations: strong budgets, adequate reserves, insurance, and clear documentation can help owners and buyers access mortgage financing.

Project review

Projects must meet requirements included in the respective GSE guides.

1 **General requirements**

Project classifications and review types

2 **Ineligible characteristics**

Critical repairs, condotels, and more

3 **Financial and other requirements**

Budget, reserves, and more

4 **Insurance requirements**

Master property, liability, and fidelity coverages

Additional requirements may apply depending on unique characteristics such as leaseholds or deed restrictions. General property and appraisal requirements also apply.

Change drivers

Long-term Sustainability	The changes are meant to promote long-term homeownership and condo community sustainability.
Preventing Deferred Maintenance	Adequate reserves reduce the risk that deferred maintenance leads to critical repairs, costly special assessments or sharp dues increases down the road.
Protecting Affordability	The goal is financially sound and resilient condo communities that are a sustainable and affordable homeownership.

Project eligibility

Retirement of Limited/Streamlined Review

We are retiring the Limited/Streamlined Review process with new loan applications on or after August 3, 2026. This change means most larger projects will have a review of the project budget during the underwriting process.

Fannie Mae review options:

- Fannie Mae approvals
- Waiver of Review
- Lender-delegated Full Review
- FHA approvals

Freddie Mac review options:

- Exempt From Review
- Full Established Review
- New Construction Review
- Reciprocal project reviews

Project eligibility

Reserve requirements

We have strengthened reserve requirements to promote greater long-term homeownership sustainability.

New requirements

- Increase Budgeted Reserve requirement from 10% to 15% of the project's budgeted annual assessment income. (Effective January 4, 2027)

Budget review and reserves

Budget adequacy	Replacement reserves	Reserve calculation
Budget must be adequate and include allocations for line items pertinent to the condo project type.	Budget must have a line item for replacement reserves for capital expenditures and deferred maintenance that is **at least 10% of the annual assessment income.** **January 4, 2027: 15%**	Divide annual budgeted replacement reserve allocation by annual budgeted assessment income.

Permitted exclusions which may be deducted from the annual budgeted assessment income:

- Incidental income not relied on for operations, maintenance, or capital improvements
- Income collected for utilities typically paid by individual unit owners such as water, sewer, electricity, cable, and/or internet
- Income/expenses allocated to reserve accounts
- Special assessment income
- Master Association assessments

Reserve calculation example

Calculations are based on the annual budget

Budget Line Item	Amount
Annual Regular Assessment Income	$900,000
Incidental Income - Laundry	$10,000
Utilities Income - Cable/Internet Service	$40,000
Total Income	$1,100,000
Reserve Contribution (Expense)	$150,000

Calculation Example

No exclusions - $150,000 / $1,100,000 = 13.6%

With exclusions - $150,000 / $900,000 = 16.7%

Reserve studies

Lenders may use a reserve study to determine budget and reserves adequacy when the budget does provide for the required replacement reserves:

- The project's budget must include the highest recommended reserve allocation amount in the reserve study to adequately cover the costs identified
- Baseline funding cannot be used as the basis for the reserve allocation
- Funded reserves must provide financial protection for the project equivalent to Fannie Mae's & Freddie Mac's standard reserve requirements and must meet or exceed the study's recommendations
- The reserve study must be no more than 3 years old and prepared by an independent third party that has specific expertise in completing reserve studies

Project eligibility

Other review changes

We have updated several requirements to address friction in the market.

All expansions are effective with loan deliveries on or after March 18, 2026.

Policy expansions

- Expanded Waiver of Review/Exempt from Review from 2 to 4 unit-projects to up to 10-unit projects
- Retired requirement for new projects with attached units in Florida to have a Fannie Mae and Freddie Mac approval
- Removed investor concentration limits in the Full Review process for Established projects

Project insurance

Property Coverage requirements

In response to insurance market shifts, we have made several changes to master policy requirements, which were effective on March 18, 2026.

Policy expansions

- Coverage must equal 100% of Replacement Cost Value (RCV), including Extended Replacement Cost (ERC) and Guaranteed Replacement Cost (GRC)
- Retired requirement for policies to contain inflation guard
- Actual cash value (ACV) settlement basis for roof surfaces, personal property, and certain property elements is allowed
- Per unit deductibles up to $50,000 with acceptable HO- 6 policy
- Maximum deductible for HO- 6 policy for all required property insurance perils can be the greater of 5% of the property insurance coverage amount or $2,500

Fannie Mae Resources

Fannie Mae support for the condo market

Condo Buyer's Guide

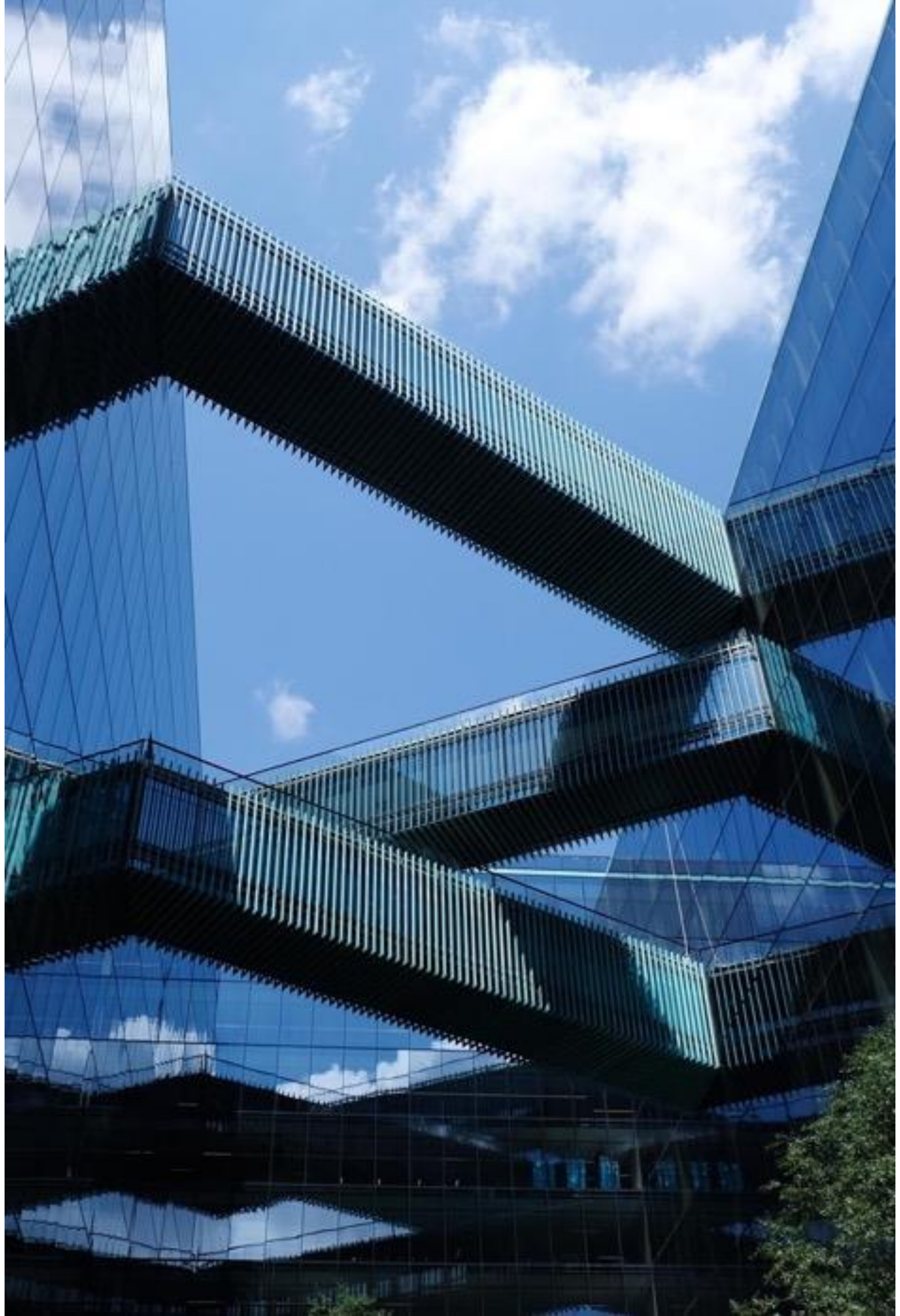
Great for condo buyers and owners

Eligibility Resources

FAQs and other material

Condo Status Finder

Link to Fannie Mae for condo boards



Fannie Mae Training

Understanding Engineering Reports

Strengthen your association's ability to plan ahead and protect your property

Freddie Mac Resources

Freddie Mac support for the condo market

Not Eligible Status Finder

Use this link to inquire about your condo status

Condo Mortgage FAQ

Find answers to common condo mortgage and project eligibility questions

Engineers Report Training

Sign up to take the Engineers Report Training Course