

GSE Condominium and Housing Cooperative Project Approval and Loan Purchase Requirements

June 21, 2023

Sandra L. Thompson
Director
Federal Housing Finance Agency
400 7th Street, S.W.
Washington, DC. 20219

Priscilla Almodovar
Chief Executive Officer (CEO)
Fannie Mae
1100 15th Street, NW
Washington, DC 20005

Michael J. DeVito
Chief Executive Officer (CEO)
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102

Dear Director Thompson, Ms. Almodovar, and Mr. DeVito:

We write as representatives of the Community Association Institute (CAI), Community Home Lenders of America (CHLA), and National Association of REALTORS® (NAR) to provide comments and recommendations regarding changes under consideration with respect to Fannie Mae and Freddie Mac condominium (“condo”) project approval and loan purchase requirements, subject to NDA agreements we signed.

Importantly, our organizations support safe buildings for American homeowners, as well as public policy that leads to safe buildings. Some of our coalition members advocate throughout the country for reasonable building inspection requirements for aging infrastructure and mandatory funding for major components of condominium and housing cooperative buildings. The public policies being pursued at the state level are evidence-based policies that will lead to safer buildings.

Regarding the Fannie Mae and Freddie Mac Temporary Requirements for Condominium and Cooperative Projects, our organizations provided comments and feedback to improve these requirements based on practical industry feedback. This will lead to safer buildings without restricting access to capital in the condominium and housing cooperative market.

We can attest, we have not discussed any information that is the subject of our NDAs, except with individuals who signed them. Our comments are intended to represent our respective organizations, subject to the fact we’re not allowed to discuss these issues with our members.

We are requesting transparency in the process of developing the final guidelines for condominium and housing cooperative lending requirements. We also ask for the opportunity for public comment on these important lending policy positions impacting millions of Americans’ ability to buy and sell a condominium or housing cooperative unit.

- **Any changes to Enterprise condo project or loan approval requirements should be subject to a public comment period of at least 60 days prior to adoption.**
- **Fannie Mae should be required to make public their lists of condo projects ineligible for loan purchase, along with guidance as to the actions necessary to make them eligible.**

We write to reinforce our concerns with the temporary requirements, as well as conversations discussed for permanent requirements.

Our organizations are very concerned that the GSE condominium and housing cooperative lending requirements will restrict access to housing for many Americans while making it very difficult for current owners to build wealth and maintain their property values. At a time when there is a heightened awareness and increase emphasis on building maintenance, restricting access to lending will plummet property values leaving less money and incentive for homeowners to invest in maintenance, especially in urban opportunity zones throughout the U.S. This is a potential housing crisis, and we urge you to engage in a transparent process with considerations that will narrow the focus of these requirements to the buildings that are at risk based on data.

We stand ready to work with GSEs and FHFA to develop and implement policy to keep Americans safe in their buildings while having appropriate access to lending for their homes.

Sincerely,

Community Associations Institute (CAI) – www.caionline.org

Community Home Lenders of America (CHLA) – www.communitylender.org

National Association of REALTORS® (NAR) – <https://www.nar.realtor/>

CC: U.S. Senate Banking Committee Members and Staff
U.S. House Financial Services Committee Members and Staff