



Data Refuting FHFA's Claims on LL-2026-03 Reserve Requirements

Preface: The Transparency Problem

Before addressing the specific claims, it is worth establishing the foundational problem with FHFA's data: it cannot be independently verified. When NAMMB and other stakeholders requested the underlying data from FHFA's survey of 160,000 associations, they were told it is proprietary. This creates an asymmetry in which policymakers are making decisions affecting millions of homeowners and thousands of associations based on methodology the industry cannot scrutinize, challenge, or replicate.

Refuting Claim #1: Fewer than 10,000 Associations Would Struggle with the 15% Requirement

FHFA's assertion that only about 6% of surveyed associations would have difficulty complying directly contradicts findings from multiple independent, transparent data sources.

Association Reserves' 100,000-Study Industry Report (April 2026)

This is the most directly relevant and statistically robust industry dataset available. Association Reserves published its findings in April 2026, drawing on over 100,000 reserve studies completed across all 50 states over the prior 40 years. Among their clients, only 25.7% of associations fall at or above the 70% funded "strong" threshold. The largest group, 40.3%, falls in the 30-70% funded "fair" range, and 34% are in the 0-30% funded "weak" range, where high likelihood of special assessments and deferred maintenance are common. (<https://www.reservestudy.com/wp-content/uploads/2026/05/2026-04-29-100000-Industry-Insights-Report-FINAL.pdf>)

Critically, the data also shows that adequate reserve funding typically represents 15-45% of an association's total annual budget, with the current distribution clustering in a wider range than a decade ago due in part to the inflationary environment of 2021-2024, which increased replacement costs faster than many associations adjusted their budgets.

[reservestudy](https://www.reservestudy.com)

This means a substantial share of associations are not merely at risk of failing the 15% annual budget allocation test -- they are structurally and financially unprepared to meet even a 15% floor given their existing reserve deficits.

The 74% Underfunding Finding

A study on percent funded based on 100,000 reserve studies prepared by Association Reserves determined that 74% of associations were below the 70% funded threshold, the point at which an association is considered "underfunded."

FirstService Residential, which provides financial services for managed communities in Texas and nationally, similarly estimates that up to 72% of reserves are underfunded. (<https://www.fsresidential.com/texas/news-events/articles/underfunded-hoa-reserves-fund-your-capital-improve/>)

If we apply these figures proportionally to condo associations alone, the number of affected associations would be orders of magnitude higher than FHFA's figure of under 10,000.

The Math Does Not Hold

There are approximately 370,000 community associations in the U.S., with California leading at about 51,250, Florida at about 50,100, and Texas at nearly 23,000. Condominium communities represent 35-40% of that total, putting the rough universe of condo associations at 130,000-150,000 nationally. FHFA claims fewer than 10,000 -- roughly 6-7% -- would struggle with the new requirement. Yet industry data consistently shows 70-74% are underfunded. Even controlling for the fact that FHFA's metric is specifically the annual budget allocation rather than percent-funded status, the gap between FHFA's figure and independently verified industry data is not a rounding error. It is a fundamental discrepancy that warrants congressional scrutiny of FHFA's methodology.

(<https://ipropertymanagement.com/research/hoa-statistics>)

CAI's Data

A 2025 Community Associations Institute survey of more than 700 board members, managers, and business partners found that 42% were unsure whether their condo community was eligible for Fannie Mae or Freddie Mac financing. Among communities deemed ineligible, 64% said the denial hurt home sales or property values.

(<https://www.bcpmortgage.com/post/fannie-mae-condo-guidelines-2026>)

In a 2024 national survey of nearly 310 community association professionals regarding Fannie Mae and Freddie Mac lending, 14% of lender rejections were tied to reserve funding or documentation, and 28% cited a combination of issues that complicate loan approvals.

(<https://advocacy.caionline.org/navigating-insurance-pressures-in-todays-condo-market/>)

CAI itself noted in response to the new guidelines that achieving compliance can take time due to state laws, governing documents, and the need for owner votes, and CAI is

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recommending FHFA offer a phased approach that supports responsible planning while allowing for regional and legal differences.

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

FHFA's \$15-\$30 monthly increase figure is based on an overly narrow and misleading calculation. It appears to reflect only the incremental shift from 10% to 15% of the annual operating budget for a hypothetical average-sized association. It does not account for the full range of financial realities that associations face.

The Arithmetic Diverges from Reality

For a community collecting \$500,000 per year in assessments, moving from a 10% to a 15% reserve allocation means an additional \$25,000 per year must go to reserves rather than operating expenses. In a 50-unit building, that translates to \$500 per unit per year, or approximately \$42 per month -- already exceeding FHFA's top estimate of \$30, and this is for a modestly sized association meeting only the bare minimum increase.

(<https://eclipsecommunities.com/2026-fannie-freddie-condo-requirements/>)

For deeply underfunded associations -- and 34% fall into the "weak" category per Association Reserves' data -- the real-world increase is far larger. Such associations may need to raise reserve contributions not just from 10% to 15%, but from a much lower baseline to a much higher one, especially if they also must comply with the "highest recommended allocation" standard from a reserve study.

The Reserve Study Requirement Multiplies the Cost

The new rules do not simply require 15% of budget. The 15% minimum can be avoided if the association has a reserve study completed or updated within the last three years and is funding reserves at the highest recommended level identified in that study. This is a harder standard than it sounds. Industry data shows that adequate reserve funding represents 15-45% of an association's annual budget, with the peak now less pronounced than a decade ago due to inflation-driven cost increases. Associations whose reserve studies recommend 25%, 30%, or 40% of budget are not compliant at 15% -- they must reach the study's recommended level.

Florida as a Warning

Florida implemented post-Surfside reserve mandates ahead of the federal rule changes, and the results provide a real-world proxy. Florida's condo markets are now in outright distress: 13.2 months of supply statewide, prices down 6.1% year-over-year, and 92% of

major condo markets declining, driven in part by post-Surfside reserve mandates triggering six-figure special assessments. These are not \$15-\$30 monthly impacts. They are budget disruptions measured in tens of thousands of dollars per unit.

(<https://longyield.substack.com/p/florida-housing-in-2026-bubble-normalization>)

The Reserve Study Acquisition Cost Is Also Ignored

Reserve study costs in 2026 range from \$1,650 to \$16,500 depending on association size and scope. Associations that do not currently have a study -- particularly those in Texas, where no such study is legally required -- must absorb this as an upfront cost before they can even determine their optimal funding level. (<https://fpac.com/fannie-mae-condo-reserve-requirements-2026-florida/>)

Texas-Specific Legal Barriers to Timely Compliance

This section is particularly important for congressional letters focused on the implementation timeline. Texas has a structural legal environment that makes rapid compliance with the FHFA requirements materially more difficult than FHFA appears to have anticipated.

No State Mandate for Reserve Studies or Reserve Funding

Texas has no statutory requirement to conduct a reserve study and no statutory requirement to fund reserves. This means that unlike Florida, Nevada, California, and other states where condo associations already operate within a framework of mandated reserve studies and minimum funding standards, many Texas associations in the Lone Star State have either poorly funded reserves or do not fund reserves at all.

(<https://www.buildingreserves.com/post/texas-reserve-study-laws>)

Because there is no prior legal foundation, Texas associations cannot simply adjust an existing compliant reserve structure. Many must build one from scratch -- commissioning a first-time reserve study, interpreting its findings, revising their budget, and then navigating the member vote process -- all within a compliance window that expires for lending purposes on January 4, 2027.

Member Vote Requirements Create a Structural Timeline Problem

While Texas does not statutorily cap the size of assessment increases, the practical constraint is just as binding. Texas law places no limit on how much or how often assessments may increase, but any caps or restrictions will likely be found in the association's governing documents. Articles of incorporation or bylaws often limit the

maximum amount that can be charged without approval by the general vote.

(<https://guides.sll.texas.gov/property-owners-associations/assessments-foreclosure>)

Most Texas declarations require a member vote for special assessments above a certain threshold, and the specific voting requirements are defined in the declaration rather than by state statute. Common provisions require approval by a majority or two-thirds of voting members for special assessments exceeding a specified percentage of the annual budget.

(<https://effortlesshoa.com/blog/hoa-laws-texas>)

The process of calling a member meeting with proper notice, distributing materials, achieving quorum, and completing a valid vote can realistically take 60-90 days, and often longer if quorum is not achieved on the first attempt. For Texas condo associations trying to comply before the January 4, 2027 deadline, boards that begin the process in the fall of 2026 may not be able to legally implement the required budget changes in time.

Additionally, note that Chapter 209 of the Texas Residential Property Owners Protection Act explicitly does not apply to condominiums as defined under Chapters 81 or 82 of the Texas Property Code. Texas condo associations operate under the Texas Uniform Condominium Act (Chapter 82), which provides the board authority to adopt budgets but sets no minimum funding thresholds and provides no accelerated mechanism to override governing document restrictions on assessment increases.

(<https://statutes.capitol.texas.gov/sotwdocs/pr/htm/pr.209.htm>)

Annual Budget Cycle Misalignment

Texas condo associations typically set their annual budgets in the fall for the following fiscal year. The January 4, 2027 compliance deadline means the governing budget must be adopted in late 2026 -- meaning boards have essentially one budget cycle to identify the gap, commission or update a reserve study, receive and interpret the results, revise the budget, notify members, and hold any required votes. For associations that have never had a reserve study, this timeline is functionally impossible.

Reserve Study Provider Capacity

With LL-2026-03 creating nationwide demand for reserve studies -- and with the August 3, 2026 deadline for the "highest recommended allocation" standard already in effect -- reserve study providers are likely experiencing significant backlog. Texas does not currently require HOAs or condominium associations to commission reserve studies, meaning many Texas associations are entering the market for reserve services for the first time simultaneously, competing with associations in other states that are also scrambling to comply. (<https://www.propfusion.com/law-guide/texas-reserve-study-requirements>)

Summary of Texas-Specific Legal Barriers

Barrier	Impact on Timeline
No statutory reserve study requirement	Associations starting from scratch
No statutory reserve funding minimum	No existing compliance baseline
Governing document vote thresholds	60-120 days for member approval
Annual budget cycle	Only one cycle before Jan. 4, 2027
Reserve study provider backlog	Procurement delays likely
Chapter 82 has no accelerated compliance mechanism	No statutory workaround

Data Points for Possible Congressional Letter

The following figures are directly citable:

1. A professionally conducted analysis of over 100,000 reserve studies shows that **74% of associations are below the 70% funded threshold**, the industry standard for adequate reserves -- far exceeding FHFA's implied impact figure.
2. **Only 25.7% of associations** in the largest available industry dataset fall in the "strongly funded" range, meaning more than 3 in 4 face some level of exposure under the new requirements.
3. **42% of condo professionals** were uncertain in 2025 whether their community was eligible for GSE financing at all, indicating widespread pre-existing non-compliance that will be amplified by the new standards.
4. **Texas has no statutory reserve study requirement and no minimum reserve funding requirement** under either Chapter 82 (condominiums) or Chapter 209 (property owners associations), leaving Texas condo boards with no existing compliance infrastructure on which to build.
5. The FHFA dataset is **proprietary and cannot be verified**, independently replicated, or cross-referenced against transparent industry data -- an unacceptable evidentiary standard for policy with this level of market impact.

6. Under the new rules, associations must meet the **highest recommended allocation** in their reserve study, not simply 15%. For many aging or underfunded associations, this figure could be 25-45% of budget -- representing monthly cost increases per unit that are multiples of FHFA's \$15-\$30 estimate.